

Hampton Roads Transportation Accountability Commission (HRTAC)
Technical Advisory Committee
Summary Minutes of the October 13, 2015 Meeting

The Hampton Roads Transportation Accountability Commission (HRTAC) Technical Advisory Committee Meeting was called to order at 9:34 a.m. in Conference Room D, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Technical Advisory Committee Members in Attendance:

HRTAC Executive Director

Kevin Page

Other Participants:

Scott Allaire **Tom Inglima**
Deputy Secretary Grindly Johnson **David Miller**
Kevin Hoeftlich **Dan Papiernik**
Camelia Ravanbakht

HRTAC Technical Advisory Committee Members Absent:

Neal Crawford, Chair

James Koch

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Thelma Drake, Jeffrey Raliski (NO); Bob Matthias (VB); Frank Papcin (Citizens Advisory Committee); Scott Forehand, Don Quisenberry (eScribeSolutions); Nick Antonucci (HNTB); Kevin Rotty (PFM); Dianna Howard (TLP, VBTA, VBTP); Phil Lohr (WRA); Tony Gibson, James W. Long, III (VDOT)

Call to Order

In the absence of the Chair and Vice Chair, Member Mr. Earl Sorey, Jr. called to order the meeting of the HRTAC Technical Advisory Committee.

Public Comment Period (limit 5 minutes per individual)

Mr. Frank Papcin shared that upon observing Northern Virginia's plans for tolling, he is concerned about plans for Hampton Roads. He referenced the effects of tolls upon individual citizens as well as companies and stated that the toll should be related to what is necessary to build the roads.

Consent Item

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Mr. Sheppard Miller Moved to approve the minutes of the August 20, 2015 meeting; seconded by Mr. Harry Lester. The Motion carried unanimously.

Information Items

- Tolling Monies of Highway Facilities

Executive Director Kevin Page noted the information during the session will be presented by professional consulting firms for public finance, which will share cost estimates, anticipated revenue, methodologies, and scenarios in play elsewhere in the country.

Mr. David Miller from PFM explained that tolling traffic forecasts and scenarios along with predictions to support the financial plan are needed to accompany estimates of toll collection costs.

Mr. Joe Frank asked about the reliability of the data presented. He stated that he believed HRTAC should not rely 100% on tolls and should look at other revenue sources. Mr. Miller suggested that Mr. Scott Allaire from CDM Smith address that topic.

Mr. Scott Allaire from CDM Smith reviewed three levels of detailed traffic studies:

1. Sketch level, taking 4-6 weeks to examine existing data;
2. Intermediate, taking 3 months to include new data; and
3. Investment grade/Comprehensive, taking 6-12 months with more data assessments of plan, use, growth, value of time, simultaneous highway improvements (Investment grade/Comprehensive can be used in connection with bond financing).

Mr. Allaire stated that the work his firm is doing is at the Sketch level. Mr. Sheppard Miller questioned the data currently being used, and Mr. Allaire explained that it is comprised of current traffic counts.

Mr. Sheppard Miller asked if the plan is to predict human behavior; Mr. Allaire agreed. Mr. Allaire explained that the information is collected through a Stated Preference Service, which is a survey designed to elicit opinions on the value of time. It is distributed to 1,200-1,500 randomly targeted residents, commuters, and businesses that use the facilities.

Mr. Allaire concurred with Mr. Sheppard Miller's understanding that certain groups are targeted and then surveys sent to random members of the groups.

Mr. David Miller noted that long-term financial plans are all based on assumptions and that changes often occur over time. Mr. Sheppard Miller asked if the study includes any analysis of collateral impacts financially. HRTAC Executive Director

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Kevin Page explained that the SEIS and economic indices would shed light on the matter.

Mr. Sheppard Miller expressed concern that the HRTAC Technical Advisory Committee needs clarity to report to HRTAC and the citizenry regarding the alternatives being considered and the expected results.

Mr. Harry Lester emphasized that a number of individuals had expressed displeasure about the results of the tolls on businesses in Portsmouth and requested an economic view of how tolls may affect communities on either side of the tolls. Mr. Sorey added that the Port Authority has commissioned a study to examine the impact of tolling on trucks.

Mr. Joe Frank stated that he understood that there is more data to come and wondered if moving forward without the information is premature. Mr. David Miller replied that the arrival of more information from VDOT is imminent.

Mr. Kevin Hoeflich from HNTB gave an overview of what is going on in the industry. He elaborated as to the meanings of the many acronyms that were going to be used in his presentation. Mr. Joe Frank requested that he use minimal acronyms. The following acronyms were explained:

GEC - General Engineering Consultant;
AET - All Electronic Tolling;
PML - Price Managed Lanes;
HOV - High Occupancy Vehicles;
HOT - High Occupancy Toll lane;
VES - Violation Enforcement System; and
ETC - Electronic Toll Collection.

Mr. Hoeflich stated that projects can be partly funded by tolls. Mr. Sheppard Miller asked about the effects of the order of projects of new construction, expansion, etc. and when tolling would be viable. Mr. Hoeflich referred to the federal Value Pricing Program, allowing for building on interstates and tolling new capacity and replacement bridges.

Mr. Sheppard Miller stated that he understood federal law prohibits tolling a facility existing prior to the construction improvements. He asked if there is a process that allows applications for permission to do such. Mr. Hoeflich responded that he was unaware of a way to toll prior to beginning the project.

Mr. Sheppard Miller asked about the Value Pricing Pilot Program in Virginia. Mr. Hoeflich referred to the growing nationwide reliance on a market-driven toll lanes that offer a choice of free or payment of a fee for access and use. Across the country, most are converting to All Electronic Tolling (AET). He spoke on trends such as

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incremental tolling of the interstate, price managed lanes, conversion to technologies in vehicles, and more. He reviewed types of tolling such as electronic tolling, toll-all-lanes, or managed lanes tolling. He noted that with electronic tolling, there are no toll booths and no barriers. Traditional tolling operations had a negative effect on safety, with people weaving in and out of traffic prior to choosing a type of lane. He added that paying at a high rate of speed electronically reduced safety concerns.

Mr. Hoeflich described three ways to price-manage lanes:

1. Access where vehicles can enter and exit;
2. Price; and
3. Eligibility.

Advantages of Price Managed Lanes include the fact that everyone can travel in the lanes and prices can be varied according to time of day and speed.

Mr. Sheppard Miller concluded that it is better to provide additional lanes even if they are tolled rather than to have fewer lanes. Mr. Hoeflich noted additional positives of time savings, customer choice, and improved mobility through the entire corridor.

Mr. Hoeflich reviewed other suggested considerations for decision-making:

- Business lanes;
- Pricing structure—time of day, congestion level;
- Provision for access—is it direct access or a slip ramp, and how much access to allow;
- Management of lanes;
- Separation of lanes—barrier or delineation; and
- Video processing for payment.

Mr. Joe Frank asked if Virginia legislation provides an opportunity to prosecute toll violators. Mr. Dan Papiernik, from HNTB, offered that there was legislation addressing that issue.

Mr. Hoeflich recommended steps to elicit support for tolls and three considerations regarding toll collection:

1. Electronic Toll Collection (E-ZPass);
2. Processing of violations (Currently a VDOT function); and
3. Use of video billing or not.

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Mr. Hoeflich showed a map of surrounding states and types of collections used.

Ms. Jody Wagner questioned whether the lanes that were being added on I-64 would be eligible for tolling. Ms. Grindley Johnson pointed out that only new capacity could be tolled. Ms. Johnson added that the potential for tolling the new construction needed to be addressed earlier and it was probably too late for the widening projects. Mr. Sorey interjected that there would also be NEPA concerns. Mr. Papiernik continued that additional permits would also be necessary. Dr. Camelia Ravanbakht offered that the FHWA decision would also be impacted if that avenue were pursued.

Mr. Scott Allaire spoke on tolling laws, types of tolling laws in existence, exemption laws, existing managed lanes revenues, and current scenarios being evaluated. He detailed congestion pricing data on the HRBT. He noted that section 129 of the U.S. Code states that new highways, bridges, and tunnels can be tolled and explained the following points:

- New lanes can be tolled;
- Rebuilt bridges and tunnels can be tolled;
- Reconstructed highways can be tolled; and
- HOV lanes can be converted to HOT lanes.

He explained that there were two major exemption programs that allowed tolling. The first being the Interstate System Reconstruction and Rehabilitation Pilot Program, which allows up to three states to reconstruct an existing interstate and toll it. He added that the program was provisionally filled, and that no state was taking advantage of the program.

The second program discussed by Mr. Allaire was the Value Pricing Pilot Program. Mr. Sheppard Miller asked if all interstates in Virginia could be subject to the value pricing toll. Mr. Allaire noted that all would be, provided that congestion is the issue. Ms. Johnson stated that she called for verification and found that I-64 would be eligible under the Value Pricing Pilot Program.

Mr. Sheppard Miller asked about operating costs of toll lanes, noting comparison is difficult in light of collection, maintenance, renewal, and replacement costs. Mr. David Miller noted that maintenance was not an HRTAC funding obligation, and he assumed that the cost of collections would be borne by tolls.

Mr. Allaire observed that public acceptance of managed lanes relates to allowance of options. Mr. Sheppard Miller remarked that the water crossings are the core of the

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local transportation system. He continued that tolling the water crossings was in essence tolling the core, adding that the core is the State's responsibility.

Mr. Harry Lester noted that water crossings are more expensive than other types of projects. Mr. Sheppard Miller echoed previous statements that Hampton Roads is a donor region and taxes generated here are used to fund infrastructure in other parts of the state.

Executive Director Page stated that HRTAC should be hopeful in light of the fact that the region has two sizable applications for HB2 assistance in Richmond.

Mr. Frank asked about the anticipated toll rate. Mr. Allaire recollected the plan for Patriot's Crossing was \$3.00 or more, tolling all lanes.

Mr. Sheppard Miller questioned the rates for all tolls put into the system, and Mr. Frank asked about future projections of a break-even point on the toll rates. Mr. David Miller responded that there are six scenarios, each of which will show if there is a funding gap. Mr. Sheppard Miller requested information that reflects true costs, true impact, as well as the cost of doing nothing.

Mr. Frank noted that costs of projects is now valued at \$11 billion due to delays and recounted the costs of doing nothing to be job loss, population loss, port business, and general negativity on the economy of the region.

Mr. Allaire summarized the following scenarios:

1. Scenario 1—all day flat toll rate on all lanes of the High Rise Bridge, Patriots Crossing, HRBT, and MMBT at \$1.00 in 2015 dollars and escalating;
2. Scenario 2—begins at \$2.00;
3. Scenario 3—same as scenario 1 but with higher rate (congestion pricing) on HRBT with the result of shifting traffic to MMBT; and
4. Scenario 4—same as scenario 2, but at a higher rate.

Mr. Allaire added that additionally, these assumptions included the new High Rise bridge to be open in 2022, Patriot's Crossing to be open by 2025, HRBT to be widened by 2030, and the MMBT to be widened by 2035.

Mr. Frank asked about including the James River Bridge; the differential in traffic as compared to the others was noted.

Mr. Lynn Allsbrook requested clarification on the number of lanes for HRBT, and Mr. Allaire noted three lanes. Mr. Frank spoke on the need for an intermodal connection, but Mr. Tom Inglima reminded him that HRTAC is responsible for roads, bridges, and tunnels—not transit. Mr. Frank responded that the Commission needs to go to the legislature and request legislation allowing for such responsibility.

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Mr. Allaire shared information on \$1.00 and \$2.00 toll rates, expected revenues of various scenarios, escalation projections, and pricing options such as time of day and year, congestion, and direction. Mr. Frank pointed out that the building of Patriots Crossing will change the economic model. Mr. Miller asked about the car gap between the MMBT and the HRBT, and Mr. Allaire shared that it is a result of either trip purposes or congestion.

Mr. David Miller presented an update on the financial plan, projecting a graph denoting bond options.

Mr. Frank asked for clarity on "non-recourse toll revenue" and "double barrel toll road." Mr. Miller explained non-recourse bonds to mean bond that are backed only by toll revenue bond. Double barrel toll roads would be recourse, with some kind of guarantee in addition to toll revenues or a toll road with covenants.

Mr. David Miller reviewed the process of issuing bonds, bond covenants, and the order in which to apply toll revenues, with the first being the payment of toll collection costs. He added that it is vital to follow the recommendations of the bond consultants.

Mr. Sheppard Miller asked about the genesis of the toll rate start number. Mr. David Miller stated that the firm examined rates in the region. Mr. Sheppard Miller requested cost expectations, and Mr. David Miller responded that the goal is to have the results in November.

Mr. Frank suggested that it will be vital to educate people about the value of tolling and the costs of not tolling. He added that putting a plan in place more quickly is an important goal and recommended examining alternatives that give opportunities to meet the goals.

Mr. David Miller indicated that alternatives are being explored with information on funding gaps, how much additional revenue could be made, higher toll rates, and others. He volunteered that the toll-all-lanes with congestion pricing may be the best scenario. He noted the importance of the toll rate covenant, the issuance of toll revenue bonds at the beginning of construction of each with the consultants performing four-year projections on the toll revenue and collection costs.

Mr. Frank stated that it was his understanding that the projects would be done one at a time. Mr. David Miller noted an overlap of some projects and that finance plans stretch far into the future.

Mr. Allsbrook questioned the advisability of building Patriots Crossing before widening the MMBT, and Ms. Johnson asked about plans for the 60-year-old HRBT.

Mr. Page stated that he believed HRTAC needs to discuss its responsibility to the HRBT, and Mr. Lynn Allsbrook expressed concern about closing any section of it.

Mr. Frank agreed on the importance of considering all critical parts of the transportation system. Mr. Page pointed out that the HRBT is not one of the nine projects, but nevertheless recognizes its importance within the system.

Mr. Sheppard Miller and Mr. Page recognized that there was a new member, Alan Whitt formerly of the CTB, that will be joining them soon.

Mr. Page requested that the committee set a consistent date for meetings and suggested Tuesdays before the regular HRTAC monthly meeting on the third Thursday of each month. He will send members an electronic notification.

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission Technical Advisory Committee, the meeting adjourned at 11:43 a.m.

Neal Crawford
HRTAC Technical Advisory Committee Chair