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Putting tolling to work

Best practices in developing a toll implementation plan

WHITE PAPER | 2019

An informed, data-driven implementation plan is the cornerstone of a successful toll program. It lowers risks, determines the best financial approach and capital plan, identifies advocates and helps shape public opinion. This white paper summarizes some of the best practices for creating a solid document and a strong program.

In this white paper:

- Choosing between organization performance and program success
- Mitigating legal challenges before they germinate
- Preparing for operations

A widely accepted solution

With billions of dollars in transportation infrastructure projects on the books, cash-strapped departments of transportation are searching for new funding sources to generate revenue, manage congestion and keep their systems safe and in good repair. One of those solutions is tolling.

Many states now have or are considering tolling as a funding solution to address an aging and deteriorating interstate system. Connecticut, Indiana, Minnesota, Rhode Island and Wisconsin are among the states that have conducted toll studies due to a lack of sustainable gas tax funding.

Florida and Virginia routinely evaluate new projects as toll projects. Their programs are industry-leading examples, in part, because the owners invested in the development of a toll implementation plan to strategically and successfully guide execution and operation.

Data-driven, informed decisions

Toll programs are detail-oriented ventures that demand proper execution. A toll implementation plan gives the program the attention and guidance necessary to succeed, laying out the roadmap for owners from planning to toll collection.

An implementation plan is informed by its components:

1. A master schedule, serving as the timetable of the plan.
2. A communications strategy explaining how tolling can garner public support and clearly outlining how the revenue will be used.
3. A capital investment document, identifying which projects will be funded through tolling revenue and a financing proposal determining how the transportation improvements will be funded.
4. A strategy to successfully meet federal environmental regulations.
5. A risk assessment, anticipating and mitigating the program's biggest challenges.

Launching a toll program without any one of
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these elements unnecessarily increases risk and jeopardizes an agency's credibility as well as those who supported the program externally. On the other hand, presenting a solid toll implementation plan can bolster the confidence of the public, the federal government and elected officials.

Best practices from across the country

HNTB has partnered with several state departments of transportation and tolling authorities at various stages of the

implementation process. Examples include assisting the Indiana Department of Transportation on a strategic plan for possible statewide tolling and full program launches for various mobility authorities in the state of

Texas. These experiences and others have resulted in the establishment of numerous best practices for creating toll implementation plans. Following is a sample:

Seek assistance. Executing a toll program requires a level of dedicated staffing and expertise that has the potential to come at the cost of an agency's other organizational priorities. Hiring an experienced consultant not only provides an agency the appropriate amount of resources, but also the expertise and guidance that is needed for taking on the risks involved with tolling implementation.

A skilled program management consultant will assist in executing the entire program – from environmental impact statements to operations and maintenance. Qualified PMCs offer program management as a core competency, allowing them to provide highly scalable expertise in planning, design, technology and management.

Qualified PMCs also should:

- Be versed in the agency's policies and procedures.
- Possess deep and broad tolling expertise.
- Have a reputation for nimbleness, responsiveness and proactiveness.
- Demonstrate expertise in every component of the plan.

36 STATES AND TERRITORIES IN THE U.S. WITH TOLLED FACILITIES

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- Understand the needs and nuances of the political community and the public.
- Understand the complexities and mitigation approaches of potential issues, including environmental justice and diversion.
- Coordinate effectively with government, sister agencies, influencers and stakeholders.
- Contribute breakthrough technologies, creative solutions, ideas and other best practices from past roles, producing value at every stage of the implementation process.

A strong PMC-agency partnership can accelerate the schedule, conserve budget and deliver outstanding facilities that maximize value and credibility. As program manager for the Illinois Tollway's Congestion-Relief Program, HNTB partnered with the Tollway to create program-wide benefits, including anticipating a shortfall of construction materials that saved the Tollway millions of dollars. HNTB also worked with the Tollway to implement a web-based management system that managed 64 separate projects and enhanced communication between members of the project team. The success of the CRP helped the Tollway gain approval for the \$12 billion, 15-year Move Illinois Program.

- **Gather necessary documents.** Certain documents and data points will help save time developing the plan. For example, if an agency has an existing asset management system with recent inspection, the capital plan will come together easily.
- **Involve the FHWA early.** Bringing in the Federal Highway Administration at the onset of planning has distinct advantages. First, adjustments can be made while the plan is in draft form to align it with federal requirements. Second, it helps to ensure the program will receive federal approval according to the implementation schedule.
- **Develop a detailed capital plan.** As part of a toll implementation plan, a detailed capital plan will help the agency identify investments that will provide increased safety and mobility to the greatest number of people. This will allow everyone to understand where toll revenues will be spent. The Indiana Department of Transportation's tolling implementation plan reviewed its bridge inventory, identified candidates for replacement or new capacity, assigned completion deadlines and then communicated the capital plan to gain public buy in.
- **Determine the financing strategy.** Will tolls pay for the necessary transportation projects on a "pay as you go" basis? Or, will the sale of revenue

bonds secure the necessary capital upfront and deliver projects much faster? A toll implementation plan will help the owner identify the best approach. In fact, it's one of the first decisions an agency should make because it drives the implementation schedule and provides key messaging for the communication plan. Agencies should simultaneously consider contractor availability when discussing their financing plan. Decisions like the possibility of bringing in contractors from outside the state as well as the overall number of contractors available will have an impact on the financial strategy being implemented.

- **Prepare for Operations.** To help drive success of the financing strategy, it is important for an agency to develop a concept of operations as a piece of a tolling implementation plan. This should include a detailed model of the toll system and the capital and operational costs needed to collect tolls. This will help define the expected amount of net revenue available to pay for bonds.
- **Tell your story – early and often.** When the community pushes back on a proposed project, the owner and consultant could attempt to explain why, or they could let a third-party expert do the talking. For example, when a community questions the need to replace a beloved, historic bridge, the owner may want to bring in an unbiased expert from the academic field to justify a new bridge. Hearing it from a third-party makes a difference and often results in the community understanding the need and ultimately supporting the project.
- **Assess risks.** Public acceptance as well as environmental justice and traffic diversion issues are tolling's biggest threats. A comprehensive risk assessment will shield the program from risk with innovative solutions and best practices. For example, to prevent environmental justice claims on the Elizabeth River Tunnels project, HNTB assisted the Virginia Department of Transportation in creating an implementation plan that introduced one of the nation's first Toll Relief programs. The program eases the financial burden for low-income users.
- **Include statutory violation policies.** Toll facility customers have an expectation that everyone will pay. Clearly defined enforcement strategies supporting statutes are critical to both the financial sustainability of a toll system, as well as the perceived fairness of customers paying their tolls.
- **Identify champions.** A toll implementation plan will identify, recruit and inform toll advocates. Agencies who have elected officials and other leaders tell their story for them will be ahead of

the game.

One chance

Toll program implementation is a high-profile venture. A good program management consultant and an informed, data-driven toll implementation plan will help conquer complexity, draw supporters, lower risk and fund critical infrastructure projects.

Resources

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Kevin Hoeflich has 33 years of diverse industry leadership experience. As chairman toll services for HNTB, Hoeflich focuses on toll client service for strategic planning, recruiting and growing the firm's overall toll practice. He provides counsel to HNTB clients nationwide, including the Miami-Dade Expressway Authority, the North Carolina Turnpike Authority, Central Florida Expressway Authority and the Richmond Metropolitan Transportation Authority. His expertise includes program management, price managed lanes, all-electronic tolling and technology applications. He also develops and executes strategy and partners with the firm's national transportation practice to develop toll opportunities for state departments of transportation.

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Rick Herrington has been integrally involved with many of the technological and operational advances that make tolling a fast, effective and efficient choice for funding America's roads. Herrington's 32 years of experience encompasses a variety of complex projects for clients across the U.S., including serving as tolling advisor to the Indiana Department of Transportation, the Illinois Department of Transportation's P3 Adviser Services contract, the Wisconsin Department of Transportation's Interstate Tolling Study, the North Texas Tollway Authority Program Management Consultant contract and many others. Herrington is a past deputy executive director for the North Texas Tollway Authority, where he was responsible for the implementation of the agency's toll collection system and more.

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