

Transportation Toll Facility Advisory Committee October 17, 2013

1. Call to Order: Mr. Zoeller called the meeting to order at approximately 11:30 a.m.

2. Roll Call:

Committee Members in Attendance Ex-officio Members in Attendance

Vonda Chappell

Kelly Lackey

Larry Zoeller

Robert Sciacchitano

David Todd

Lenard Myers

Committee Members not in Attendance

George Midgette

Non-Committee Members in Attendance

Mary Ann Saunders

Sean Ekiert

Gary Walton

Barrow Turner

Elizabeth Vaughn

David Cuneo

Teresa Morgan

T.E. (Tom) Jenkins, Jr.

Belinda Malone

W. Scott Davis

Kevin Lundgren

3. Meeting Discussion:

Mr. Davis' term as the Transportation Toll Facilities Advisory Committee (TTFAC) Chairperson has expired. Mr. Sciacchitano nominated Ms. Chappell as the new TTFAC Chairperson. The motion was seconded by Mr. Zoeller and the motion carried unanimously.

Mr. Walton presented Mr. Davis with a Certificate of Appreciation for his service and for providing great leadership while serving on the TTFAC. Mr. Jenkins presented Mr. Davis with South Norfolk Jordan Bridge (SNJB) photos, an I35W memento book and postcards to express the SNJB's appreciation of his service. The TTFAC members and other attendees expressed their sincere appreciation to Mr. Davis. Mr. Davis thanked everyone in attendance.

Ms. Saunders provided the two new members of the TTFAC with Official Statements and Plan of Finance on the Chesapeake Transportation System (CTS).

Mr. Sciacchitano made a motion to approve the April 4, 2013 TTFAC meeting minutes. Mr. Zoeller seconded the motion and the motion carried unanimously.

Mr. Ekiert provided a brief summary of the items that will be presented in today's meeting. He also informed the TTFAC members that the City formed the CTS, which is comprised of the Chesapeake Expressway and Dominion Boulevard. He explained that the two roadways have been combined as one for financial purposes.

Mr. Cuneo gave a presentation on the Chesapeake Expressway Traffic and Revenue Monitoring.

- Chesapeake Expressway Background
 - Mr. Cuneo noted that the Chesapeake Expressway opened to traffic in May 2001 and in October 2010 the Chesapeake Transportation System was formed, which includes the Chesapeake Expressway.
 - Mr. Cuneo noted that a new toll schedule was implemented in May 2011, which included higher peak weekend rates.
 - Mr. Cuneo noted that toll revenue bonds for the CTS were issued in November 2012.
- Annual Traffic and Revenue
 - Mr. Cuneo noted that the toll increase implemented in 2011 provided a jump in Chesapeake Expressway revenue.
- Monthly Traffic and Revenue: FY 12-13 vs. 11-12
 - Mr. Cuneo noted that traffic and revenue both decreased in FY 12-13, with the revenues about 2% below forecast.
- Early Comparisons: FY 12-13 vs. 13-14
 - Mr. Cuneo noted that year over year traffic and revenue is flat, but with monthly variations.
 - Mr. Walton noted that traffic continued to trend at a high volume through September. He also stated that he has seen a reversal in that trend in October, which may be contributed to the government shutdown.
- Expressway and Battlefield Weekday Corridor Analysis
 - Mr. Cuneo noted that total corridor traffic was up, but Expressway weekday traffic share was down in FY 12-13 indicating a minor increase in diversion.
 - Mr. Davis asked how staff was able to determine if traffic was going around the toll or just simply doing business on Battlefield Boulevard. Mr. Cuneo stated that they cannot be sure. He can only compare Battlefield Boulevard traffic to Chesapeake Expressway traffic. Mr. Walton added that the permanent count station is stationed at the end of Toll Plaza Road, which allows for a good comparison. This particular area is sparse of commercial businesses.
 - Mr. Sciacchitano asked why there is a decrease in traffic in September. Mr. Cuneo and Mr. Walton explained that this was due to tourism.
- Expressway and Battlefield Weekend Corridor Analysis
 - Mr. Cuneo noted that year over year traffic and traffic share varied by month.
- Types of Vehicles
 - Mr. Cuneo noted that there is a slight increase in share of trucks.
- Yearly Share of Transactions by Payment Type
 - Mr. Cuneo noted that there is an increase in discounted transactions. Mr. Zoeller stated that the increase in higher discounted transactions could have contributed to the decrease in revenue year to year.
- Share of Revenue by Day Type
 - Mr. Cuneo noted that peak summer weekends continue to provide a large share of revenue.
- Peak Season Traffic and Revenue
 - Mr. Cuneo noted that the effectiveness of peak summer weekend toll rates continues.

- Chesapeake Expressway Actual and Projected Revenue
 - Mr. Cuneo noted that the CTS plan of finance includes continued growth of projected revenue.
 - Mr. Zoeller asked why we are seeing this decrease in the projections. Mr. Cuneo explained that there is another toll increase scheduled in 2016. He also pointed out that the traffic signals that were recently added on Battlefield Boulevard will also increase the time savings for people whom choose to use the Chesapeake Expressway.
 - Mr. Sciacchitano asked if the City is budgeting for more frequent maintenance costs on Battlefield Boulevard considering the added traffic by those who appear to be escaping the toll, along with the local traffic. He also asked how the continued increase in toll rates on the Chesapeake Expressway will affect the Level of Service (LOS) on Battlefield Boulevard and if these toll rates will help pay for the more frequent maintenance of Battlefield Blvd., if appropriate. Mr. Walton explained that City Staff is now able to obtain good data on Battlefield Boulevard traffic with the addition of the permanent traffic count stations, which will allow the City to better evaluate the traffic demands and LOS. Ms. Saunders explained that the City is able to obtain funds from the State to help maintain roadways.
 - Mr. Zoeller asked about the Dominion Boulevard Project. He specifically wanted to know how new tolls on Dominion Boulevard would impact traffic diversion and will the Chesapeake Expressway be affected. Mr. Cuneo explained that the impact of implementing tolls on Dominion Boulevard and it affecting the Chesapeake Expressway was considered, but Dominion Boulevard is not expected to have a significant impact on the Chesapeake Expressway.
- CTS Projected Revenue and Requirements
 - Mr. Ekiert described how the reserves would be used to meet payment obligations or unexpected issues and/or repairs. An expectation has been built into the finance plan to use Chesapeake Expressway revenue to build cash reserves necessary to support the CTS financial position. They will continue to monitor the situation closely in order to make a determination to increase the tolls to accommodate the requirements if necessary. The Chesapeake Expressway Discount Program Membership fees may be considered for an increase if necessary. Mr. Zoeller asked if we have dipped into the reserve yet. Mr. Ekiert informed the members that it has not been necessary at this point. Mr. Ekiert also informed the members that we would have to see a huge shortfall to pull from the reserves prior to the completion of Dominion Boulevard Construction. Mr. Zoeller stated that he was not concerned about now, but he is concerned about 2019 and 2020. Mr. Ekiert explained that not all of the money borrowed for contingencies must be spent. There is a chance that we will not spend the full amount on the Dominion Boulevard Project. If the contingency money is not spent, then the full amount of debt authorized for the project will not be incurred and future debt service will be lower than projected. If revenue is a little behind schedule and the debt service is lower than scheduled, we may not need to adjust tolls. Any surplus we have after the requirements is put towards the VTIB, but is not required. Mr. Zoeller asked where we are in obtaining the other locations

needed for Dominion Boulevard project. Ms. Lackey stated that there are currently 30 cases, but they are moving at a steady pace. Mr. Zoeller stated that he was concerned about how this would affect the financing with these cases pending.

- Chesapeake Expressway Toll Rate Schedule
 - Mr. Cuneo noted that the next scheduled toll increase is in 2016.
 - Mr. Eikert mentioned that the cost of enrollment in the Chesapeake Expressway Discount Program has affected the peak weekend traffic. Many people are receiving the discounted toll rate while traveling on the Chesapeake Expressway during peak weekends. Mr. Todd asked for clarification on the discounted toll rate. Ms. Saunders asked the TTFAC members if they would like a comparison of recent Discount Program membership vs. the past several years. Ms. Chappell stated that the members would like to see a comparison.
 - Mr. Sciacchitano asked for additional clarification on the slides. He specifically wanted to know if projected Dominion Boulevard traffic was included on all of the slides. Mr. Cuneo explained that the Dominion Boulevard traffic projections begin to filter in on the projections in the year 2017. Mr. Sciacchitano stated that he felt that citizens may be upset if potential traffic delays on Dominion Boulevard occur due to the inability of the current I-64/I-464 (Dominion/Chesapeake Expressway) interchange configuration to accommodate the 4 lanes of merging traffic (2 each from Dominion and Chesapeake Expressway) down to one lane when approaching I-64. Mr. Ekiert acknowledged his concerns, but pointed out that as far as the credit rating and financing is concerned, the City made a wise decision with combining the roadways to form the CTS.
 - Mr. Todd asked if the Expressway bonds would be absorbed at some point. Mr. Ekiert explained that that has already occurred.
- Observations and Conclusions
 - Mr. Cuneo noted that FY 12-13 was down year over year, but within 2% of forecast.
 - Mr. Cuneo noted that year over year monthly comparisons can be difficult due to shifting of weekends, holidays, weather, etc.
 - Mr. Cuneo noted that the total corridor levels vary, but the addition of permanent traffic counters on Battlefield Boulevard will allow for better tracking.
 - Mr. Cuneo noted that the Chesapeake Expressway Discount Program share of transactions has been growing leading to a slight reduction in revenue.
 - Mr. Cuneo concluded with stating that while revenues are slightly down, a toll rate increase earlier than scheduled is not needed at this time. Unless, the anticipated costs are much higher than thought at the time of bond issuance. Continuous monitoring is necessary as the plan of finance includes increasing revenue levels.
 - Mr. Walton provided the following updates regarding the Chesapeake Expressway.
 - The Milling and Paving project is underway.
 - The Electrical and Lighting project is underway.
 - The Backup Generator project is underway.

- The 2013-14 Renewal and Replacement (R&R) Construction project documents have been submitted to the Purchasing Department for approval and advertisement.
 - The 2013 contract is in process.
 - The permanent traffic count station for Battlefield Boulevard has been installed and has been operational since July 2013.
 - Two new traffic signals have been installed on Battlefield Boulevard at the intersection of Benefit Road and the intersection of Centerville Turnpike.
 - A handout was provided to the committee members detailing the annual R&R estimate. The Milling and Paving project has caused a remarkable spike in the expenses over the past four years. However, that particular project is coming to an end and expenses are expected to drop substantially. Milling and Paving is not expected to be necessary again for the next 10 years.
 - \$1.7 million has been budgeted for 2017.
 - Staffing is nearly full. There are currently five vacancies that are being filled.
- Mr. Jenkins provided the following updates regarding the South Norfolk Jordan Bridge.
 - Anniversary Events are planned for October 18th and 19th to celebrate their first year. The event is tied in with Oktoberfest at SONO. TTFAC members are welcome to join the festivities.
 - They have started their commuter club. Club Members will receive points, which will be redeemable for free items, discounts, etc.
 - They experienced a small decrease in traffic at the beginning of the government shutdown. They continue to see a steady increase in traffic overall. Traffic numbers for the weekdays have been higher than the numbers on the old Jordan Bridge.
- Ms. Vaughn showed a video of the Chesapeake Expressway's 50 millionth customer and a 3D video of the Dominion Boulevard project.
- Mr. Sciacchitano asked if the City provided comments at VDOT's public hearings on the proposed High Rise Bridge Project, since the bridge approach distances may impact the I-464 (Dominion/Chesapeake Expressway) Interchange and potential future improvements. Ms. Saunders stated that the City did not submit a formal statement, but when the project gets to a point where it may affect the City, the TTFAC will be consulted. Ms. Saunders will email the information to the TTFAC members. Ms. Saunders also informed the Committee that she is impressed with the project thus far and they are on top of the issue.
- Mr. Sciacchitano thanked Mr. Walton for the information he provided. However, he is concerned that this committee is not seeing the "big picture" in terms of revenues and expenses. He would like to see a graph that shows historical revenues and expenses, on an annual basis, to the current point in time; and then, projections of future revenues and expenses using the current toll rates. All costs should be represented including O&M costs, capital costs, amortized loan (bonds and other financial instruments) payments, etc. . Mr. Ekiert and Mr. Cuneo will work on preparing a historical report that shows the gross revenue vs. net vs.

expenses. Mr. Walton stated that the new bond indenture requires a five year estimate for Renewal and Repair items.

The TTFAC was asked to provide a letter to City Council regarding the presentation given at today's meeting to include their concurrence with the staff and consultants that no adjustments to the Expressway toll schedule are necessary at this time.

4. Adjournment: The meeting was adjourned at approximately 12:52 p.m. The next meeting is scheduled for 11:30 a.m., Thursday, January 9, 2013 at the Chesapeake Expressway.