

**Transportation Toll Facility Advisory Committee
Quarterly Meeting
January 16, 2020**

1. Call to Order: Vonda Chappell, Acting Chair called the meeting to order at 11:32 am.

2. Roll Call:

Committee Members in Attendance

Vonda Chappell
Bryan Cunningham
Tawanna McFarlin

Ex-officio Members in Attendance

Kelly Lackey
Robert N. Geis
Eric Martin

Committee Members not in Attendance

Kemo Dassau
Rachel Anderson

Non-Committee Members in Attendance

Gary Walton	Belinda Malone
Leigh Ann Kling	Judith Graham
Terry Shaw	Kevin Crum
Pamela Hardesty	Veronica Latonio
Brenda Ward	Richard Hartwick

3. Approval of Meeting Minutes:

Ms. Chappell asked for and received from Mr. Cunningham a motion to approve the October 3, 2019 Transportation Toll Facilities Advisory Committee (TTFAC) minutes. The motion was seconded and the minutes were approved.

4. Chesapeake Transportation System (CTS) Bond Rating Agency results:

Mr. Walton provided the following CTS Bond Rating Agency results

1. Fitch Ratings completed their annual review on July 31, 2019 by confirming their “BBB” rating on the CTS Senior Bonds.
2. Standard and Poors completed their review on January 7, 2020 by upgrading their rating on the CTS Senior Bonds from “BBB” to “BBB+”. Standard and Poors cited system traffic and revenue in excess of forecast through the opening two years of operation as the basis for the upgrade.

5. CTS Financial Update:

Ms. Shaw provided the CTS Financial Summary (Unaudited amounts through December 31, 2019)

1. System Revenue:

a. Both toll facilities:

Toll system revenue year-to-date is \$14.5 million, which represents an increase of 5.1% year-over-year and is 4.1% above forecast.

b. Chesapeake Expressway:

Expressway toll revenue is \$7.8 million, which represents an increase of 0.7% year-over-year and is 6.2% above forecast.

c. Dominion Boulevard Veterans Bridge:

Dominion Boulevard Veterans Bridge toll revenue is \$6.7 million, which represents an increase of 10.7% year-over-year and is 1.7% above forecast.

2. System Expenses:

a. System expenses are at 40.1% of the annual budget through the first six months of the fiscal year.

b. Expenses for the fiscal year are expected to be near or below budget and forecast.

c. Largest Expenses are:

i. Back Office contract - 45%

ii. Personnel - 23%

iii. VDOT E-ZPass Fees - 13%

iv. Renewal & Replacement Inspection - 6%

d. Upcoming Large Expenditures:

i. Renewal & Replacement Construction

6. Chesapeake Expressway Summary

Mr. Walton provided the following Chesapeake Expressway Summary.

1. Traffic Highlights through December 31, 2019:

a. For fiscal year 2020 to date, traffic has increased by 8.2%.

b. Cash transactions increased by 6.2%; full fare E-ZPass Transactions increased 11.1% and Discount Program transactions increased 6.3%.

c. E-ZPass traffic continues to grow: year-to-date E-ZPass traffic comprises 78.9% of the toll transactions versus 78.4% for last year.

d. Cash traffic, as a portion of overall transactions, continues to decline and comprises 21.2% of toll transactions versus 21.5% last year.

e. The violation rate is approximately 2.1 % with approximately 40% of violations collected through the 10-day V-Toll (recycle) process.

Mr. Walton advised that the Chesapeake Expressway functions primarily as a commuter route during the non-peak season time of year. He also noted that traffic volume had increased more than expected from October through the first half of

January. Conversely, there was a slight drop in Battlefield traffic and an increase in Expressway Discount Program membership. This trend is indicative of North Carolina residents deciding that it's worth paying the discount rate to save travel time using the Expressway.

Mr. Walton stated that traffic on the Expressway should start increasing as out-of-town traffic increases steadily as peak travel season approaches. Mr. Walton added that the conversion of High Occupancy Vehicle (HOV) lanes to High Occupancy Toll (HOT) lanes in the Washington metro area and new toll facilities in the northeast, all contributed to an increase in the use of E-ZPass by out-of-town traffic. Mr. Walton also advised that Virginia continues to work with North Carolina to establish a Reciprocity Agreement to allow Virginia toll agencies to seek collections of delinquent toll accounts from North Carolina residents.

2. Expressway Revenue Breakdown:

- a. Year-to-date (through Dec. 31, 2019) revenue is \$7,809,325 which represents an increase of 0.7%. The slight increase in year-to-date revenue occurred from very strong performance in October (up 11.4%), November (up 6.9%) and December (up 16.9%).
- b. Cash revenue has decreased by 6.7%.
- c. E-ZPass revenue has increased by 3.5%
- d. Revenue is growing at a slower rate than traffic due the increase in Discount Program transactions.

3. Renewal and Replacement Update (R&R):

- a. The Renewal and Replacement Report was completed and submitted in late December, as per the Bond Indenture.
- b. The Renewal and Replacement Construction Project is now in the plan development phase right now. Actual construction activities are several months out to allow for plan review, advertisement, bid and award which will take several months to complete.

Mr. Martin asked if there were any big projects for this year in the R&R Construction package. Mr. Walton stated that the R&R package for this year is comprised primarily of storm water pond and drainage maintenance as well as pavement patching. Complete repaving of the Expressway is on a 10 to 12 year paving cycle, which is getting close, however, the pavement is still in good shape. There are three sections of pavement that were repaved in 2011 through 2013. Each section costs approximately \$3 million, so it will cost an estimated \$9 million to \$10 million for the repaving.

Mr. Walton detailed another conceptual plan to convert two of the Full Service lanes to E-ZPass Express lanes. He prefaced this with the fact that the two existing Express Lanes are more than sufficient to process current E-ZPass demand, even on the busiest Saturdays during peak season. Mr. Walton advised that if E-ZPass traffic volumes continue to grow, additional Express Lane capacity may be needed in the future. As such, he is having TransCore develop estimates for a conversion of two Full Service Lanes to Express Lanes. Based on preliminary discussions, this is likely to be a fairly expensive project. Mr. Walton explained that converting the Expressway to an all-electronic toll facility isn't feasible at this time due to the cost of recovering/ recouping the cash revenue from out-of-town customers which accounts for 35% to 40% of revenue during peak season. Due to a lower payment rate and higher violation rate, it would be costly to collect unpaid toll revenue from non-local users. For this reason, as an interim step, staff is investigating the future conversion of two of the six full service lanes to E-ZPass express lanes.

Mr. Martin posed the question of whether this lane conversion would fall under the R&R Construction or not? Mr. Walton advised that a determination had not yet been made as to whether this was eligible for funding under R&R.

7. Dominion Boulevard Veterans Bridge (DBVB) Summary

Mr. Walton provided the following summary.

- a. Tolling began on February 9, 2017.
- b. Current toll rates are \$1.16, \$1.74, \$2.90, \$3.16, \$3.74, \$4.90
- c. Toll rates are set to increase on July 1, 2020 to \$1.22, \$1.83, \$3.05 with Toll By Plate (TBP) rates \$3.22, \$3.83, \$5.05

DBVB functions primarily as a commuter route, thus traffic remains fairly consistent throughout the year. Mr. Walton advised the committee that the E-ZPass usage rate is now at approximately 85% with an overall goal to attain 89% E-ZPass use, and DBVB continues to exhibit growth toward that goal.

1. Year-to-Date Actual Traffic Performance:

- a. DBVB transactions increased by 7.1% to 4,753,839 transactions, compared to 4,438,567 for same prior year period, but this is 1.4% below forecast year-to-date.
- b. E-ZPass transactions increased year-over-year by 8.1%, but are 1.7% below forecast.
- c. Toll-By-Plate transactions increased year-over-year by 2.0%, which is 0.5% above forecast.

- d. Approximately 27% of the invalid E-ZPass tags are successfully V-Tolled and approximately 19% of the Toll-By-Plate transactions are successfully V-Tolled, which both contribute to the overall E-ZPass usage rate.
- e. Invalid E-ZPass tags constitutes 5.9% of the E-ZPass reads, however, successful V-Tolls reduces the invalid tag reads to 3.9% of all of the E-ZPass transactions.

2. Year-to-Date Revenue:

- a. DBVB revenue has increased by 10.7% year-over-year, and is 1.7% above forecast year-to-date.
- b. E-ZPass Revenue increased by 13.9% year-over-year.
- c. Toll-by-Plate revenue increased by 2.6% year-over-year.
- d. In the first six months (July 2019 through December 2019) of this fiscal year, \$550,000 has been collected on delinquent toll accounts. The success of this effort is directly attributable to the Vehicle Registration Withholding (VRW) program.

Mr. Walton explained the VRW program is currently only applicable to in-state registered vehicle; it is expected that a Reciprocity Agreement with North Carolina would potentially allow CTS to better pursue delinquent toll accounts to registered vehicle owners that reside in North Carolina.

Ms. McFarlin recognized that DBVB would have a toll increase this year and asked if the Chesapeake Expressway was going to have a toll increase this year also? Mr. Walton answered by detailing the adopted toll rate schedules for each facility. The DBVB has an annual toll rate increase of 5% on the E-ZPass rates in July each year and the toll-by-plate rate is the E-ZPass rate plus \$2, to cover the additional cost of invoicing. The Chesapeake Expressway has the next planned toll increase in May 2021 in accordance with the adopted toll rate schedule.

Mr. Walton advised the committed that their recommendation to make no changes to he adopted toll rate schedules would be submitted at the January 21, 2020 work session. Mr. Walton also advised that the Traffic and Revenue Forecast for the Chesapeake Transportation System (CTS) is updated every two years, with the next update due later this year. The consultants will update all traffic and financial models and that updated information will be presented in the last quarter; the update could contain a recommendation to maintain the adopted toll rate schedules or could recommend adjustments.

Back Office and Customer Service Update.

Ms. Kling provided the update for the DBVB back office and customer service. She stated that the back office performance has been positive with the customer call center embracing and implementing the City's CARE Standards and Core Values.

There is continual oversight with phone call calibrations/reviews as well as obtaining feedback from our customers. There has been an increase in calls since the vehicle registration withholdings were implemented.

Ms. Kling advised that the majority of toll disputes come from patrons with an E-ZPass account. Many of these disputes originate from customers that haven't updated their E-ZPass account information such as credit card information, vehicle information, license plate information, etc.

Ms. Kling stated that the call center team is happy to be representing the City of Chesapeake and that we have experienced only minimal turnover to the call center team.

8. December 2019 Public Hearing:

Ms. Chappell discussed the Public Hearing held in December 2019 as required by Ordinance. Ms. Chappell thanked her colleagues, Mr. Crum and CTS staff for their participation in the meeting. There were no public attendees, Mr. Crum gave his prepared presentation, before adjourning with the proposed January 1, 2020 increase having no opposition.

9. South Norfolk Jordan Bridge (SNJB) Update:

Mr. Crum presented an update for the South Norfolk Jordan Bridge. He stated that the average daily traffic volume is 7,500 to 8,100 cars per day on weekdays, with significant drops in traffic on Saturday and Sunday. Additionally, he stated that traffic increased by 10% in 2018 and 22% in 2019, which is primarily due to shipyard traffic. The E-ZPass penetration rate has averaged 82% to 83%,

Mr. Crum stated that they are looking to upgrade their toll system in the near future.

Reciprocity Agreement Update:

Ms. Latonio advised that the Virginia Department of Transportation (VDOT) has been working with their counterparts in North Carolina on the terms of the Reciprocity Agreement between the states. Each state currently is reviewing the draft terms of the agreement. Ms. Latonio did advise that this is an ongoing process and that there could still be obstacles to the execution of the agreement or with pursuing collections of delinquent accounts in North Carolina.

10. New Business/Discussion:

Mr. Bryan Cunningham was selected to serve as the new Chairperson and Tawanna McFarlin was selected to serve as the Vice Chair. All members present voted on the nominations and the selections passed.

The next TTFAC Meeting will be held on April 9, 2020 at the Chesapeake Expressway Conference Room at 11:30 am. [*NOTE: The April and July meetings were canceled due to impacts from COVID-19*]

The meeting was adjourned at 12:37 pm.