

**Transportation Toll Facility Advisory Committee**  
**Quarterly Meeting**  
**October 25, 2016**

1. **Call to Order:** Mr. Lenard Myers called the meeting to order at 11:36 AM.

2. **Roll Call:**

**Committee Members in Attendance**

Lenard Myers  
Vonda Chappell  
Larry Hazelwood  
Sheldon Jenkins

**Ex-officio Members in Attendance**

Eric Martin  
Kelly Lackey

**Committee Members not in Attendance**

George Midgette  
Matthew Echaniz

**Non-Committee Members in Attendance**

Earl Sorey	Elizabeth Vaughan
Dave Cuneo	Sean Ekiert
Gary Walton	Leigh Ann Kling
Kevin Crum	Veronica Latonio
Rhonda Sommer	

3. **Meeting Discussion:**

Mr. Myers asked for and received from Ms. Chappell a motion to approve the July 14, 2016 Transportation Toll Facilities Advisory Committee (TTFAC) minutes. The motion was seconded By Mr. Jenkins and the minutes were approved.

Mr. Sean Ekiert of Raymond James (financial advisor to the City), and Mr. Dave Cuneo of Steer Davies Gleave (traffic and revenue consultant for the Chesapeake Transportation System) presented the financial performance of the Chesapeake Transportation System (“CTS” or “the System”), the traffic and revenue trends on the Chesapeake Expressway, and the status of the Dominion Boulevard construction project. Key points from the presentation included:

*Historical Financial Performance (based on preliminary, unaudited results):*

- Total traffic on the Expressway increased 4.5% in FY2016 from the prior year but was 7.7% lower than the level forecasted for the year in the 2012 Plan of Finance.
- Toll revenue increased 8.0% in FY2016 which was partially a result of the peak season toll increase that took effect in May but was 1.6% (\$193,057) below the level projected in the 2012 Plan of Finance.

- CTS operating expenses increased 10.6% in FY2016, which was primarily attributable to setup of the back office system for Dominion Blvd. Veterans Bridge.
- Despite the increase in FY2016, Operating Expenses were \$321,775 lower than the level forecasted in the 2012 Plan of Finance, offsetting the revenue variance.
- The FY2016 deposit of \$2,202,316 to the Renewal and Replacement Fund for major maintenance on the Expressway, as recommended by the City's Consulting Engineer, was \$1.3 million less than the amount forecast in the 2012 Plan.
- Overall, the FY2016 financial performance of the system was generally consistent with the 2012 Plan of Finance, providing the additional working capital that will be necessary to support the commencement of Dominion Boulevard Veterans Bridge operations and make the required deposits to debt service reserve funds.
- The preliminary Renewal and Replacement Forecast from the Consulting Engineer for FY2016-FY2020 indicates that the required deposits over the five-year forecast period will remain below the amount originally forecast in the 2012 Plan of Finance.
- Despite lower-than-forecast revenues and projected increases to operating expenses, the financial forecast prepared by the City's consultants and staff indicates that CTS is still likely to achieve its targeted level of cash reserves prior to the significant increase in annual debt service in FY2019.
- The City's consultants indicate that financial performance is more likely to vary from projections beginning in FY2017 with the opening of Dominion Boulevard due to the lack of existing baseline data.

2016 Peak Season Expressway Traffic and Revenue:

- The 2016 Peak Season included one less week than the 2015 prior Peak Season due to the timing of Memorial Day and Labor Day.
- Peak Season Weekend Traffic decreased 4.1% year-over-year (adjusted to reflect one fewer peak weekend).
- 2016 Peak Season Weekend Revenue increased 24.9% over the prior year.
- 41% of vehicles travelling during 2016 Peak Weekends paid by cash, while 59% paid by EZ Pass.
- Traffic data indicates that during the busiest Saturdays of the Peak Season there are 26,400 more vehicles travelling in the Expressway/Battlefield Boulevard corridor than on Saturdays during the winter, and 89.6% of the additional traffic (23,600+ vehicles) are traveling on the Expressway.
- Battlefield Boulevard experienced a 4.5% average increase in weekend traffic on peak weekends, however, this increase was well below the 20% increase forecasted by the traffic model due to traffic diversion from the Expressway due to the toll increase.
- Average Summer Peak Saturday traffic on Battlefield Boulevard in 2016 is approximately equal to the average weekday traffic on Battlefield Boulevard.

### Dominion Boulevard Project:

- Dominion Boulevard Project construction is on track for completion prior to the contract completion date of April 1, 2017 and within budget.
- Tolling is expected to begin by the end of 2016.

### Updated Traffic, Revenue and Financial Forecast

- Steer Davies Gleave has prepared updated forecasts for Chesapeake Expressway and Dominion Boulevard, utilizing latest actual performance and traveler behavior data, updated socioeconomic outlook, and current plans for improvements to other roadways.
- Expressway Revenues in the 2016 Forecast are relatively consistent with the 2012 Forecast through 2020, but lower by 5% to 7% in 2028 and beyond.
- Dominion Boulevard Revenues in the 2016 Forecast are relatively consistent with the 2012 Forecast through 2021, but lower by 4% to 6% in 2022 and beyond.

### Overall Conclusions:

- Revenue in FY2016 was sufficient to meet all requirements for operating expenses, debt service coverage, and maintenance. Excess revenues were used to build CTS reserves as required by the Plan of Finance.
- Cash transactions were only 29% of total transactions in FY2016, but represent a higher share (43% in FY16 and 41% in CY16) of transactions on Peak Weekends.
- The share of Expressway transactions represented by travelers enrolled in the City's Discount Program remained at 38% of total Expressway traffic in FY2016, and represented 11% of Peak Weekend traffic.
- Overall, projected financial results using the 2016 Forecast are generally consistent with the 2012 Plan through FY2020, and slightly weaker thereafter.
- Increased variance between actual and forecast results can be expected during ramp-up of Dominion Boulevard operations.
- The next scheduled adjustment to toll rates on the Expressway in 2021 is an increase in both the regular toll rates and the peak season weekend rates. Continued monitoring of traffic and revenue levels, operating and maintenance expenses, project expenditures and operating experience for Dominion Boulevard is necessary to ensure that revenues will be sufficient to meet legal obligations of the CTS financing and operating requirements of the system going forward.
- Once Dominion Boulevard comes fully on-line and its performance can be observed over the coming year (both from a singular perspective as well as its effect on the CTS as one of its critical components), base line data will become available to fine-tune consultant projections.

### Questions/Comments

- Mr. Jenkins inquired about the expenses and maintenance costs for Dominion Boulevard. Mr. Walton explained the operating expenses portion includes the back office customer service component, costs for billing and collections of revenue for patrons who do not have an EZPass account, and the pursuance of uncollected tolls. Mr. Sorey explained the maintenance expenses which include maintenance and rehab on a total of 9 bridges, embankments, roadway, connectors, drainage areas and grounds maintenance.

- Mr. Hazelwood asked if the model forecast included the possibility of the third crossing. Mr. Sorey explained that the third crossing was not considered in the forecast because the possibility of the third crossing has been pushed too far out in the future to have an impact on this forecast. If necessary, it may be captured in the future, as the Traffic and Revenue forecast is updated every two years.
- Mr. Jenkins asked if the City receives any financial benefit from the tolls. Mr. Sorey explained that all revenue goes directly into operations, maintenance and repayment of debt for the Chesapeake Expressway and Dominion Boulevard Veterans Bridge.
- Mr. Myers inquired about the lower allocation for repairs for Dominion Boulevard. Mr. Walton explained that Dominion Boulevard will not require a great deal of maintenance in the short term because it is a new facility. This number will grow and be captured through future Annual Renewal and Replacement inspections.
- Mr. Jenkins inquired whether the toll schedule can be revisited should it be seen that the traffic volumes and revenue exceed expectations. Mr. Sorey explained that presently, this schedule relies on predictions only. Once the road is open and there is actual data, this subject can be revisited.

Mr. Myers called for a motion to accept the previously adopted toll schedule. Ms. Chappell made the motion to accept the adopted toll schedule. Mr. Hazelwood seconded the motion and there was a unanimous vote to adopt.

Ms. Vaughn provided information regarding the communication plans in effect to inform citizens of the opening date for Dominion Boulevard as well as EZPass locations and sales events.

Mr. Crum provided an update for the South Norfolk Jordan Bridge (SNJB):

- The USS Truman is at the shipyard resulting in an increase in traffic.
- The EZPass penetration rate is at 79%.
- Ms. Latonio spoke about the success of DMV registration holds for nonpayment of tolls.
- Mr. Crum gave notice that there will be a toll increase on the South Norfolk Jordan Bridge.

Mr. Walton provided an update of the Chesapeake Expressway:

- New variable message signs were installed at the Chesapeake Expressway as the existing signs were beyond their life expectancy.
- The administrative building renovation was put on hold due to the completion of Dominion Boulevard.

The meeting was adjourned at 1:00PM. The next meeting will take place at the Chesapeake Expressway Administrative office building on April 13, 2017.