



Washington State
Transportation Commission



Tacoma Narrows Bridge Work Group Report of Findings & Recommendations

Senate Transportation
Committee

January 22, 2018



TNB Work Group Authorization

2017-2019 Transportation Budget Proviso

*The legislature finds that there is a need for long-term toll payer relief from increasing toll rates on the Tacoma Narrows bridge. Therefore, **the commission must convene a work group to review, update, add to as necessary, and comment on various scenarios for toll payer relief** outlined in the 2014 joint transportation committee report on internal refinance opportunities for the Tacoma Narrows bridge.*

The work group must include participation from the Tacoma Narrows bridge citizen's advisory group, at least one member from each of the legislative delegations from the districts immediately abutting the Tacoma Narrows bridge, the local chambers of commerce, and affected local communities. Legislative members of the work group must be reimbursed for travel expenses by the commission.

*The work group must submit a report with its **preferred and prioritized policy solutions** to the transportation committees of the legislature **by December 1, 2017***.*

** Report date extended to January 5, 2018*

TNB Work Group

Work Group Mission

- Long-term toll payer relief from increasing toll rates on the Tacoma Narrows Bridge (TNB).



Work Group Objective

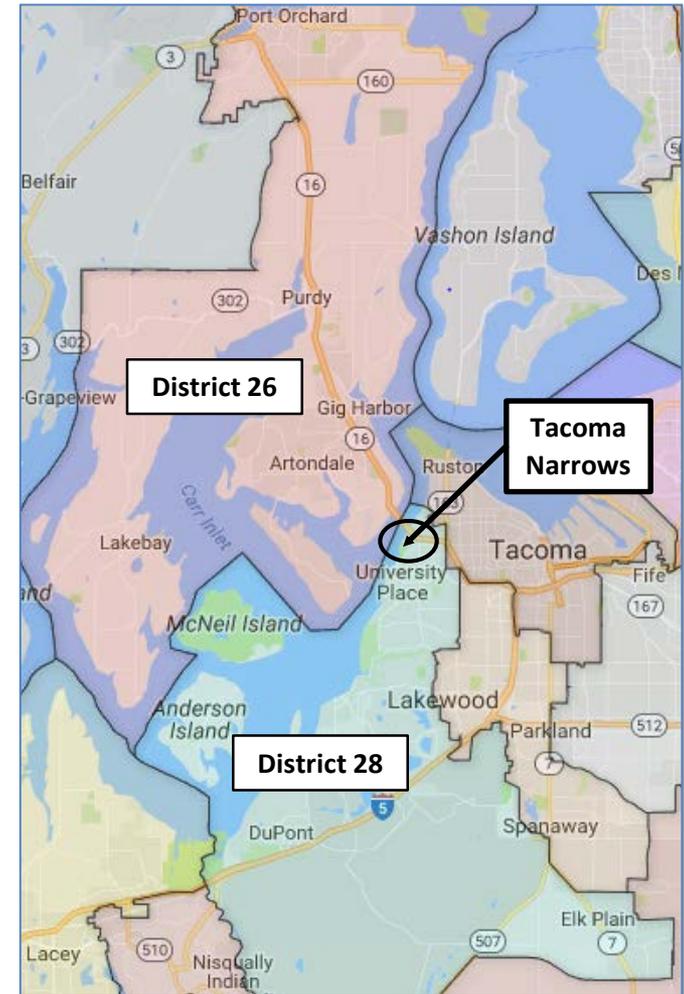
- Identify preferred and prioritized policy solutions that address fundamental drivers of TNB toll rate increases, so as to provide long-term toll payer relief for users of the Tacoma Narrows Bridge.

Work Group Meetings

- The Work Group met four times between August and December 2017, and the Transportation Commission was briefed on their progress and outcome during this time.

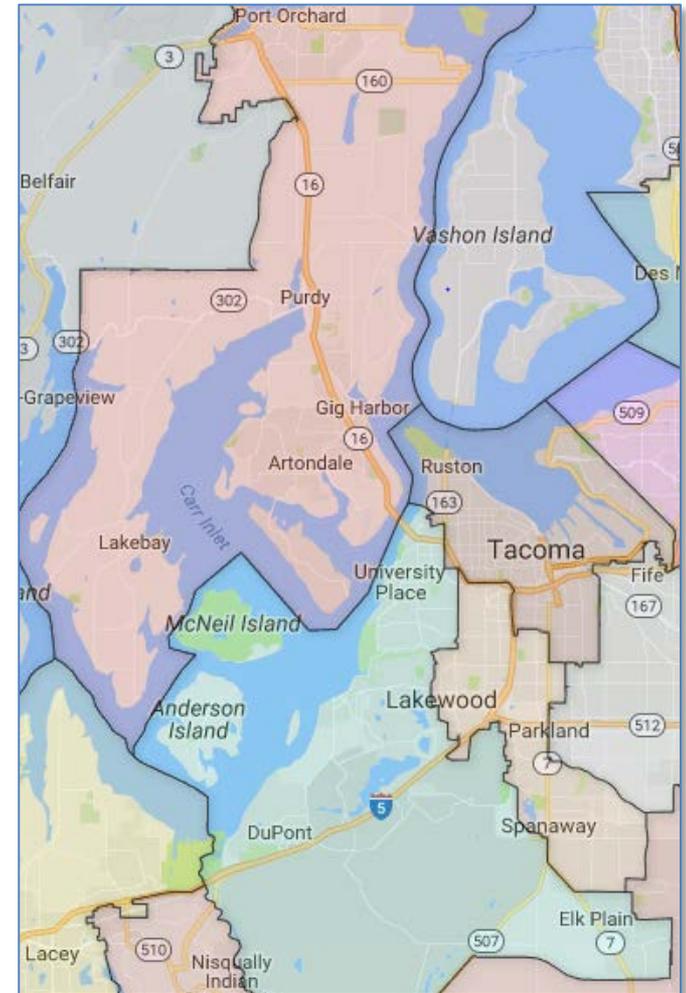
TNB Work Group Participants

- TNB Citizen Advisory Committee
 - Bruce Beckett, Chair – **Work Group Co-Chair**
 - Al Weaver, Vice-Chair
 - Randy Boss
- Transportation Commission
 - Commissioner Shiv Batra – **Work Group Co-Chair**
- Legislative Districts abutting the TNB
 - District 26
 - Senator Jan Angel
 - Rep. Jesse Young
 - Rep. Michelle Caldier
 - District 28
 - Rep. Christine Kilduff
 - Rep. Dick Muri



TNB Work Group Participants

- The local Chambers of Commerce
 - Warren Zimmerman, President/CEO of Gig Harbor Chamber
 - Matt Murphy, Executive Director of Port Orchard Chamber
- Affected local communities
 - Representative Jake Fey, District 27
 - Mayor Jill Guernsey, Gig Harbor
 - Mayor Javier Figueroa, University Place
 - Council Member Derek Young, Pierce County
 - Council Member Ryan Mello, Tacoma
 - Council Member Bek Ashby, Port Orchard
 - Alexandra Mather, Pierce Transit
 - Jud Morris, Children’s Home Services

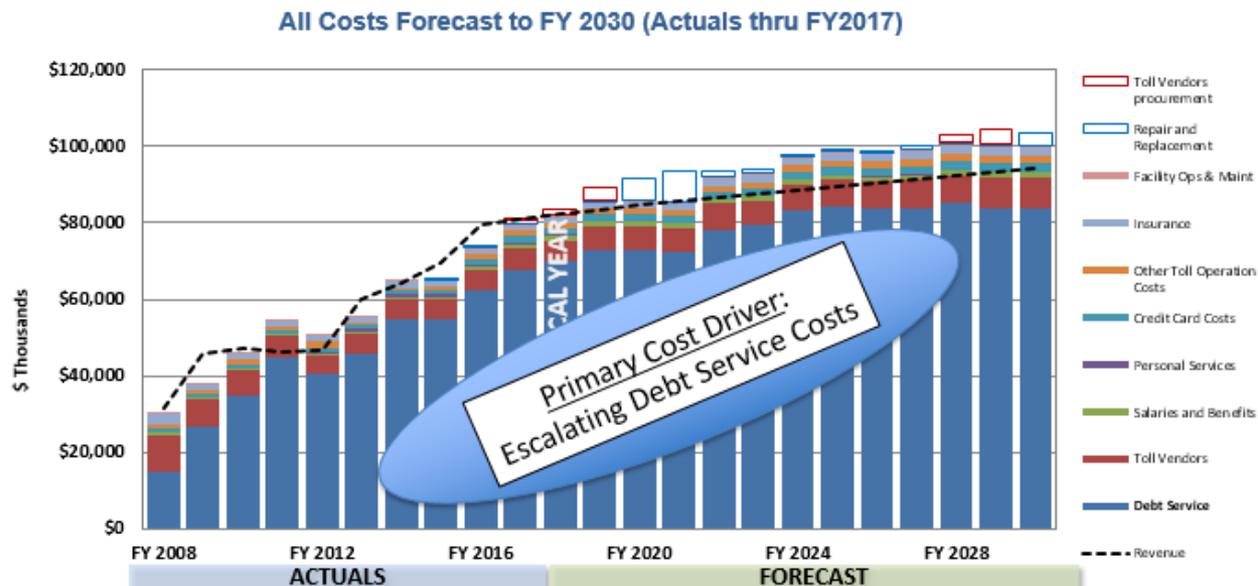


TNB Work Group Process

- Reviewed history of TNB performance, rate-setting, and financial support.
- **Assessed updates to Joint Transportation Committee (JTC) toll rate scenarios.**
- Established problem statement.
 - Continued escalation of debt service payments (\$125m).
- Selected four objectives for solution options.
 - Maintain current rates (FY 2018).
 - Pursue a transfer of funds with no repayment from toll revenues.
 - Funding to address immediate funding needs in the next 1-2 biennia.
 - Long-term plan to address increasing debt service costs.
- **Finalized prioritized funding and policy options.**
- Submitted final report.

Core Problem: Remaining \$125 Million of Debt Service Increases

- Steeply escalating debt service was identified as the primary inequity for TNB toll rate payers. Note: 90% of issued bonds not able to be refinanced.
- The TNB debt structure is inconsistent with current and proposed toll facility financing that enable refinance opportunities and minimal debt service escalation.



Recommended Funding Options

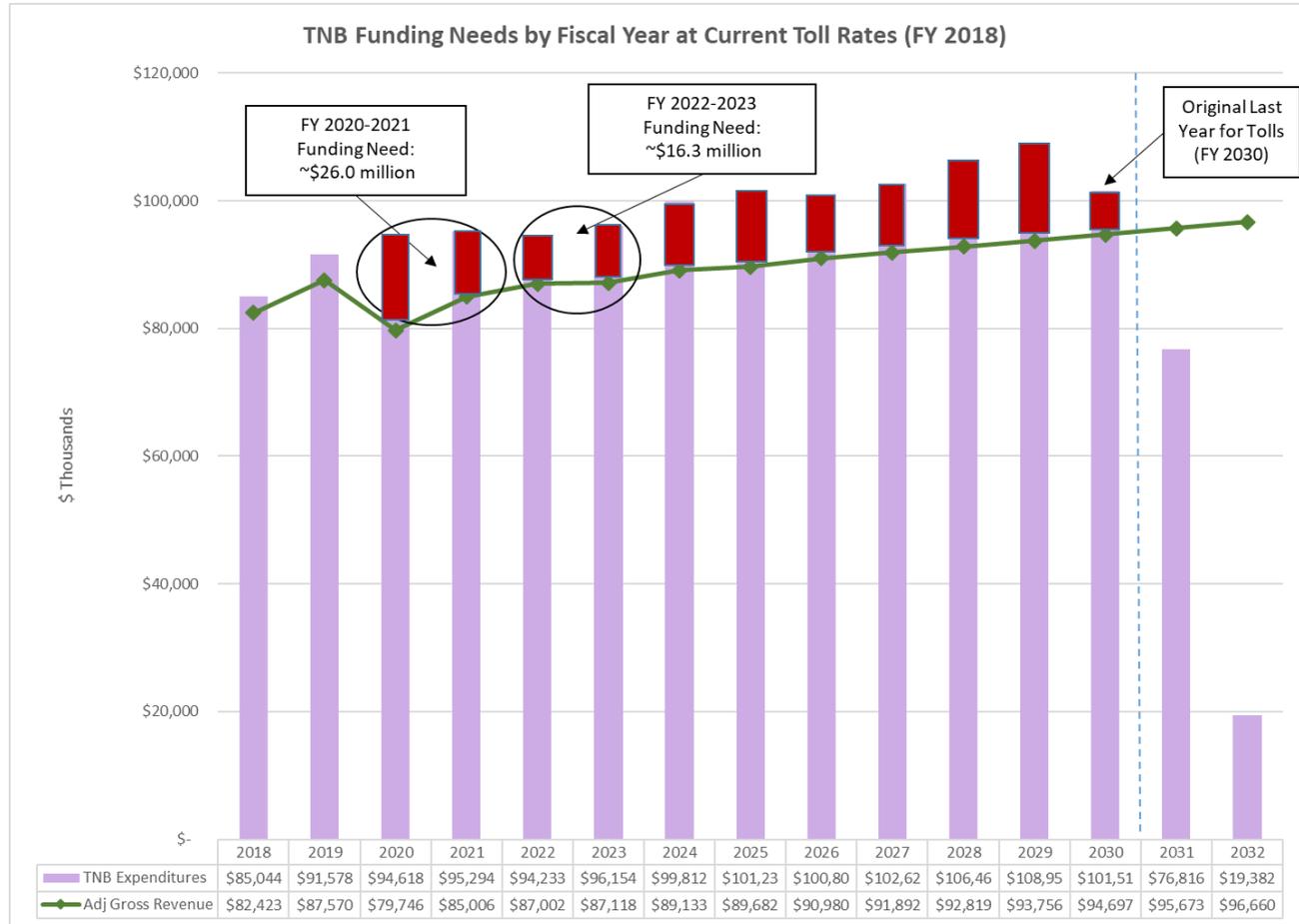
Funding Option 1: Provide \$125 million in the 2018 or 2019 session to fund debt service increases for the remainder of the debt (FY 2019 – FY 2030).

Funding Option 2: Provide biennial budget appropriations totaling up to \$125 million over the remaining 12 year term of the bonds.

- Allow current (FY 2018) toll rates to be maintained. Funding needs for the next two biennia are estimated at:
 - ~\$26.0 million for the 19-21 biennium (FY 2020 – FY 2021)
 - ~\$16.3 million for the 21-23 biennium (FY 2022 – FY 2023)

TNB Funding Needs to Maintain Current Toll Rates

Funding Needs to Maintain Current Toll Rates	
Biennium	Funding Need (No Rate Increase Necessary)
17-19 Biennium	
19-21 Biennium	\$25,990,125
21-23 Biennium	\$16,267,021
23-25 Biennium	\$22,235,942
25-27 Biennium	\$20,561,511
27-29 Biennium	\$28,842,292
29-31 Biennium	\$6,813,236
31-33 Biennium	(No Rate Increase Necessary)
1st 4 years	\$42,257,147
1st 6 years	\$64,493,089
Total	\$120,710,128



Source: Scenario estimating tool used to model TNB expenditures and Adjusted Gross Revenue based on WSDOT's Nov 2017 TNB Financial Plan. Scenario estimating tool first developed for JTC's Internal Refinance Opportunities for the TNB study (2014).

Recommended Policy Options

In addition to the Funding Recommendations, the Work Group offers the following policy recommendations:

- If full funding is not provided in one appropriation, introduce legislation that establishes intent for future funding that fully addresses the \$125 million in debt service increases to enable keeping rates at current levels (FY 2018).
- Require biennial reporting to the legislature on TNB funding needs from the Commission.
 - Intent would be to serve as a tool for on-going and up to date identification of TNB funding needs each biennium.

Additional Recommendations

The TNB Work Group identified several additional actions that may support cost reduction and toll payer relief. These include:

- Forgiveness of current Motor Vehicle Account loans.
- Use of additional bridge loans to support TNB Account sufficiency.
- Use of revenue from sources other than toll revenue to cover TNB repair & replacement costs.
- Pro-rate or defer facility repair & replacement costs and customer service center procurement costs scheduled for FY 2027 – FY 2030 until after TNB tolling is complete to reduce TNB toll revenue contributions.
- Assess toll vendor and O&M costs to identify opportunities for savings.



Questions?

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