

Existing Practices: Toll Rate Setting and Adjustments

STRAC & EMAC July 21 Joint Workshop Materials

Date Updated: July 14, 2023

The purpose of this document is to provide information on how other states have addressed the process for setting and adjusting toll rates in regulations, policy, and rules. This is meant to inform the development of statewide rules (OARs) that inform toll rate setting and adjustments in Oregon.

The document is divided into sections that highlight two state and two regional-level tolling programs toll rate setting and adjustment framework with notes from staff-to-staff interviews.

Toll Rate Setting and Adjustments

Regulations, policies, and rules that guide toll rate setting and adjustments are specific to each state or region. Not all states use statewide rules, but from our research of those that do, we were able to gather the following links to statewide toll rules:

- [Washington](#)
- [Florida](#)
- [North Carolina](#)
- [Colorado](#)

Washington Department of Transportation

The Washington State Department of Transportation (WSDOT) manages express toll lanes on I-405, high occupancy toll (HOT) lanes on SR 167, a tunnel toll on SR 99, and bridge tolls on SR 520 and the Tacoma Narrows Bridge. The WSDOT Toll Division plans, operates, and administers toll projects. The Washington State Transportation Commission (WSTC) sets toll rates and exemptions ([law](#)), and the Washington Legislature authorizes which facilities will be tolled and adopts policies that set the groundwork for WSDOT's toll projects.

For example, the Washington Legislature [adopted regulations](#) to authorize and direct the tolling approach on SR 520.

Policy and regulatory direction ([law](#)):

- Toll revenue must be used for the toll facility in which revenue is collected.
- Revenue may be used for toll facility operating costs, debt repayment, funding contributions, and facility improvements.
- For some tollways, rates must be reduced after the bonds are retired.
- Express toll lanes are monitored for the following performance measures:
 - Maintain speeds of 45 miles per hour at least 90% of the time during peak periods
 - Change in average traffic speed in general purpose lane(s)
 - Change in transit ridership
 - Consistency in actual use of express toll lanes with the projected use
 - Revenue generation to pay for related operating costs
 - Travel time and volume changes on adjacent streets and highways
 - Toll rates, including variable pricing, must generate sufficient revenue to meet operational and debt repayment needs. Rates should balance optimizing system performance with generating revenue.

Notes from interview with WSDOT staff:

- Policy making tends to occur during the planning and environmental review phases.
- Restricting toll revenue to the corridor on which it is collected has pros and cons.
- The Washington Highway System Plan uses level of service as a performance measure, not a congestion pricing metric. Meeting a performance standard is balanced against the public's ability to pay high toll rates.
- For congestion pricing projects (SR 520 and I-405), WSDOT makes recommendations to the WSTC on toll rates by looking at congestion and revenue forecasting.
- There is some misunderstanding around what congestion management means, which has resulted in toll rate caps.

Illinois Tollway

The Illinois Tollway (“the Tollway”) comprises of a 294-mile network across the Jane Addams Memorial Tollway (I-90), the Tri-State Tollway (I-94/I-294/I-80), the Reagan Memorial Tollway (I-88), the Veterans Memorial Tollway (I-355), and the Illinois Route 390 Tollway.

The Tollway is representative of mature, publicly owned but independently operated toll facilities in America. A board of directors appointed by the Illinois Governor is responsible to govern the Tollway. The Tollway is 100% reliant on toll revenues for operations, debt service and improvements. It receives no state or federal funds. Tollway capital and operating budget expenditures are controlled by the Authority’s board of directors, not by the Legislature. Likewise, the Authority board establishes and revises toll rates.

The Tollway collaborates with the Department of Transportation but operates independently of them.

Policy and regulatory direction is primarily located in the [Toll Highway Act](#) (section 11, 19, and 25):

- Toll rates must be set as low as possible to pay the cost of construction, maintenance, operations, and principal of all bonds for the toll highway.
- Toll rates are set based on a capital expenditure target, which means that older roads have lower tolls compared to those that were constructed more recently.
- There is variable pricing for trucks, which has expanded capacity on the facilities that may be used by transit or passenger cars.
- The Interchange and Roadway Cost Sharing policy is designed to respond to requests for interchange and roadway projects that are not identified in capital plans. The policy outlines application requirements, the need for a memorandum of understanding, and explains how the Tollway will evaluate and prioritize requests.

Notes from the interview with Authority staff:

- The Tollway has partnered with transit agencies and Metropolitan Planning Organizations (MPO) to work around legislation requiring that revenue be reinvested in the toll highway (Sec. 19). The Authority requires that local jurisdictions contribute money to supplement toll revenue when funding projects. The toll revenue contribution for projects reflects toll revenues for that area.
- The Tollway works closely with the MPO to understand and address concerns. This involves working with the community to identify issues and then fund the solutions. Toll rates can be set to align with the resulting cost.

Los Angeles Metro

The Los Angeles County Metropolitan Transportation Authority (“Metro”) operates the Metro ExpressLanes program on the I-110 and I-10 freeways to provide travel time reliability and increase efficiency. Metro received this authority through state legislation ([SHC 149.9](#), [149.7](#), and [bill 194](#)).

Pricing is structured to maximize vehicle throughput and maintain free flow speeds in the high occupancy toll (HOT) lanes. As a result, the tolls tend to discourage travel during peak periods. Metro is conducting studies to expand its ExpressLanes system to I-105, which runs perpendicular to the existing I-110 ExpressLanes and parallel to the existing I-10 ExpressLanes.

Policy and regulatory direction is set by the Metro Board of Directors ([Strategic Plan](#)). ExpressLanes revenue is to be used within the respective toll corridor for:

- Maintenance, administration, operations, toll collection, and enforcement.
- Revenue reinvestment from net toll revenue, which is available after capital bond and maintenance needs are met, is roughly allocated for transit uses (40%), system connectivity/active transportation (40%), and highway roadway improvements (20%).
- ExpressLanes are monitored to ensure minimum average operating speed of 45 miles per hour, 90% of the time during weekday peak periods.
- The minimum toll rate is \$0.10 per mile during off-peak hours and \$0.35 per mile during peak hours.

Notes from interview with Metro staff:

- The California Environmental Quality Act (CEQA) is the law governing impact analysis of projects (the state version of NEPA). Metro pays particularly close attention to concerns and issues regarding impacts to air quality.
- Toll projects are guided by the authorizing state legislation, but the operating agency finetunes the goals and parameters. The operating agency may be Caltrans or a regional transportation agency, depending on the context.
- The state legislature previously authorized toll projects, but the authority shifted to the California Transportation Commission (CTC) in 2015.
- To request approval for High Occupancy Toll (HOT) lanes, LA Metro (and other regional transportation agencies) in cooperation with Caltrans, must submit a toll application. This requirement is codified in Assembly Bill 194 from 2015.
- In addition to listing how the revenue generated from the tolled facility can be spent by the sponsoring agency, the criteria include demonstration that:
 - The proposed toll facility will improve the corridor’s performance;
 - The proposed toll facility is contained in the constrained portion of a conforming regional transportation plan; and,
 - A complete funding plan has been prepared.

North Texas Council of Governments (Dallas-Fort Worth)

The North Central Texas Council of Governments (NCTCOG) is the metropolitan planning organization for the Dallas-Fort Worth area. The Texas Legislature provides the high-level authorization ([law](#)), but the NCTCOG sets regional toll policies and initiates any toll projects. Two primary entities operate tolls in the NCTCOG region:

- The North Texas Tollway Authority (NTTA) operates the Dallas North Tollway, President George Bush Turnpike, Chisholm Trail Parkway, Addison Airport Toll Tunnel, Mountain Creek Lake Bridge, Sam Rayburn Tollway, Lewisville Lake Toll Bridge, and the 360 Tollway. Like the Illinois Tollway, NTTA is financially independent of the Texas Department of Transportation (TxDOT) and sets rates for NTTA toll facilities primarily in response to debt service requirements and covenants, and then in the context of regional requirements. NTTA toll rates increase biannually at the rate of 2.75% per year, compounded.
- NTTA provides the electronic toll services branded TollTag for use in the region both on its facilities and TxDOT facilities.
- TxDOT owns the regional “TEXpress” managed lanes projects that were developed over the last 15 years. TxDOT and concessionaire developers built these projects and operate them, leveraging the services of NTTA to collect tolls. NCTCOG establishes the policy which guides the rate setting, and the Regional Transportation Council (RTC) approves rate adjustments.
- While tolls are not set as a demand strategy per-se, toll charges effectively meter the use of these new supplemental roadways that are parallel to the existing free routes. This ensures a high level of service on the TEXpress lanes. Tolls are a customer choice: pay extra to use the free-flowing roadway or save the money and use the general-purpose roadway.

The Regional Transportation Council sets rates for managed lanes, which is guided by regional policy. Regional policy both establishes maximums and determines exemptions for toll roads, managed lanes, and express/HOV lanes. Transit is exempt from managed lane fees.

Policy and regulatory direction per the [Toll Managed Lane Policies](#):

- Toll revenue must be used for the toll facility in which revenue is collected and excess revenue may be used on the corridor in which the toll facility is located.
- Excess revenue is defined as revenue remaining after debt service and reserve funds for facility operational costs, anticipated maintenance, profit and related expenses for the Comprehensive Development Agreement, and expected cost of rehabilitation or reconstruction of the facility.

Toll Rate Setting and Adjustments

- Excess revenue can fund future projects. Revenue from toll roads and revenue from managed lanes are treated differently, with excess *toll road revenue* placed in county-specific accounts and prorated based on the residential county, while excess *managed lane revenue* is returned to the funding partners in proportion to their shares.
- The NCTCOG refers to performance measures established in the [Congestion Management Plan](#), including:
 - Toll rates are set to maintain a minimum average corridor speed of 50 mph. Travelers on managed lanes receive a rebate if the average speed drops below 25 mph while dynamic pricing is in effect.
 - Crash rate (crashes per 100 million vehicle miles traveled)
 - Travel time index (recurring congestion)
 - Level of travel time reliability (non-recurring congestion)
 - Pavement in poor condition
 - Bridge deck in poor condition
- Managed lanes are fixed-fee for the first six months and dynamically priced thereafter.
- Rates are updated monthly during the fixed schedule phase. Although pricing rates are capped, the cap is “soft” when system performance is low. Express and high occupancy vehicle lanes operate on a fixed-fee system.
- Rate adjustments are approved by the RTC.

Other policies include:

- [Policy on Excess Toll Revenue Sharing](#)
- [Policy on Excess Toll Revenue Sharing for Managed Lanes](#)
- [Business Terms for Toll Roads on State Highways](#)
- [Express Lane/High Occupancy Vehicle Lane Policies](#)
- [RTC Position Regarding Local Government and Transportation Provider Input](#)

Interview notes:

- NCTCOG updates its Transportation Improvement Plan approximately every four years.
- Toll revenue is covering costs to finance the roadway improvements.
- There is no formal definition of “corridor,” but it is generally regarded as 5-10 miles from the roadway.