

MEMORANDUM

TO: CTIO BOARD OF DIRECTORS
FROM: KELLY BROWN, CHIEF TOLL OPERATIONS OFFICER
SUBJECT: APPROVAL OF CTIO TOLLING POLICY UPDATES TO INCLUDE DYNAMIC PRICING POLICY
DATE: NOVEMBER 15, 2023

Purpose

Staff requests that the Colorado Transportation Investment Office (CTIO)¹ Board of Directors (Board) review and approve the proposed updates to the CTIO Tolling Policy to include dynamic pricing algorithm criterion. These new policies will guide the Dynamic Pricing Algorithm criterion for each individual Express Lane corridor.

Action

The Board is asked to approve resolution #431, adopting updates to the CTIO Tolling Policy, included as Attachment A, CTIO Tolling Policy (Clean with proposed policy updates incorporated).

Background

In 2019, CTIO procured a Next Generation Lane Toll System (NGLTS). The NGLTS provided CTIO with dynamic pricing functionality. In advance of implementing dynamic pricing on the CTIO Express Lanes network, the CTIO Tolling Policy was adopted by the CTIO Board at the July 2019 Board meeting. Staff conducted a workshop at the April 2023 Board retreat that provided an in-depth overview of how dynamic tolling works and presented initial policy considerations. The updates to the policy were introduced at the October 2023 Board meeting for Board feedback.

At the October 2023 Board meeting, Director Noble provided feedback on the Dynamic Pricing Algorithm section entitled (3) *Increment or Decrement Amount*. This feedback is included as a redline to the Tolling Policy, as Attachment B, CTIO Tolling Policy (Redlined with proposed policy updates).

Dynamic Pricing Policy Considerations

Where possible, the dynamic pricing criterion is designed to be either a range of acceptable values and/or a set of guardrails that will give the dynamic pricing algorithm the flexibility to set toll rates that will conform to the existing Tolling Policy already approved by the CTIO Board. Specific ranges or criteria for each corridor will be brought to the Board for review and approval prior to implementing dynamic pricing on each Express Lanes corridor. The dynamic pricing criterion will also be analyzed annually (as is the current process for time-of-day pricing.)

In the case(s) where one or more of the dynamic pricing algorithm criterion are not functioning as expected, a CTIO Board-approved procedure is included in the policy updates to update the criterion before the yearly toll rate adjustment analysis period. This will ensure that Express Lane corridors using dynamic pricing will continue to meet the overall tolling policy objectives and cover its Express Lane obligations.

Options / Decision Matrix

1. Staff Recommendation: Approve the updated CTIO Tolling Policy
2. Review but do not approve the Policy. Provide instructions on changes or revisions.

¹ The High Performance Transportation Enterprise (HPTE) is now doing business as the Colorado Transportation Investment Office (CTIO). CTIO is how the enterprise refers to itself now and in the future. However, the HPTE name is retained for legislative and legal documents.

Next Steps

If approved,

- Staff will incorporate the dynamic pricing algorithm criterion, specific to each Express Lane corridor with NGLTS dynamic pricing capability, and begin shadow monitoring/testing of the algorithm to verify that the dynamic pricing algorithm is meeting the needs and goals of the Tolling Policy.
- Staff will begin the public outreach and education campaign in advance of implementing dynamic pricing on the Express Lanes.

Attachments

Attachment A: CTIO Tolling Policy (Redlined with proposed policy updates)

Attachment B: CTIO Tolling Policy (Clean with proposed policy updates incorporated)

Attachment C: Resolution #431 Updated Tolling Policy