

**Transportation Toll Facility Advisory Committee
Quarterly Meeting
April 11, 2019**

1. Call to Order: Mr. Lenard Myers called the meeting to order at 11:32 AM.

2. Roll Call:

Committee Members in Attendance

Lenard Myers
Vonda Chappell
Larry Hazelwood
Bryan Cunningham

Ex-officio Members in Attendance

Kelly Lackey
Robert N. Geis

Committee Members not in Attendance

Kemo Dassau
Matthew Echaniz
Tawanna McFarlin

Non-Committee Members in Attendance

Gary Walton	Judith Graham	Shawn Tarrant
Leigh Ann Kling	Pamela Hardesty	
Lynn Coen	Kevin Crum	
Meredith St. John	Earl Sorey	

3. Meeting Discussion:

Mr. Myers asked for and received from Mr. Hazelwood a motion to approve the November 27, 2018 Transportation Toll Facilities Advisory Committee (TTFAC) minutes. Ms. Chappell seconded the motion and the minutes were approved.

Mr. Myers announced that he would be rotating off the committee in May and he thanked the committee and city staff for their support. Mr. Hazelwood thanked Mr. Myers for his leadership.

CTS Financial Update:

Ms. Coen provided the following Chesapeake Transportation System (CTS) financial update:

1. System Revenue:

a. Both toll facilities:

Toll revenue for the year is \$18.5 million, which is 73.3% of the forecasted amount in the Traffic and Revenue study. We are projecting a total for the year of \$26.1 million, which is 5% over the projected total.

b. Chesapeake Expressway:

Expressway toll revenue is under the forecasted amount. The Year-To-Date revenue of \$9.4M is 67% of the amount forecasted for year 2019, with 75% of the year elapsed. We are projecting Expressway toll revenue for the year to be \$13.4M, which is 5% below the forecasted amount from the Traffic & Revenue Study.

c. Dominion Boulevard Veterans Bridge:

Dominion Boulevard Veterans Bridge toll revenue has continued to gradually increase. Revenue is up 9% over the same period last year. If you remove the effect of the winter storm in January 2018, revenue would be up 6.6%.

Compared to the Traffic and Revenue Forecast, Dominion Boulevard Veterans Bridge is doing slightly better than forecast. As of March 31, revenue was at 77% of the forecasted amount at 75% of the year.

Projected revenue is \$12.7M, which is 7.4% above the forecasted amount, which is expected to be enhanced by the start of collections efforts by ETAN approximately one month ago.

2. System Expenses:

Total operating expenses to date are under the budgeted amount and they are currently at \$6.9M, which is 59% of budget for the year, compared to 75% of the year elapsed. We are projecting total operating expenses for the year of \$10.5M, which is (approx.) 10% under budget.

In addition, we'll have the following total debt payments in Fiscal Year 2019:

Debt payments:		Principal	Interest	Total
	<i>Senior Debt</i>	445,000	5,180,475	5,625,475
	<i>Subordinate Debt</i>	717,073	-	717,073
	Total	1,162,073	5,180,475	6,342,548

- a. Year-to-Date Actual Expenses - \$6,893,358, Projected Total Expenses (Year) - \$10,159,813
- b. Upcoming Large Expenditures:

- i. Expressway Toll System Replacement (~\$1.4M – near completion)

3. Other:

The Bond Debt Service Coverage requirements are being closely monitored. At this time, some of the debt coverage ratios are very close to the minimum, but current and projected performance of the facilities is projected to provide that all coverage ratios will be met. CTS staff will continue to watch these closely. The reserve account balances are shown below:

US Bank Reserve Accounts:

Senior Bonds Debt Svc Reserve	13,057,811	
Subordinate Bonds Debt Svc Reserve	10,000,000	
Operations Reserve Fund	2,016,239	
General Reserve Fund	24,488,485	
Total Reserve Balance		49,562,535

Ms. Coen advised that an upcoming required debt payment for the VTIB loan would require use of a small portion of the General Reserve Fund due to the timing of the payment. This issue has been reviewed by the Bond Counsel and the Finance Dept. and was expected for the first year only. Mr. Geis inquired about the reserve balances and use of reserve funds; Ms. Hardesty then explained the purpose and use of the reserve funds. Mr. Walton advised the committee that revenue would be very close to projected but expenses were low and being closely monitored; Mr. Walton advised that the Bond Rating agencies had confirmed their outlook as ‘stable’ at the end of 2018. Mr. Walton continued that FY20 and FY21 would also be ‘tight’ years (based on the recently updated forecast).

CTS Traffic Performance:

Mr. Walton provided the following update for the Chesapeake Expressway and Dominion Boulevard Veterans Bridge:

Chesapeake Expressway Summary:

1. Traffic Highlights:

- a. Fiscal Year 2018 Traffic was UP 1.1%,
- b. Cash Transactions are DOWN 10.1%; Full Fare EZ-Pass Transactions were UP 3.2%, and Discount Program Transactions are UP 5.0%

- c. Continued growth in EZ-Pass traffic: Year-to-date EZ-Pass is at 80.8% versus 78.4% last year.
- d. Continued decline in Cash traffic at 19.2% versus 21.6% last year.
- e. Violation Rate remains at approximately 2% with approximately 40% of violations collected through the 10-day V-Toll (recycle) process.

2. Expressway Revenue Breakdown:

- a. Year-to-date: \$9,443,551 versus \$9,508,391 for same period last year, DOWN 0.7% (Note that tolls were suspended in September due to Hurricane Florence, otherwise revenue would be slightly up for the year)
- b. Cash Revenue DOWN 9.7%
- c. EZ-Pass Revenue UP 3.5%
- d. Decreased revenue due to more Discount Program Transactions (+63,475) and lower Full Fare Transactions (to date -31,721)

Mr. Walton advised the committee that the decrease in revenue, although traffic was up slightly, was primarily due to a shift in traffic from full-fare cash and/or EZPass traffic to Discount Program traffic (passenger vehicles in the discount program pay on \$0.75 per trip, even on peak weekends) versus the full toll rate. The shift in traffic has resulted in lower revenue; city staff and the consultants will carefully evaluate this trend in order to provide a recommendation to the committee this fall on whether any adjustments to the toll rate should be considered. The next scheduled increase of the discount program toll rate is in May 2021.

3. Renewal and Replacement Update:

- a. Report completed and submitted in late December.
- b. Renewal and Replacement Construction Project plan development is underway with plan submission in June and construction planned for the fall.

Mr. Myers inquired whether there were any specific projects that we were concerned about; Mr. Walton advised the committee that the Expressway was in the midst of completing a toll system upgrade/replacement, a \$1.4M project that replaces the original toll system.

4. Admin Building Renovation:

- a. City continues to work with Bonding Company on settlement.
- b. Customer Service Counter remains closed to walk-in customers

5. Peak Season starts Saturday, May 18, 2019 thru Sunday, Sept. 8, 2019 (17 weekends which accounts for approx. 40% of the annual revenue)

- a. Peak Weekend Toll Rates: Motorcycles are \$2, 2 axle vehicles are \$8, 3 axle vehicles are \$9

Mr. Hazelwood inquired as to whether there was an action plan to eliminate cash transaction of the Expressway; Mr. Walton advised that it would likely happen at some point in the future, but not in the immediate future. Mr. Walton stated that during peak season, the Expressway still services a large percentage of out-of-town traffic that does not use EZPass and that it can be difficult to collect invoiced payments from out-of-town users of the facility.

Dominion Blvd. Veterans Bridge Summary:

Tolling began on Feb. 9, 2017

Current Toll Rates: \$1.10, \$1.65, \$2.75, \$3.10, \$3.65, \$4.75; Toll Rates increase on July 1 to: EZ-Pass - \$1.16, \$1.74, \$2.90, Toll-by-Plate - \$3.16, \$3.74, \$4.90

Steer Traffic and Revenue Study (2018 Update) Estimated Performance:

*Average Daily Traffic (All Days): 24,809 vehicles per day. EZ-Pass Penetration: ~84% (all days)

*Average Daily Revenue: \$35,663 per day (Based on Nov. 2018 Traffic and Revenue Study Update)

** For comparison purposes.*

1. Traffic Highlights:

- a. Overall Transactions: 6,635,071 transactions this year versus 6,299,592 last year (Year-to-date). Average Daily Total is 24,216 vehicles per day versus 22,991 vehicles per day, +5.3% Year-over-year but 2.4% below projections
- b. EZ-Pass Transactions – 5,613,404 transactions (Year-to-date) versus 5,206,213 transactions, +7.8% Year-over-year but (5,731,120 projection) 2.1% below projection Year-to-date; 84.6% of Transactions
- c. Toll-by-Plate Transactions – 1,021,667 transactions (Year-to-date) versus 1,093,379 transactions (Year-to-date), 6.6% reduction, 15.4% of Transactions
- d. V-Toll Success: Approximately 32% of invalid EZ-Pass tags are successfully V-Tolled; Approximately 18% of TBP license plates are successfully V-Tolled
- e. Invalid EZ-Pass tags constitute 5.6% of EZ-Pass tag reads (5.5% for same period last year); however, successful V-Tolls reduces the invalid tag reads to 3.8% of all EZ-Pass transactions – V-Tolling is significant!

2. DBVB Revenue Breakdown:

- a. Overall Revenue: \$9,107,995 (\$33,241 per day) versus Projected (Full Year) \$11,823,808 (\$32,394/day) = 77% of annual projected revenue. We're doing well on revenue (approximately 2.6% above forecast)!
- b. EZ-Pass Revenue: \$6,538,880 (Year-to-date) versus \$8,760,391 (Fiscal Year Projected) 75% of full year.
- c. TBP Rev: \$2,568,286 (Year-to-date) versus \$3,063,417 (Full Year Projected) 84% of full year
- d. Collections: Approximately \$125,000 of revenue obtained thru the collections process thru 5 weeks; (VRW) Vehicle Registration Withholding letters began at the end of March (Approximately \$51,384 collected thru first 9 days of March).

3. Back Office Update:

- a. Delinquent Account Collections began late February with mailing of Toll Collection Notices
 - 1) \$184,000 revenue collected thru March 10, 2019.
 - 2) Have established up to 6-month payment plans for high-balance customers.
 - 3) Still very early in the process.
- b. DMV Vehicle registration withholding (VRW) process began mailing on March 28 and City began receiving payments for VRW eligible accounts on April 1, 2019.
- c. Should have much more comprehensive delinquent toll account collections data at the July meeting.

4. Customer Service Update:

Ms. Kling advised that the City is very pleased with the back office customer service team and provided the following update for the Dominion Boulevard Veterans Bridge Customer Service:

Activity for the 1st quarter:

- Collections began at the end of February
- Agent Handled Calls- averaged about 500 per week before collections and the call average increased approximately 50% during the four weeks after collections began at the end of February.
- Interactive Voice Response activity remained steady with an average of just over 500 calls per week.
- Website: The website is where the largest amount of payments are processed. Activity remained steady this quarter, however, after the start of collections, the average amount of a payment via web increased 68%. In other words, a comparable amount of users logged into the website, but the average dollar amount of payment increased.

Ongoing responsibilities include:

- Coordination with Back Office
- Customer Call Calibrations
- Monitor customer correspondence
- Customer Escalations
- Cases (disputes) and their resolution
 - Case types: Leased vehicles, EZ-Pass account, Payment confirmation request, assistance logging into account, questions regarding invoices, dispute of charges, etc.
 - Largest percentage of cases is for leased vehicle where the company submits paperwork for the responsible party. Also includes vehicles sold and stolen license plates. Also, there are cases opened by EZ-Pass customers wanting to know why they received a bill: typically no funds in the EZ-Pass account or the vehicle not listed on the account.
 - Bankruptcy: We have seen a slight increase this first quarter.
- Other issues: The back office receives a number of payments that are not intended for Dominion Boulevard Veterans Bridge but the check is addressed to Dominion Boulevard Veterans Bridge. Most are intended for Dominion Power. Others are a duplicate payment. After research is completed, the check is returned to the customer with a letter explaining our findings.

Area Bridge Projects Update:

Mr. Sorey provided a brief timeline of the Bridge Construction Projects that will be starting and/or have started.

1. The I-64 High-Rise Bridge is currently underway with a scheduled completion date of July 2021. The new lanes will be HOT lanes which may increase EZPass usage on our facilities.
2. The Deep Creek Bridge was scheduled to start construction in September 2019, however it is looking like it won't be until early next year with completion in late 2022.
3. The Centerville Turnpike Bridge will be closing in mid-July 2019 for (approx.) 6 months to allow for major repairs to the bridge opening mechanism. Mr. Sorey advised that this particular closure will have large impacts to the traffic network; Mr. Sorey also advised that work activities on alternate routes would be restricted and the City was working with the Coast Guard to restrict openings at the Great Bridge Bridge during peak travel times. Finally, Mr. Sorey advised that there would be a large public relations effort associated with the planned closure.

Note: These projects will most likely add additional traffic to the Dominion Boulevard Veterans Bridge.

South Norfolk Jordan Bridge Update:

Mr. Crum provided an update for the South Norfolk Jordan Bridge.

1. There has been an over-all decrease in traffic of 6%, due mostly to not having a Carrier in the Shipyard from November 14, 2018 until February 21, 2019. Although truck traffic did increase by 5% to 6%. EZ-Pass decreased to 83%-84%, due to not having a Carrier, as well.
2. On May 4, 2019, there will be an overnight closure to repair the LED Message Board that was damaged by a truck last year and other maintenance items.
3. June 2019, the Bridge Inspection is scheduled.
4. The South Norfolk Jordan Bridge office facility will be moving temporarily to a space in the Grassfield area. There are plans to build the office close to the bridge and to be completed in the next 2 years.
5. They are working with Channel 13 News Team to install a camera on the bridge, to be used during traffic news reports.
6. They have continued Events: 5K, Annual Food Drive, working with Parks and Recreation, etc.

Ms. St. John added that there has been a seasonal increase in collections, not as high as expected, possibly due to the decreased amount of tax refunds. They have also seen an increase in bankruptcies and fraudulent 30 day tags which has hindered collections. They have a great working relationship with Dominion Boulevard Veterans Bridge, and the Division of Motor Vehicles which has been very beneficial.

Committee Member Announcement:

Lenard Myer announced that he is rotating off of the committee. Ms. Vonda Chappell was asked and accepted to serve as the Acting Chairperson.

Gary Walton presented a Certificate of Appreciation to Lenard Myers, thanking him for his service.

The meeting was adjourned at 12:38 pm, by Lenard Myers.