

Tacoma Narrows Bridge Internal Refinance Opportunities

APPROVED

ESSB 5024, Sec 204(4) directs the Joint Transportation Committee (JTC) to convene a work group to identify and evaluate internal refinance opportunities for the Tacoma Narrows Bridge. The study must include a staff work group, including staff from the Office of Financial Management, the Transportation Commission, the Department of Transportation, the Office of the State Treasurer, and the legislative Transportation Committees. The JTC shall issue a report of its findings to the House of Representatives and the Senate Transportation Committees by December 31, 2013.

Background

Recent increases in the cost of tolls for the Tacoma Narrows Bridge (TNB), and the likelihood that additional toll increases will be needed in the coming years in order to meet bond repayment requirements, has led legislators to investigate what can be done to reduce expected toll increases. The Office of the State Treasurer has reviewed strategies to restructure the bonds issued to fund the TNB and has determined that most of the bonds could not be restructured under current law, but that even if the law so allowed, a partial restructuring would cost up to \$500 million.

As a result, the Legislature wishes to consider other options to reduce the burden of toll increases on users of the Tacoma Narrows Bridge. The term “internal refinance opportunities” in the proviso directing this study refers to changes that do not require the State Treasurer to re-issue debt. This may include identifying non-toll revenue to help defray costs, reducing costs paid by tolls, or other potential alternatives.

Overall Study Approach

This study will be conducted by a Staff Workgroup within existing funds. The Workgroup will meet approximately three times to review relevant studies and reports, identify potential alternatives, and evaluate their potential to reduce toll increases. The final report will define the problem, and summarize a series of alternatives that might warrant further analysis to reduce or prevent toll increases.

Study Outline

JTC staff will summarize the history of Tacoma Narrows Bridge financing and tolling, using resources provided by WSDOT, the Office of the State Treasurer, the Transportation Commission, legislative staff, and others. This summary will also review how tolls are currently set, and the financial outlook for the TNB under a variety of toll rate scenarios evaluated by WSDOT and the Transportation Commission.

The Staff Workgroup will meet approximately three times to review materials, and receive presentations on three relevant studies:

1. WSDOT’s Tolling Cost of Service Study;
2. the State Auditor’s performance audit of the tolling customer service center; and
3. WSDOT’s Lean Management operating efficiencies proposals.

The Staff Workgroup will seek to find potential opportunities to reduce the costs to tollpayers, which may include proposals to

1. Use non-toll revenue to help defray costs;
2. Reduce any costs, which could then be used to reduce or prevent toll increases; and
3. Employ other alternatives.

The Workgroup will analyze the various alternatives, develop cost and savings estimates, consider impacts of the proposals on tollpayers, consider impacts of the proposals on other funds (e.g. the motor vehicle fund) and identify potential statutory changes needed.

Proposed Study Timeline

May and June. Review materials; interview legislators, staff from the Transportation Commission, Office of the State Treasurer, WSDOT, others. Draft opening chapter in report that defines the problem and provides historical background of TNB financing and tolling.

July. First meeting of Staff Workgroup. Receive reports on WSDOT cost of service study and State Auditor’s performance audit on the customer service center. Brainstorm potential alternatives to reduce costs to tollpayers, and assign staff to research the various alternatives.

September. Second meeting of the Staff Workgroup. Review results-to-date, identify additional areas for analysis.

October. Discuss findings-to-date with JTC at October 9th meeting in Tacoma. Later in the month, hold the third Staff Workgroup meeting to hear about WSDOT’s Lean Management operating efficiencies proposals, and review and discuss draft report.

November. Finalize draft report.

December. Present draft report to JTC on December 12.

Staff Workgroup Members

Mary Fleckenstein, Project Manager, and Beth Redfield	JTC
Clint McCarthy	Senate Transportation Cmte
Mark Matteson, Amy Skei and Alyssa Ball	House Transportation Cmte
Erik Hansen and Charles Knutson	OFM
Amy Arnis, Doug Vaughn, Rich Struna and Craig Stone	WSDOT
Ellen Evans and Scott Merriman	State Treasurer’s Office
Reema Griffith and Noah Crocker	Transportation Commission
Jackson Maynard, Lyset Cadena, Samantha Gatto, HDC Staff	Caucus staff

JTC Project Manager/Back-Up: Mary Fleckenstein, Beth Redfield
 Appropriation: Within existing funds
 Report due date: December 31, 2013