

Regional Toll Advisory Committee

Meeting #5

February 27, 2023

Facilitator: David Kim (he/him)

Technical Info

- This meeting is being hosted via Zoom webinar and being live-streamed on YouTube.
- All RTAC Members are participating virtually.
- For all others watching virtually, video and chat are disabled, and attendees are muted.

What you say is part of the public record and open to public records requests through the Oregon Public Records and Meetings Law.

Agenda

- 1 Welcome
- 2 Charge and Charter Update
- 3 Toll Revenue Legal Framework
- 4 Recommendation: Closing the Implementation Gap
- 5 I-205 Toll Project EA Overview
- 6 Public Comment
- 7 Committee Report Outs



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Welcome!

David Kim, Facilitator

Travis Brouwer

Charge and Charter Update

David Kim, Facilitator

Topic	Meeting Timing
Mitigation and monitoring	<ul style="list-style-type: none"> • Meeting 6 (April 2023): <ul style="list-style-type: none"> • Information on modeled transportation effects of I-205 • Discuss framework for diversion mitigation monitoring • Meetings 7-8 (May & June 2023): <ul style="list-style-type: none"> • Discuss draft plan and partnership needed to monitor diversion mitigation • Information on modeled transportation effects of RMPP • Meeting 9 (July 2023): <ul style="list-style-type: none"> • <u>Recommendation</u> on long term diversion mitigation monitoring and partnership plan
6 Criteria for allocation of toll revenue	<ul style="list-style-type: none"> • Meeting 5 (Feb. 2023): <ul style="list-style-type: none"> • Introduction to constitutional constraints and current law for toll revenue • Meeting 9 (July 2023): <ul style="list-style-type: none"> • Discuss options for eligible allocation of toll revenue and mitigation • Refine draft options for eligible allocation of toll revenue • Meeting 11 (October 2023): <ul style="list-style-type: none"> • <u>Recommendation</u> on options for eligible allocation of toll revenue
Cooperative agreement	<ul style="list-style-type: none"> • Meeting 11 (October 2023): <ul style="list-style-type: none"> • Update on USDOT & ODOT cooperative agreement for RMPP

Charter Discussion

Can anyone not live with the edits as shown in the revised version of the charter?



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Introduction to Toll Revenue Legal Framework

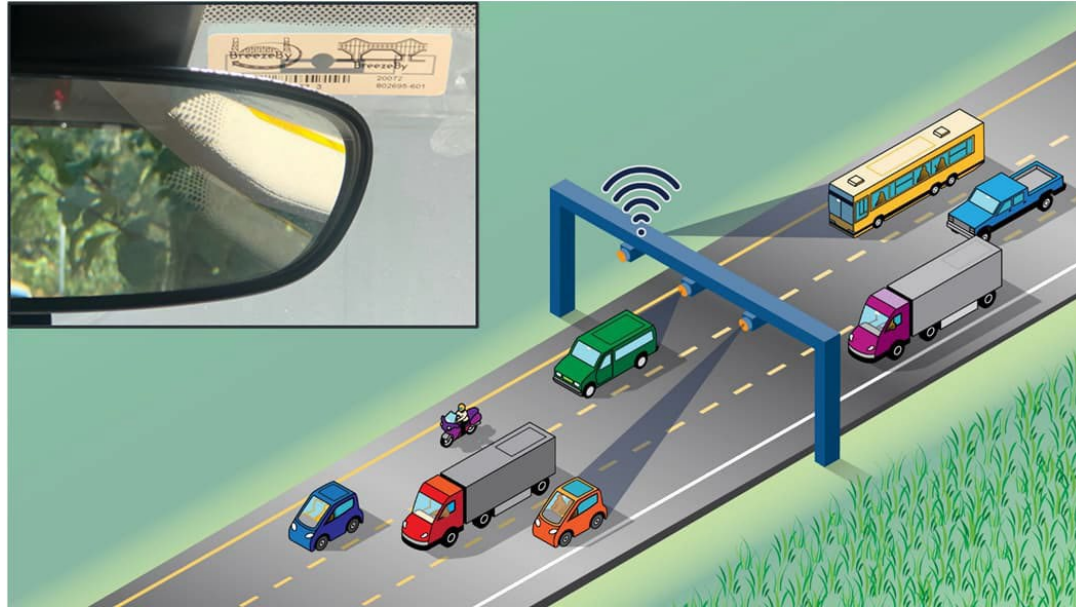
Brent Baker, Project Team

Daniel Porter, ODOT

Current Legal and Policy Guidance

Federal Regulations for Tolls on Interstates

Tolls are prohibited unless enabled under one of three programs:



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- **Section 129**

- Purpose is revenue generation (and congestion reduction with variable rate tolling)
- New, reconstructed or rehabilitated bridge or tunnel (all lanes)
- HOV lanes to toll lanes (toll lanes only)
- Construction of new toll lanes (toll lanes only)

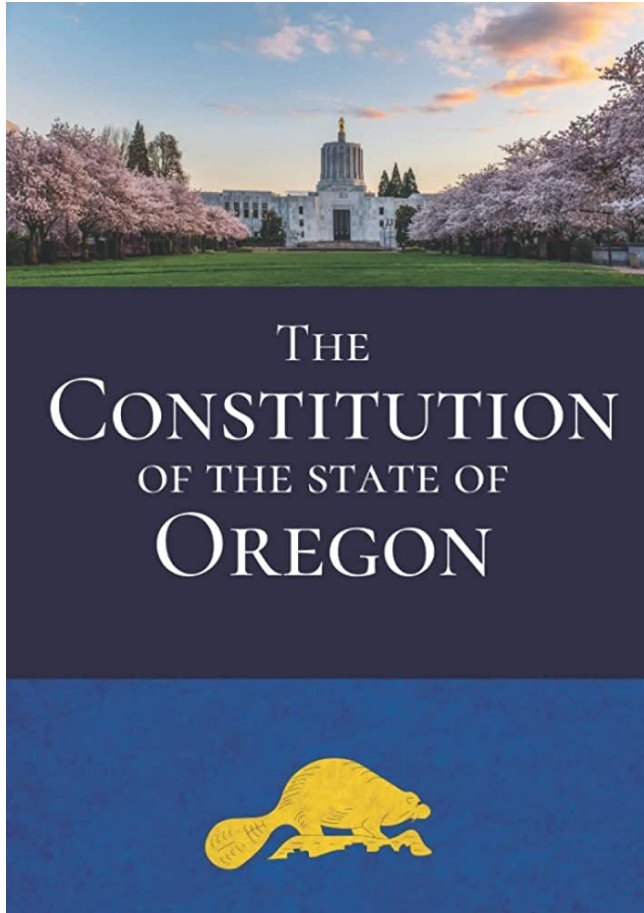
- **Value Pricing Pilot Program**

- Purpose is congestion reduction
- Tolls permitted on all lanes of travel
- Discretionary program

- **Interstate System Reconstruction & Rehabilitation Pilot Program**

Oregon constitutional limits

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- **State Highway Fund shall be used**
 - Exclusively for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets, and roadside rest areas in this state
- **The Oregon Supreme Court has interpreted this to include**
 - Other projects or purposes within or adjacent to a highway, road, street or roadside rest area right-of-way that primarily and directly facilitate motorized vehicle travel

Provisions of the Oregon Highway Plan

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- **Goal 6 amendment – Jan. 12, 2023**
 - Reflect recent legislative changes
 - Modernize the policy with updated terms and considerations
 - Provide direction for the rate setting Rule Advisory Committee
- **Specifies toll revenue in Oregon is statutorily limited to tollway projects, tollways, and related facilities**
 - “Related facility” is narrowly defined and generally limits the use of revenues to investment to the operation and use of the tollway itself

Introduction to Toll Traffic and Revenue Analysis

T&R study levels

- **Level 1 Toll T&R | Sketch**

- **Purpose:** Examine feasibility; develop and test high level alternatives
- **Duration:** 1-6 months
- **Timing:** Early stages, pre-NEPA

- **Level 2 Toll T&R | Comprehensive**

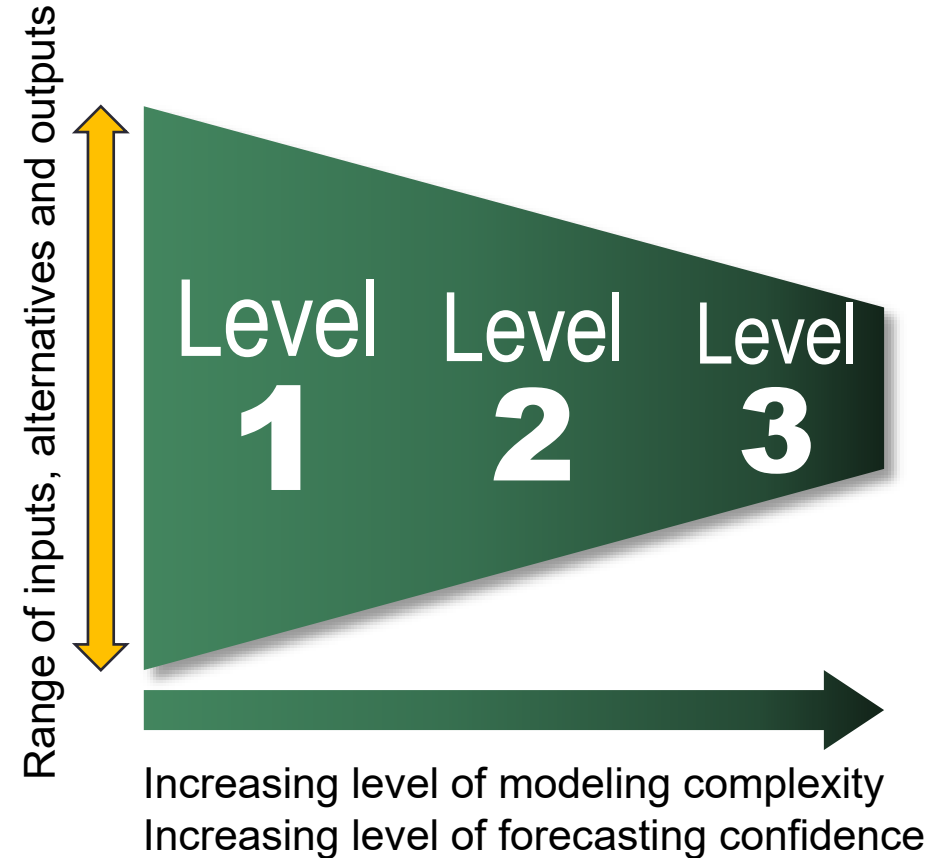
- **Purpose:** More detailed evaluation of alternatives, supports environmental analysis
- **Duration:** 6-8 months (may take longer if it requires iterations)
- **Timing:** Concurrent with NEPA analysis

- **Level 3 Toll T&R | Investment Grade**

- **Purpose:** Refined for preferred alternative with accuracy and rigor to support decision-making by investors and lenders / receive credit rating
- **Duration:** 9-12 months, usually completed about 6 months before financing or the start of tolling due to limited shelf-life
- **Timing:** End of NEPA analysis and prior to initial financing; may be refreshed periodically over life of debt

- **Key Take-Away**

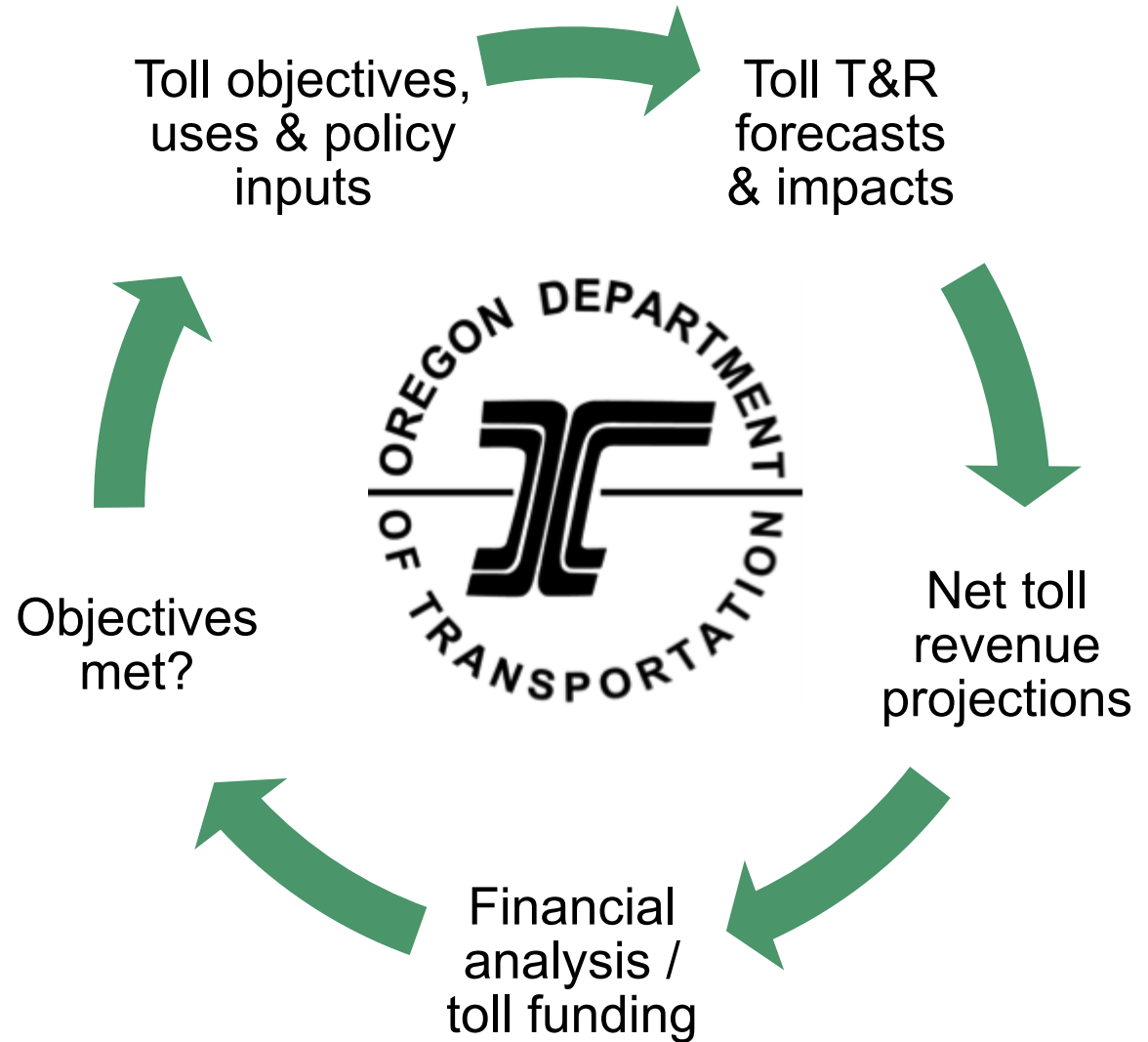
- These are sequential → Each level **builds upon** previous work



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Toll T&R analysis is an iterative process

- T&R studies at all levels can help answer key questions, including the sufficiency of the toll revenues to meet operating and financial objectives
- The process is necessarily iterative to capture new information and rebalance tolling objectives



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Helpful toll nomenclature

- **Revenue** — toll amounts collected each year over time
- **Funding** — amounts available at the points in time when needed (typically to fund capital investments)
- **Financing** — the borrowing instrument(s) used to convert revenue to funding

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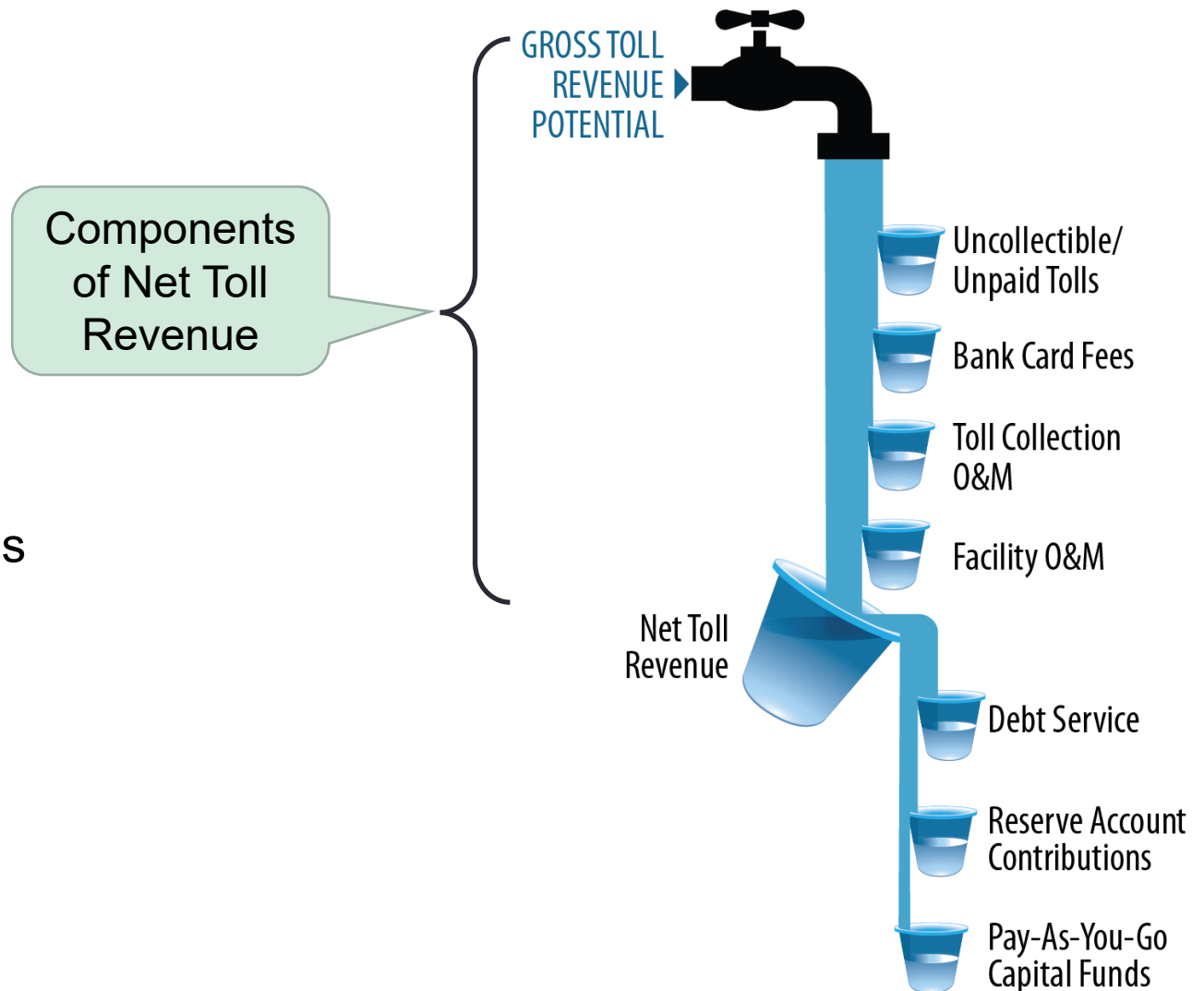
*“Bond **financing** is used to leverage future net toll **revenues** to provide project **funding**, to be repaid to bondholders with interest over 30 years.”*

Introduction to Toll Operations Costs and Net Toll Revenue Analysis

Components of net toll revenue forecasts

- **Gross Toll Revenue Potential**
 - ± Toll Payment Discounts and Fees
 - Uncollectible Toll Revenue
 - Unpaid Toll Revenue
 - + Transponder Sales Revenue¹
 - + Rebilling Fees
 - + Toll Revenue Recovered from Violations
- **Adjusted Gross Toll Revenue & Fees**
 - Credit Card Fees
 - Toll Collection O&M Costs²
 - Routine Facility O&M Costs
- **Net Toll Revenue**

¹ If applicable ² See separate slide for additional details



Typical toll operations and maintenance functions

ROADSIDE
<ul style="list-style-type: none">• Roadside toll zone and gantry maintenance and utility costs• Roadside toll system maintenance and operating costs, including the depot, spares, maintenance vehicles, and may include cloud computing costs• Roadside toll system transaction processing (mostly image review) operating costs
BACK-OFFICE
<ul style="list-style-type: none">• Commercial Back Office System maintenance and operating costs, including software, web presence (which may include cloud computing costs), credit card costs, other processing costs• Customer service center operations costs to include in-person contact center operations, buildings and services, internet and utility services, mail house, lookup services, transponder inventory management and distribution, and costs for third-party retail distribution
ADMINISTRATIVE
<ul style="list-style-type: none">• Ongoing marketing and public relations, advertising, etc.• Violation hearings and support staff and activities• ODOT operations: labor, consultant and staff-augmentation costs, audit, professional audits, compliance monitoring, ongoing testing, and other services

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Uses of net toll revenue

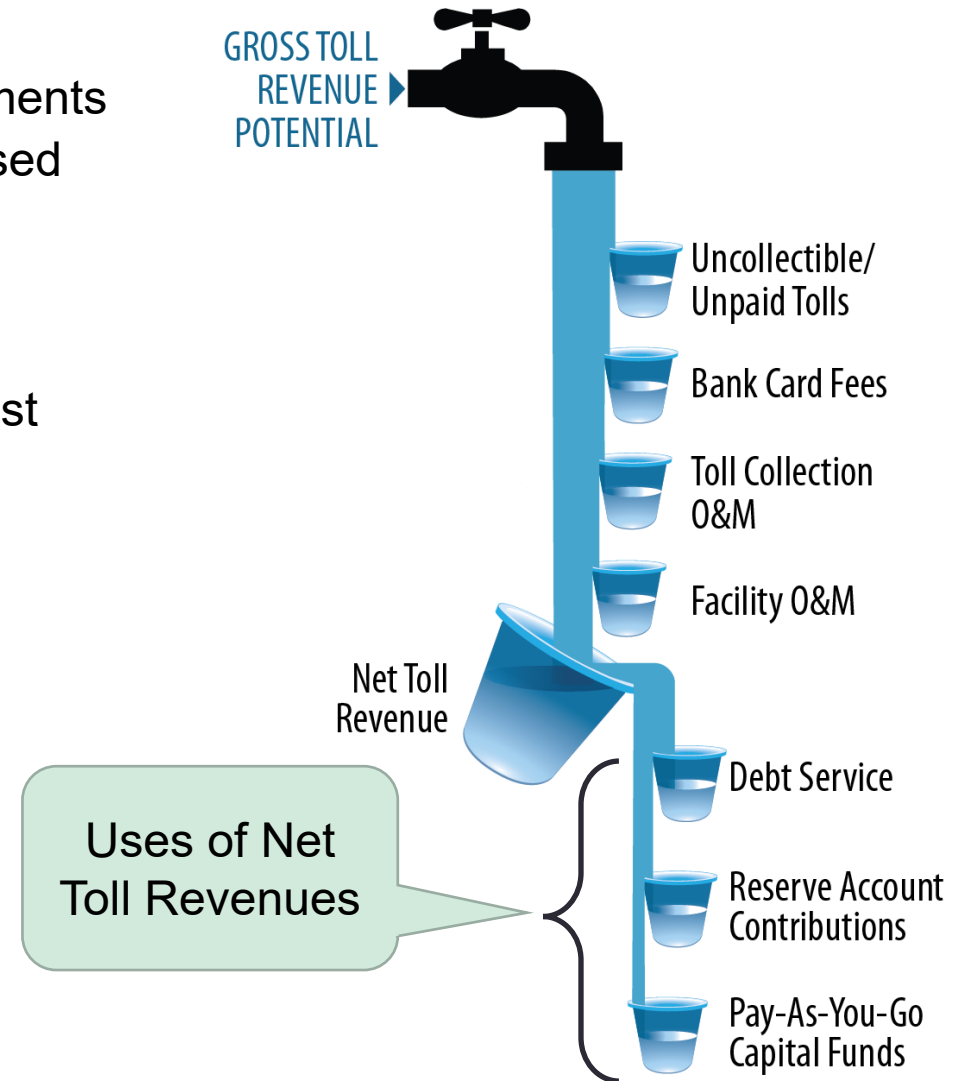
- **Net Toll Revenue**

- Defined as the cash flow available to support capital investments
- Key determinant in borrowing capacity where financing is used

- **Typical Uses of Net Toll Revenue**

- Debt service (principal and interest) on borrowed funds
- Reserve account contributions (as required by the Bond Trust Indenture and/or the OTC)
 - Capital Repair & Replacement (R&R) reserve account
 - Debt service reserve account
 - O&M reserve account
 - Revenue stabilization account
- Pay-As-You-Go capital uses
- Other eligible uses of excess net toll revenues

The order in which gross revenues pay operating expenses and net revenues satisfy other uses would be defined in the Bond Trust Indenture (if tolls are pledged to repay debt) or would be determined by the OTC



Using net toll revenue to fund capital projects

NET TOLL REVENUE PROJECTIONS

- Secure toll authorization
- Level 3 toll T&R study & forecasts
- Identify O&M costs paid from gross toll revenues (components of net)
- OTC rate setting



TOLL BONDS

- Secure bond authorization
- Retain bond counsel and financial advisors
- Prepare a Bond Trust Indenture and offering documents (determine flow of funds)
- Obtain a credit rating
- Work with underwriter to structure financing

“PAY-AS-YOU-GO”

- Identify uses including reserve funds
- Identify sequence of payments

Leveraging toll revenues for bond financing

In cases where toll revenues are pledged to finance capital improvements:

- A Level 3 “investment-grade” toll T&R study is used obtain a credit rating for the bonds and inform investors / lenders
- **Bond Trust Indenture**
 - Serves as the **contract with bondholders**
 - Specifies **required uses of toll revenues** and the sequence in which they are met
 - Identifies **third party certification roles**
 - Typically requires forecasted toll revenues be sufficient to meet all financial obligations in each year of the forecast period while debt is outstanding
 - Stipulates toll rate setting actions that must be taken by the toll authority (OTC) if revenue projects are projected to fall short of needs

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Flow of funds / waterfall considerations for OTC

Does an identified use of funds:

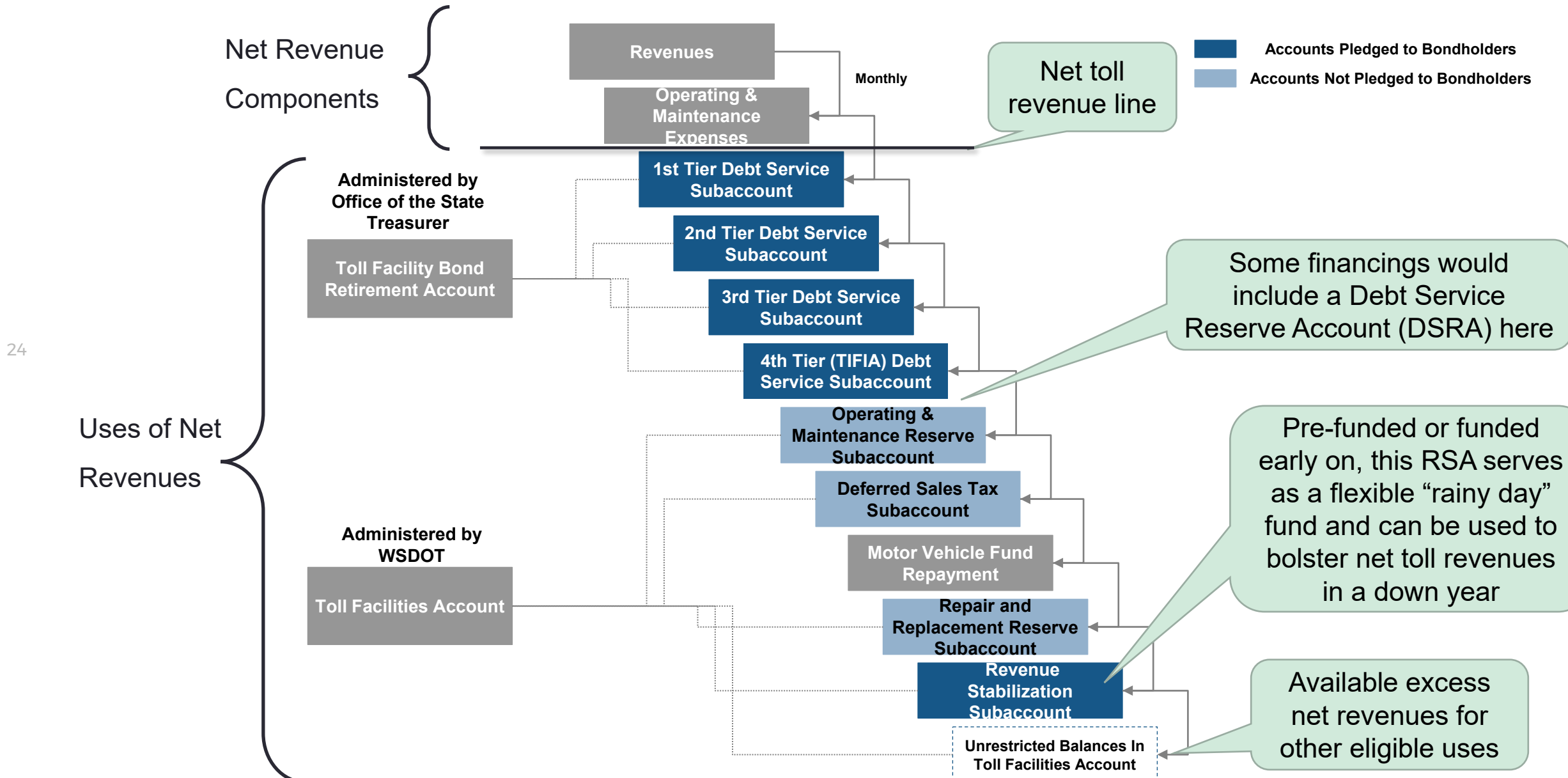
- Meet Oregon constitution and statutory requirements?
- Meet bond trust indenture requirements (when using toll bond financing)?
- Support up-front capital funding or ongoing operating expenses?
- Allow for / tolerate annual variation in the amount received?

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A use that reduces net toll revenues will reduce toll funding capacity

Additional uses of funds downstream of debt service (lower in the waterfall) may reduce toll funding capacity less than upstream uses

Example: SR 520 Bridge flow of funds



Recommendation: Closing the Implementation Gap

David Kim, Facilitator

RTAC key question

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What opportunities exist to accelerate the schedule for delivery of the Regional Mobility Pricing Project (RMPP) to reduce the implementation gap between RMPP and the I-205 Toll Project?

Committee ideas for reducing the implementation gap

- Complete Regional Mobility Pricing Project environmental analysis (NEPA) on schedule and with regional support
- Seek concurrent U.S. Department of Transportation approval of cooperative agreement with NEPA process
- 27 • Create policy alignment to support on-schedule approval of toll projects and funding in the Regional Transportation Plan and Metropolitan Transportation Improvement Plan
- Investigate alternate revenue sources to fund the I-205 Improvements Project before Regional Mobility Pricing Project comes online

Discussion

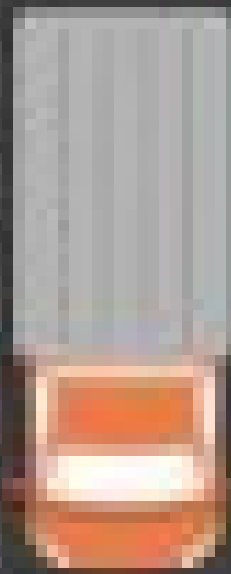
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I-205 Toll Project EA Overview

Nicole McDermott

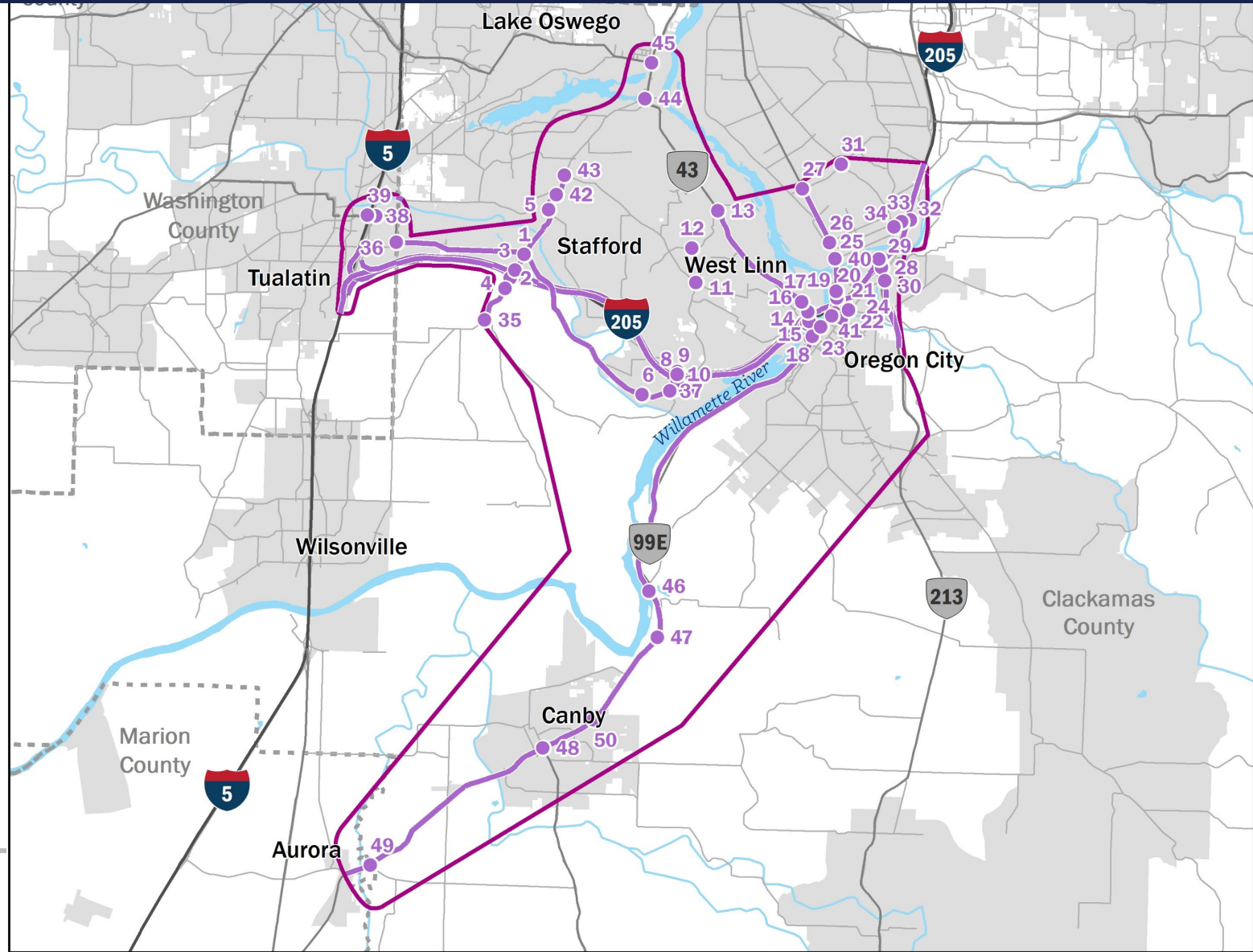
REMOVING
5%
Improves
Traffic Flow



Mitigation Analysis

- Studied 50 intersections
- Of 50, 14 intersections need mitigation
- Public can view an interactive map of studied intersections

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Local road investments to address diversion

Examples under consideration:

- Adding transit signal projects
- Widening sidewalks
- Improving signalized pedestrian crossings, adding crosswalks
- Providing roundabouts
- Changing roadway striping
- Providing priority for buses on certain streets
- Ongoing monitoring of diversion

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Monitoring Plan Framework: Purpose

- **Develop a schedule to routinely monitor and assess changes** in traffic and safety patterns at various time scales (e.g., hourly, weekly, monthly) and by mode
- **Collaborate with partner agencies** to achieve a comprehensive understanding of changes
 - Partnerships needed: cities, counties, regional government (Metro), transit agencies and transportation service providers (TriMet, Ride Connection), community organizations, interest groups (freight, business)

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Monitoring Framework: Data collection

- Identify **data collection milestones** (e.g., X months prior to tolling, Day 1 of tolling, X weeks/months after tolling begins)
- Identify **data collection tools and agency responsible**
- Determine **frequency of data collection** (e.g., hourly, daily, weekly) for each type of data collected (e.g., automobile traffic, transit ridership, pedestrian/bicyclist injuries)
 - Frequency of data collection will vary based on type of data
- Identify geographic **locations for data collection** (key points/segments of interest)

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Monitoring Framework: Reporting

- Determine **frequency of reporting** (e.g., monthly, quarterly, annually, etc.)
 - Frequency of reporting of some metrics will be dependent on availability of comparable data

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Metrics for monitoring

- Vehicle speed, volumes, and travel times
 - Separate by road classification
- Transit speed and ridership
- Bicycle ridership
- Accidents, injuries, and fatalities
 - Total
 - Pedestrian and bicyclist
- Intersection/segment performance
 - Volume to capacity ratio
 - Level of service
- Events and incidents

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Toll Projects: Public outreach efforts

- **333** public briefings and presentations
- **41** events (tabling, workshops, listening sessions)
- **47** focus group or stakeholder interviews
- **25,510** online survey responses
- **5,099** comments received through emails or phone calls

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What we heard related to I-205 Toll Project

Feedback on methodology for identifying area of impact and study intersections

Importance of identifying safety impacts and mitigation

Need for multimodal improvements

Ongoing coordination with local governments and transit agencies

Need for improved transit service and accessibility

Ongoing monitoring is essential

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How we're addressing this feedback

**Completed
extensive safety
analysis and
included safety
mitigation**

**Broadened the area
of potential impact
and study
intersections**

**Developing
monitoring plan and
framework**

**Added active
transportation and
transit
improvements**

**Refined proposed
mitigation based on
local staff feedback**

I-205 EA Engagement: Notification

- Press release and media briefing
- Participating agency notifications
- Legal notice of availability
- Social media and digital/print ads*
- Partner and Community-Based Organization emails and toolkits
- Project flyers*



I-205 EA Engagement: Informational Tools

- Overview **videos***
 - Key takeaways (transportation, economics, air quality and climate, environmental justice)
 - How to comment
- Updated **website** with EA landing page
- Multi-page **fact sheet**/executive summary*
- Interactive **web map** – identifies study intersections and where mitigation is needed
- EA **hard copies** available at public libraries



I-205 EA Engagement: Events

- **Two public webinars and one for Participating Agencies** – presentation plus Q&A session
- **April 4 virtual public hearing** – opportunity to provide verbal comment
- **In-person outreach**, with focus on equitable engagement for historically underrepresented and underserved communities
 - In language discussion groups with engagement liaisons*
 - In language grassroots outreach with engagement liaisons*
 - Meet people where they are
 - Information tables
 - Door-to-door business district outreach
- **Briefings and presentations** to partner agencies

How to comment on the environmental assessment

- Provide clear and specific comments – share your feedback about the possible benefits, impacts, and mitigation
- Submit your comment by:
 - Complete the comment form at our website OregonTolling.org
 - Submitting a paper comment form at an in-person event
 - Emailing I205TolIEA@odot.oregon.gov
 - Calling 503-837-3536 and leaving a voicemail message
 - Sharing your comment at an online public hearing

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**We want to
hear from you!**

45-day public comment period on the
Environmental Assessment is open from

Feb. 21 – April 7

Public comment



- We will start with those who are providing public comment in person. Then we will move to those who have raised their hands to comment virtually.



- We will call on you when it is your turn to speak. Please **raise your virtual hand** so the Project Team can unmute you when they call on you.

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To provide comments at any time:

Email oregontolling@odot.oregon.gov with “RTAC Public Comment” in subject line to provide written comments.

Call 503-837-3536 and state “RTAC Public Comment” in your message to provide verbal comments.

Thank you for your participation.

Committee Report-outs

James Paulson
Commissioner Nafisa Fai

EMAC foundational statements

Provide investment for **reliable, emissions-reducing, competitive transportation** options

Develop solutions to **address climate and equity** at the same time

Provide **toll-free travel options** for people struggling to meet basic needs

Deliver equity investments **by day one of tolling**

Provide a **user-friendly system** (language, tech access, and ability)

Extend **equitable benefits** into **SW Washington**

Work in **coordination with regional partners** to build an equitable transportation system

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EMAC report out

- **EMAC Meeting #21 on February 1:**
 - EMAC's priorities for the 2022-2025 Work Plan
 - Envisioning accountability for an equitable Toll Program
- 48 • **Upcoming conversations:**
 - Preparing for the ODOT – EMAC Accountability Workshop #1 in July
 - EMAC Meeting #22 on April 5 – updates from ODOT on advancing equity

STRAC report out

- **Meeting #1 on January 27:**

- Introduction meeting to cover the existing regulations, past decisions, and work of other toll committees
- Diversity, equity, and inclusion training with Erika McCalpine, ODOT's Director of Equity and Civil Rights
- Reviewed, edited, and finalized the charter
- Started the discussion on toll operations (accounts, payments, penalties, and dispute process)

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RTAC next steps

- Next meeting: April 24
- Action items
- Complete meeting evaluation



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Thank you!

David Kim

Regional Toll Advisory Committee Facilitator

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