



TOLL RATE SETTING AND ADJUSTMENT POLICY

HPTE Board Meeting
June 2019

Outline

- **Toll Rate Setting and Adjustment Policy**
- **Transaction Surcharges Policy**
- **Toll Rates Setting Objective Policy (Revenue vs. Throughput Maximization)**
- **Tolling Equity Considerations**

Toll Rate Setting and Adjustment Policy

Policy

Initial toll rates **setting** will be initiated by a traffic and revenue study for each corridor. Prior to project opening, a sensitivity analysis on initial rates will be conducted to finalize toll rates for HPTE board approval. The pricing objective in the toll rates setting phase is project specific based on financing covenants and traffic operations requirements.

For operational corridors, on a yearly basis, HPTE staff will evaluate the performance of each Express Lane to determine adherence to traffic operations requirements and financial covenants. Attachment A shows the methodology for determining yearly toll rates **adjustments**.

Transaction Surcharges Policy

Policy

A License Plate Tolling (LPT) surcharge ensures that LPT payers bear the full cost of the additional expenses they impose on the system. To that end, a LPT surcharge will be priced based on two objectives: (1) offset the additional back office processing cost and (2) recover revenue lost due to LPT leakage.

For future transactions types, such as Interoperability transactions, HPTE staff will adopt the same methodology where surcharges are set based on recovering additional incurred cost and lost revenue.

Toll Rates Setting Objective Policy (Revenue vs. Throughput Maximization)

Policy

HPTE will set toll rates based on Express Lanes corridor specific objectives. The overarching goal of HPTE will be to provide fiscally responsible toll rates that balance needs such as traffic speeds, reliable travel times, debt coverage, operations and maintenance cost, and financing future corridor improvements. For Express Lanes operated by a private entity, the toll rates setting methodology will be included in the project agreement.

Tolling equity considerations

Policy

In consideration of Express Lanes objectives in providing safe and reliable trips, HPTE will not provide discounts, other than those mandated (e.g. HOV 3+), that can potentially degrade traffic conditions and travel time reliability in Express Lanes. If mandated to provide discounts by an outside agency, HPTE will adjust toll rates help offset loss in toll revenue.

NEXT STEPS