



Tacoma Narrows Bridge Toll Rate Adjustment



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Presentation Overview

- Review of proposed toll rate reduction for SR 16 Tacoma Narrows Bridge
- Share financial analysis for the proposed toll rate reduction
- Review results of public input gathered

Guiding Principles for Toll Rate Setting

State law (*RCW 47.56.830*) requires the following considerations in setting toll rates:

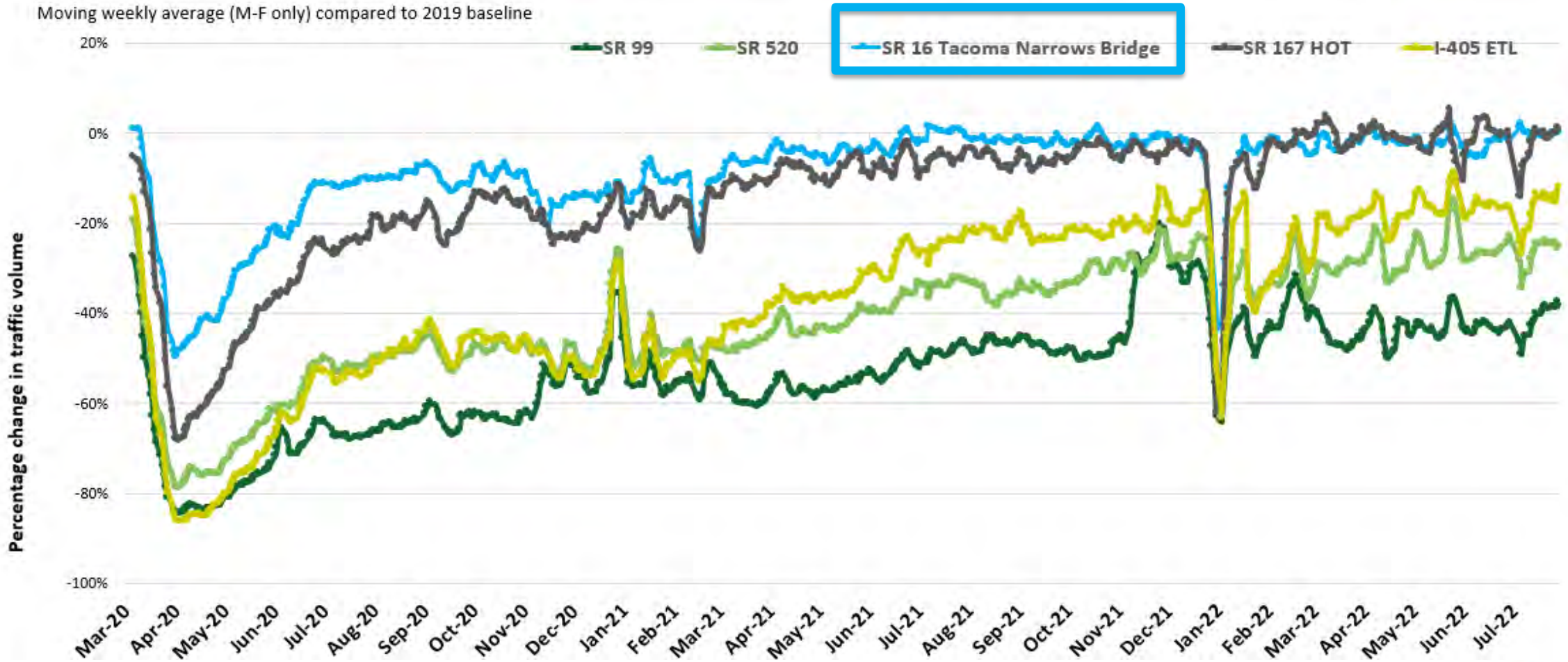
- Fairness and equity in the context of the statewide transportation system
- Avoiding increased traffic diversion to other routes
- Social equity, environmental, and economic issues
- Supporting progress towards the state's greenhouse gas reduction goals

Background and Financial Update

Legislative Summary

- Passage of SSB 5488 in March 2022 directed the following:
 - Amended RCW 47.56.165 as follows:
 - Legislature committed \$130 million in transfers from the General Fund to TNB Account over next ten years (FY 2023 - FY 2032)
 - Directs that funds shall be transferred in quarterly installments of \$3.25 million
 - Amended RCW 47.46.190 as follows:
 - Legislative intent that the Commission adjust toll rates to account for the \$130 million in General Fund transfers
- Legislature maintained legislative intent to provide up to \$85 million in loans from non-toll sources through FY 2030 to the TNB Account to ensure funds are available to pay for debt service and other required costs

Overall Traffic Volumes on Tolled Facilities Compared to pre-COVID Baseline



Updated August 2022 with preliminary traffic volumes for June-July 2022

TNB Total Revenue Forecast Comparisons

- June 2022 vs Pre-COVID Baseline (Nov 2019)
 - Current Biennium (FY 2022-2023): Toll revenues and fees are lower by \$4.3 million, or -2.5%
 - Next Biennium (FY 2024-2025): Toll revenues and fees are lower by \$3.06 million, or -1.7%
- June 2022 vs February 2022
 - Current Biennium (FY 2022-2023): Toll revenues and fees are lower by \$2.4 million, or -1.4%
 - Next Biennium (FY 2024-2025): Toll revenues and fees are higher by \$0.6 million, or 0.3%
 - Ten-year (FY 2022-2031): Toll revenues and fees are higher by \$1.9 million, or 0.2%

2022 Proposed TNB Toll Rate Adjustment

Background:

Toll Rate Reduction Options Considered in July

- The toll rate reduction options provide distinct policy choices:
 - **Option 1:** Flat 75 cents toll rate reduction for only 2-axle vehicles
 - Minimizes the financial impact by limiting the scope of the toll rate reduction to only 2-axle vehicles
 - **Option 2:** Flat 75 cents toll rate reduction for all vehicles
 - Treats all vehicles equally with a toll rate reduction applied as a flat dollar amount for all vehicles
 - **Option 3:** Flat 75 cents toll rate reduction for 2-axle vehicles, with a per axle multiplier applied for vehicles with 3+ axles
 - Treats all vehicles equally with consistent percentage toll rate reductions for all vehicles
 - Consistent with historic WSTC rate-setting methodology for all toll facilities

“OPTION 3” was selected as the Commission’s toll rate proposal

Proposed Toll Rate Reduction

- A flat 75 cent toll rate reduction for 2-axle vehicles
- For 3+ axle vehicles a per axle multiplier applied resulting in reduction ranging from \$1.15 for 3-axle vehicles to \$2.25 for 6+ axle vehicles
- Results in a consistent percentage toll rate reduction for all vehicles

			<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Current Toll Rates	<i>Good To Go!</i>	\$	5.25	\$ 7.90	\$ 10.50	\$ 13.15	\$ 15.75
	Pay By Plate	\$	5.50	\$ 8.15	\$ 10.75	\$ 13.40	\$ 16.00
	Cash (Toll Booths)	\$	6.25	\$ 9.40	\$ 12.50	\$ 15.65	\$ 18.75
	Pay by Mail	\$	7.25	\$ 10.90	\$ 14.50	\$ 18.15	\$ 21.75
			<u>2-axle</u>	<u>3-axle</u>	<u>4-axle</u>	<u>5-axle</u>	<u>6-axle</u>
Proposed Toll Rates	<i>Good To Go!</i>	\$	4.50	\$ 6.75	\$ 9.00	\$ 11.25	\$ 13.50
	Pay By Plate	\$	4.75	\$ 7.00	\$ 9.25	\$ 11.50	\$ 13.75
	Cash (Toll Booths)	\$	5.50	\$ 8.25	\$ 11.00	\$ 13.75	\$ 16.50
	Pay by Mail	\$	6.50	\$ 9.75	\$ 13.00	\$ 16.25	\$ 19.50

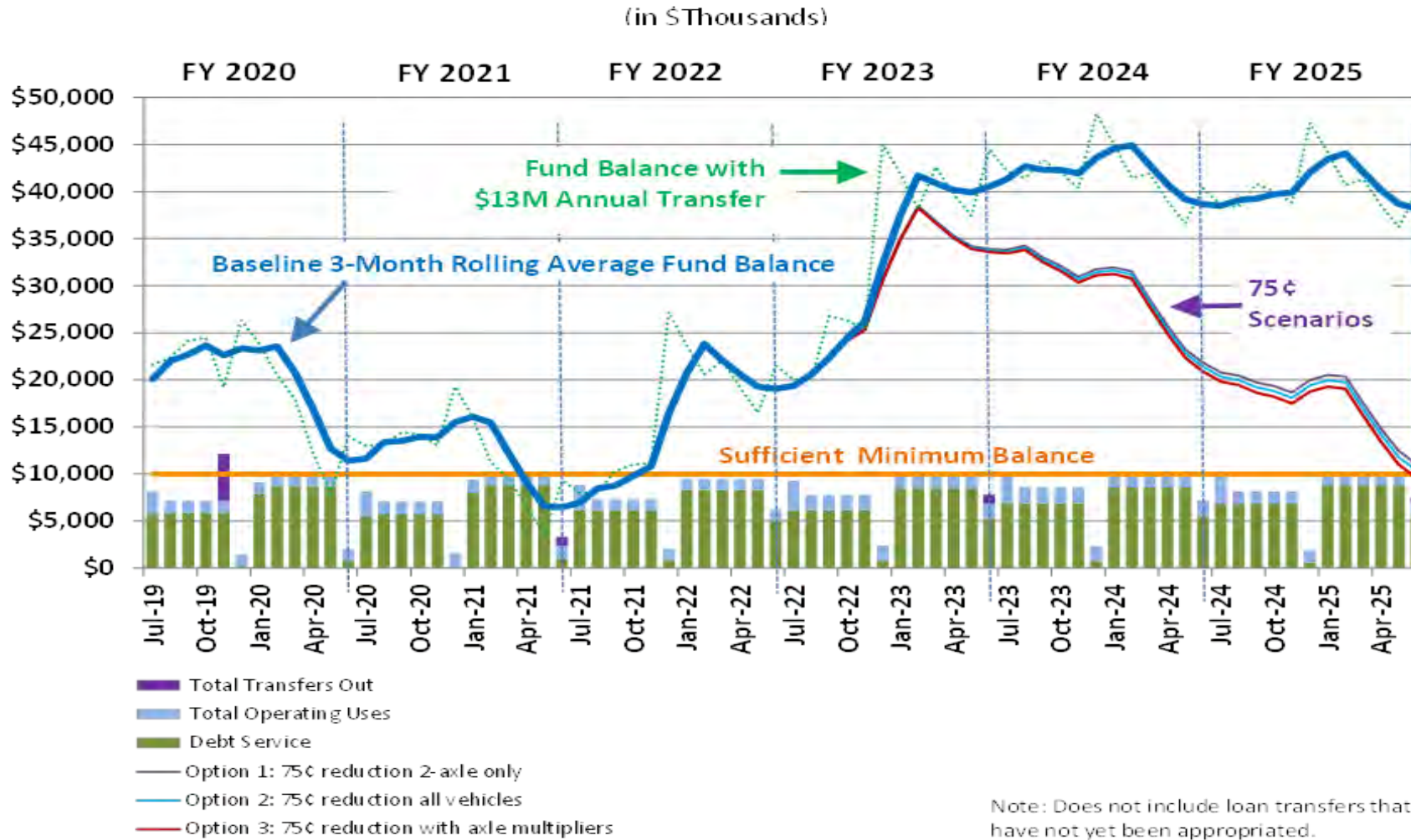
Proposed Toll Rate Reduction: Financial Analysis

- Proposed Toll Rate Reduction viable with \$130 million in General Fund transfers (\$13 million/year) from FY 2023 – FY 2032 to offset projected net revenue reductions

Proposed Toll Rate Reduction	10 Year Net Rev Reduction (FY 2023 - FY 2032)
75 Cent Reduction with Per Axle Multiplier	- \$ 106.9 million

- Results Notes:
 - Financial analysis based on June 2022 forecast information
 - Results supported by improvements to traffic and revenue projections for a 75 cents toll rate reduction compared to legislative session
 - About 95 percent of TNB transactions are for 2-axle vehicles
 - Funding from the General Fund not necessary to mitigate a reduction in toll rates may reduce future loan needs for FY 2024 – FY 2030

Potential Impact to TNB Sufficient Minimum Balance



- Updated June 2022
- WSTC policy to maintain a 3-month rolling average fund balance for TNB Account of at least \$10 million as a Sufficient Minimum Balance
- Loans are not yet appropriated in FY 2024 and beyond, and so not reflected in chart's fund balance.

Public Outreach on Rate Adjustment

Public Input Summary July - August on Toll Rate Reduction Proposal

- 5 public comments received on proposed toll rate reduction following selection at July Commission meeting
 - Majority **support** for the toll rate reduction

Public Input Summary – June 2022 on Three Toll Rate Options

- Online Public Input Forum open from June 13, 2022 - June 30, 2022
 - Respondents were asked to rank the three rate reduction options from most preferred to least preferred
 - Over **13,000** completed survey responses
 - Over **7,300** comments received
- Additional Public Comment submitted ahead of the July Commission meeting
 - Over **300** comments stating support of one of the options
 - About **185** additional comments
- Public input on toll rate reduction options most strongly supported Option 2, a 75 cents reduction for all vehicles

Recap: Selection of Proposed Toll Rate Reduction

- In July, the Commission selected Option 3 (75¢ reduction for 2-axle vehicles w/per-axle multiplier) as the Proposed Toll Rate Reduction.
- Reasons for the Commission's decision in July include:
 - It provided the greatest immediate benefit to the most people
 - Option 3 included the same benefit as Option 1 and Option 2 for 2-axle vehicles
 - Best supported use of the facility by freight, which supports all residents in the region
 - Consistency with the Commission's standard rate setting process

Next Steps

- Today, August 23: Public Comment and Commission Vote
- Toll rates approved today will be filed with the Washington State Register by August 30th (CR-103)
- Toll rates will take effect on October 1, 2022

Questions / Contact

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