



TOLL RATE SETTING AND ADJUSTMENT

**HPTE Board Retreat
February 2019**

Outline

- **Toll Rate Setting Authority & Practices of Our Peers**
- **Current HPTE Toll Rates Setting and Adjustment Practices**
- **Board Direction on HPTE Policy Goals**
- **Next Steps**

Toll Rate Setting Authority & Practices of Our Peers

Toll Rate Setting Authority & Practices of our Peers

1	Toll Roads - Public	<ul style="list-style-type: none">• <i>Traffic and Revenue</i>• <i>Bond Covenants</i>
2	Toll Roads - P3	<ul style="list-style-type: none">• <i>Concession agreement spells out mechanism</i>• <i>Usually a combination of CPI, GDP, and 2-3%</i>
3	Express Lanes - State	<ul style="list-style-type: none">• <i>Federal requirement for vehicle speed</i>• <i>Debt financed / Bond and TIFIA covenants for debt coverage ratio</i>
4	Express Lanes - P3	<ul style="list-style-type: none">• <i>Federal requirement for vehicle speed</i>• <i>Concession agreement</i>

TOLL ROADS - Public



E-470 Public Highway
Authority



Florida's Turnpike
System



Central Florida
Expressway Authority



North Texas Tollway
Authority

- Traffic and Revenue forecasts set toll rates to:
 - Maintain a high level of service (i.e. travel reliability)
 - Ensure financial ratios are met
- Board action needed to adjust toll rates

TOLL ROADS - P3 (Private, Revenue Risk)



Indiana Toll Road



Northwest Parkway



Pocahontas Parkway

- Toll rate adjustment mechanism explicitly shown in concession agreements
- Typically based on 3 factors:
 - CPI
 - GDP
 - A fixed percentage 2-3%
- Some require Board action for new rates approval

EXPRESS LANES - Public (State)



CO I-25 North Express Lanes and Mountain Express Lane



VA I-64 and I-66

- Verify that speed requirements are met
- If financing is used (notes, bonds, TIFIA, etc.), verify that covenants related to financial ratios are met
- Check for adjustment needs for inflation (CPI)
- Check for O&M increase
- For dynamically priced lanes, Board to approve new maximum toll rates
- For Time Of Day priced lanes, Board to approve new schedule and rates

EXPRESS LANES - P3 (Revenue Risk)



US 36 & I-25 Central
Express Lanes



I-495 Express Capital
Beltway Lanes & I-95
Express Lanes

- Concession agreement spells out toll rate adjustments mechanism and typically include:
 - Speed requirement
 - If financing is used (notes, bonds, TIFIA, etc.), verify that covenants related to financial ratios are met
 - Concessionaire to provide justification data
- For dynamically priced lanes, Board to approve new maximum toll rates
- On Time Of Day priced lanes, Board to approve new schedule and rates

Current HPTE Toll Rates Setting & Adjustment Practices

Toll Rates Setting - HPTE Express Lanes

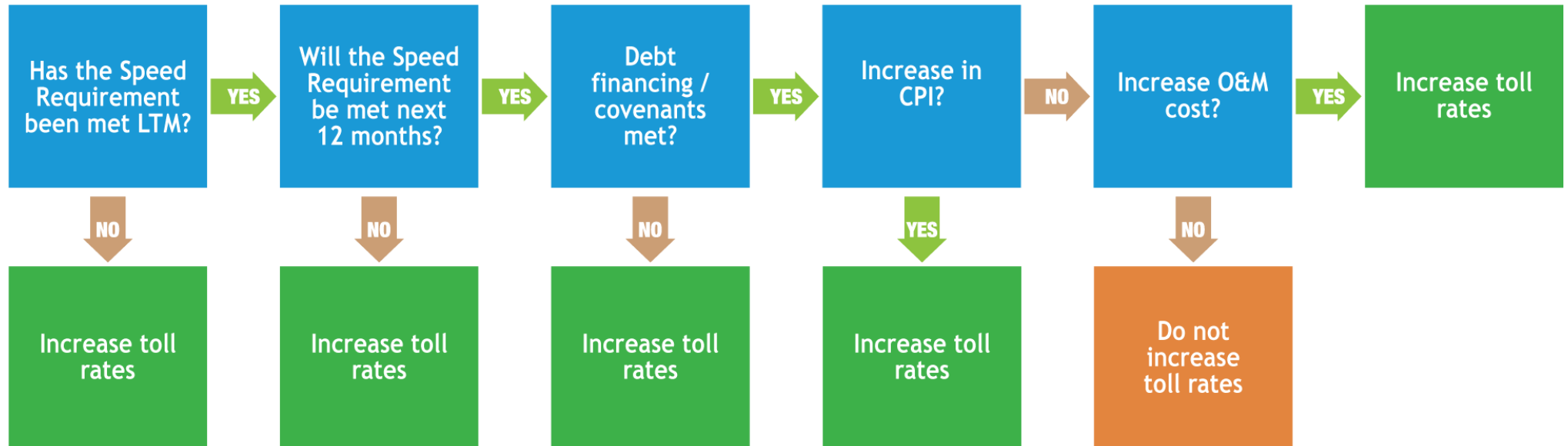
Current HPTE Toll Rate Setting Goals

- 1 Maximize traffic throughput
- 2 Provide travel time reliability in the Express Lane
- 3 Meet financial ratio requirements if financing is used

- ✓ Where minimum toll rates exceed AVI toll collection cost
- ✓ Where License Plate Tolling (LPT) surcharge covers additional cost incurred

Toll Rates Adjustment Decision Matrix - Draft

Current HPTE Toll Rate Setting Practice

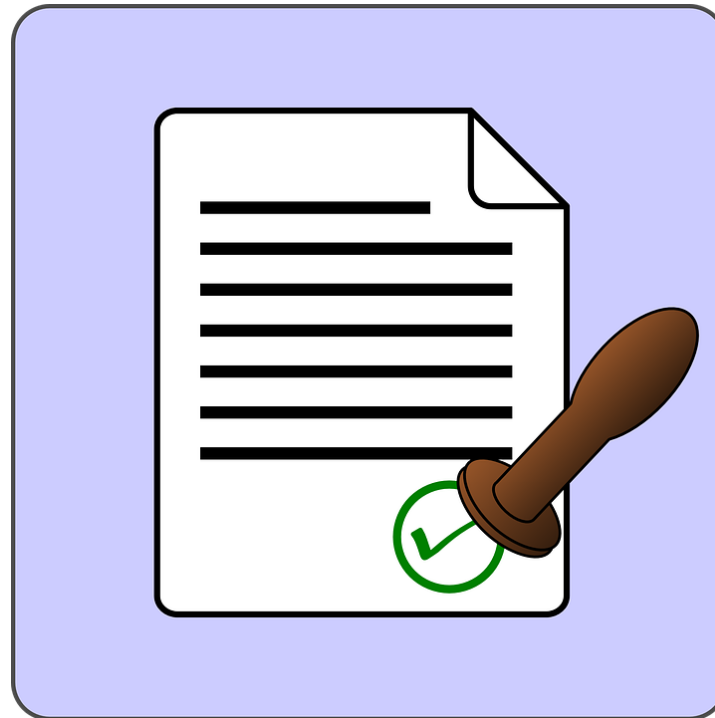


Board Direction on HPTE Policy Goals

1

Policy Goals: Establish Current HPTE Toll Rate Setting Practice as a Policy Directive (Draft)

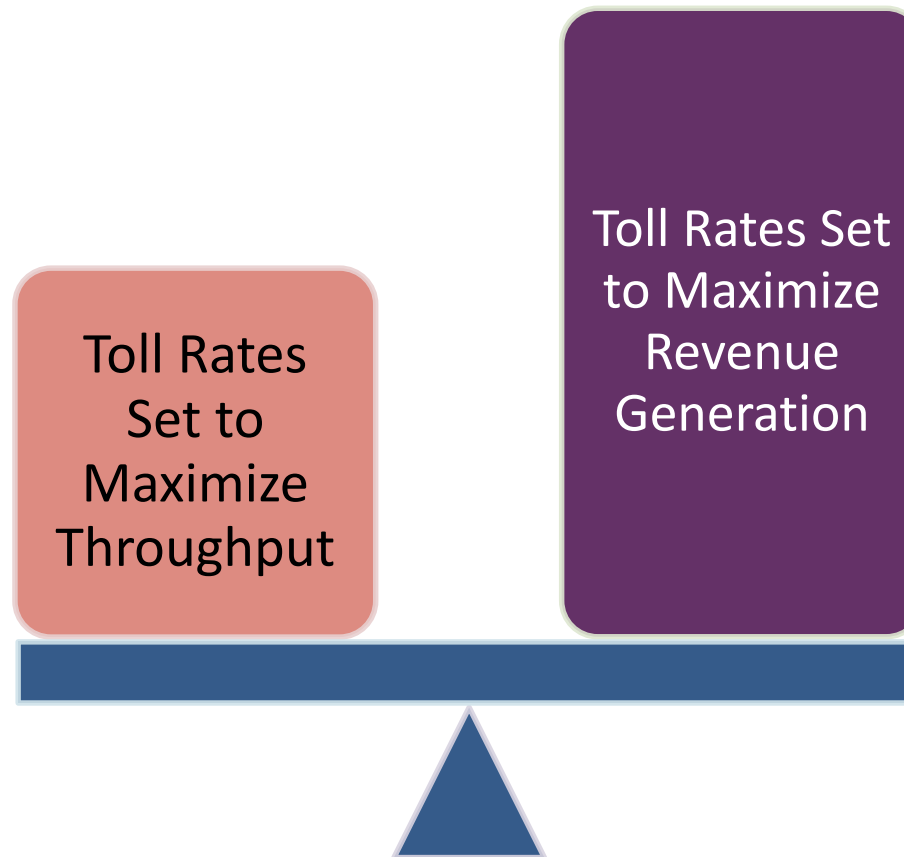
Board Direction on Establishing Current HPTE Toll Rates Setting and Adjustment Practices as Official HPTE Policy



2


Policy Goals: Revenue Maximization Vs. Throughput Maximization (Draft)

Board Direction on Toll Rates Setting and Adjustment Policy



Policy Goals: LPT Surcharge (Draft)

Board Direction on AVI vs LPT Toll Rate Setting Policy



Continue current practice used to increase AVI and LPT toll rates

Offset leakage by including percent portion of anticipated unpaid LPT toll revenue in AVI toll rate

Policy Goals: Future Dynamic Tolling Policy Considerations (Draft)

Board Direction on Dynamic Tolling Policy

1

- Minimum toll rates

2

- Maximum toll rates: capped versus uncapped

3

- Procedure to reconsider capped rates

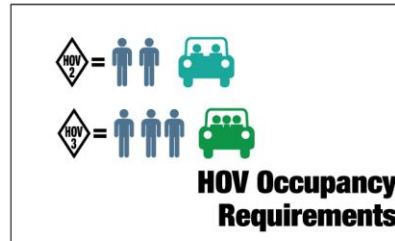
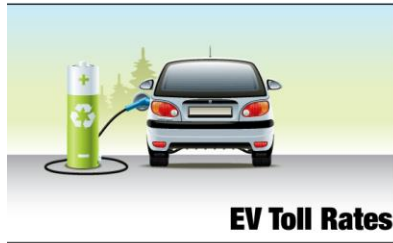
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- Toll rate changes intervals

5

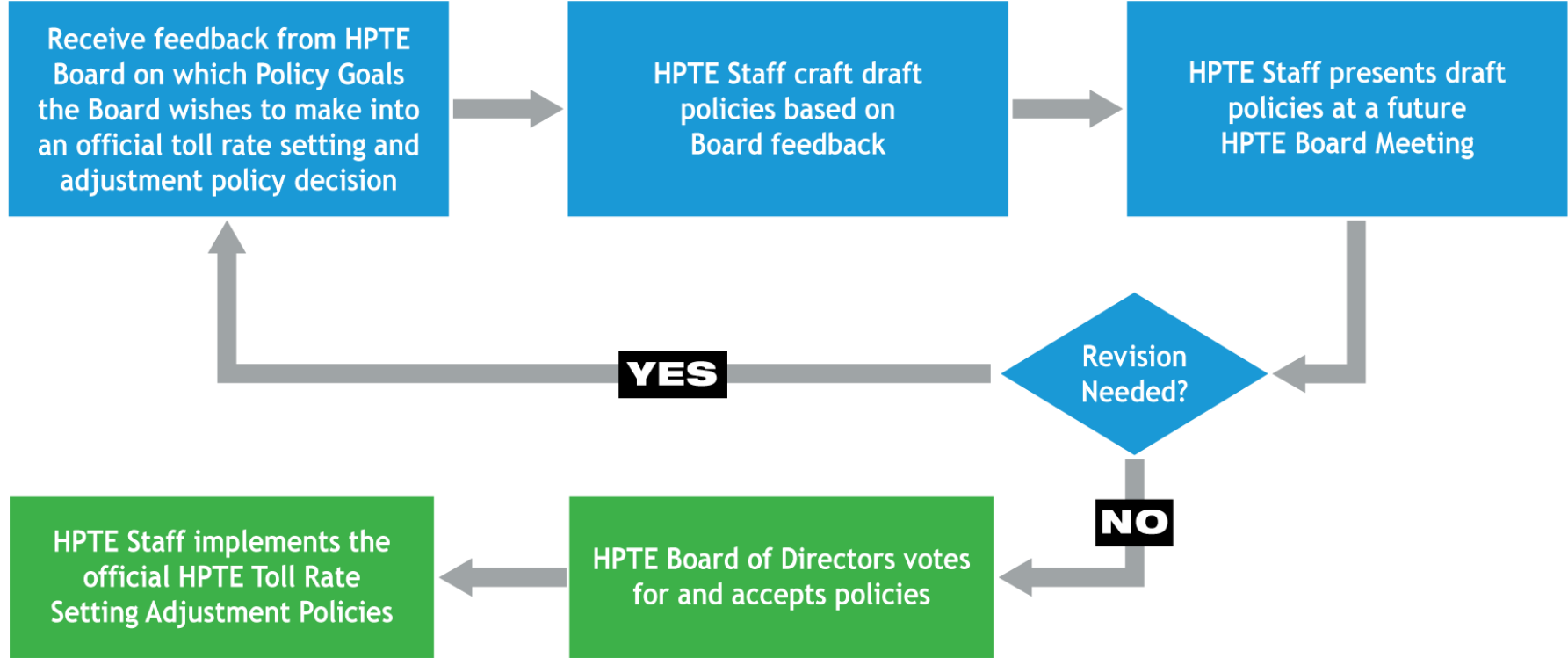
Policy Goals: Toll Rate Setting Considerations for Equity

Board Direction on Toll Rate Discount and Credit Program Policy Options



Next Steps

Proposed HPTE Toll Rates & Adjustment Policy Process



Next Steps

- **Comments**
- **Questions**
- **Suggestions for other Policy Goals**