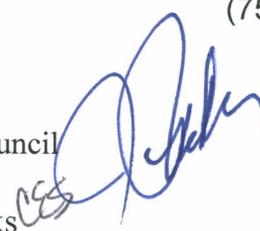


Department of Public Works
Post Office Box 15225
Chesapeake, Virginia 23328
(757) 382-6101
(757) 382-8537 FAX**MEMORANDUM****TO:** The Honorable Mayor and Members of City Council**FROM:** *for* Eric J. Martin, P.E., Director of Public Works **DATE:** October 30, 2015**SUBJECT:** Chesapeake Transportation System (CTS) Follow Up

The following information is provided as follow up to the City Council Work Session of October 27, 2015 regarding the Chesapeake Transportation System (CTS).

The CTS was created in 2010 and incorporated the existing Chesapeake Expressway and the improved Dominion Boulevard into one system of toll roads, with operations being combined for both efficiency and cost effectiveness. The Chesapeake Expressway had operated for a decade without any toll rate adjustments – repaving, replacement of electrical, mechanical and computer systems were necessary for its continued safe operation. It is important to note that all funds received from tolling are used solely to pay operations/maintenance costs and repayment of borrowed funds.

In 2012, a financing plan was developed to provide the necessary funds for the improvement of Dominion Boulevard, continued operation and maintenance of the Expressway, and the refinancing of the Chesapeake Expressway. As part of this effort, Steer Davies Gleave (SDG), in conjunction with Michael Baker Corporation and Economic Development and Research Group, was engaged by the City to prepare investment grade traffic and revenue forecasts for the CTS. Accordingly, employing industry standard methodology, SDG developed travel demand models for the CTS utilizing traffic count data, travel time data, travel surveys, and a land use assessment. The resulting toll rate schedules for both facilities were incorporated into the City's plan of finance for the CTS.

One question routinely raised is “wouldn't we generate more revenue by lowering the toll on the Chesapeake Expressway thereby attracting more motorists to use the facility?” The short answer is no. The highest rates on the Expressway are on peak summer weekends when travel demand is the highest and when the vast majority of toll customers are on their way to and from the Outer Banks of North Carolina. Since this portion of our customer base are infrequent users, their sensitivity to tolls is far less than that of our daily commuters. As an example, the 2011 toll increase resulted in a 133% increase in peak weekend revenue, even though peak weekend traffic

declined by 19%. Likewise, the 2016 rate adjustment is projected to increase peak weekend revenue approximately 12% as shown below.

	\$8	\$6
Average Peak Saturday Daily Traffic - Full Toll	20,508	23,991
Average Peak Saturday Daily Revenue - Full Toll	\$164,067	\$143,945
Average Sunday Daily Traffic - Full Toll	13,121	16,171
Average Sunday Daily Revenue - Full Toll	\$104,968	\$97,025
Peak Weekend Season Revenue - Full Toll	\$4,573,592	\$4,096,477

Note: "Full Toll" includes Cash and Non-Discount ETC

The toll rate structure for the Expressway charges a peak use premium that allows for lower tolls for frequent commuters during both peak and off peak times. This structure also allows for a \$1 initial E-Zpass toll rate on Dominion Boulevard when revenue collection begins in 2017.

Note that the only toll rate increase for 2016 is for the peak season weekend rate. **The discount rate remains at \$.75 for Expressway customers in our discount program through 2021.**

The Transportation Toll Facility Advisory Committee (TTFAC), staff and our consulting team will continue to monitor performance of the CTS to ensure revenues are sufficient to meet our legally required operating, maintenance, and financial obligations.

Lastly, the full presentation from the October 27th work session has been posted on the City's website for those who would like to review additional information on the history of the CTS. The link can be accessed at <http://www.chesapeakeexpressway.com/FAQs---Documents.htm>

EJM/ces

- C: Earl Sorey, P.E., Assistant Director of Public Works
- Gary Walton, P.E., Expressway Administrator
- Mary Ann Saunders, Assistant to the City Manager
- Vonda Chappell, TTFAC Chair



“The City of Chesapeake adheres to the principles of equal employment opportunity. This policy extends to all programs and services supported by the City.”