

# Brazoria County Toll Road Authority

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## Toll Rate Setting Policy



# Brazoria County Toll Road Authority TOLL RATE SETTING POLICY

## 1 Purpose and Intent

The Brazoria County Toll Road Authority (“BCTRA”) relies on the collection of tolls to construct, operate and maintain the portion of the SH 288 Managed Lanes that exists in Brazoria County, known as the Brazoria County Expressway (“BC Expressway”). Except as required by law or allowed by bond agreements, BCTRA is required to assess and collect the proper toll from motorists that use BCTRA’s toll facilities. The purpose and intent of this Toll Rate Setting Policy (the “Policy”) is to provide guidelines and procedures for setting toll rates on the BC Expressway and delineate the periodic rate adjustment calculations.

BCTRA’s goals for operating the BC Expressway are:

- To provide a safe, reliable, predictable commute for users of the BC Expressway
- Provide excellent customer service
- Maintain average operating speeds of 45 mph in each toll segment
- Operate and maintain a self-sustaining Managed Lanes program

Any future policy decisions should be measured against these goals to ensure compliance.

A summary of BCTRA’s Policy Framework is as follows:

- Tolls are charged to all vehicles, regardless of occupancy or size/number of axles, subject to exceptions outlined in BCTRA’s Non-Revenue Usage Policy (attached hereto as Exhibit A).
- The Base Toll Rate will be applied to two-axle vehicles; tolls will be higher for multi-axle vehicles.
- BCTRA offers a \$0.10 discount for Account Transactions for 2-axle vehicles.
- This Policy utilizes static pricing as the pricing methodology for use on the BC Expressway.
- Static pricing means that the same toll will be charged during all hours of the day for a specific vehicle class.
- Within the static pricing framework, tolls may be adjusted for any of the following reasons: indexing/periodic adjustments to reflect inflation; adjustments as needed to manage demand and maintain travel speed goals; and adjustments as needed to index to changes in tolls on adjacent toll facilities.
- BCTRA monitors traffic conditions in the corridor and toll rate trends and policies on adjacent and regional toll facilities and may adjust this policy to reflect market changes.

## 2 Definitions

- **Account Transactions** – Transactions where tolls are collected through the use of a valid Tag, a license plate number associated with a valid Tag, or a pre-registration system which provides automatic guaranteed payment. In order to be considered valid, a Tag must be (1)

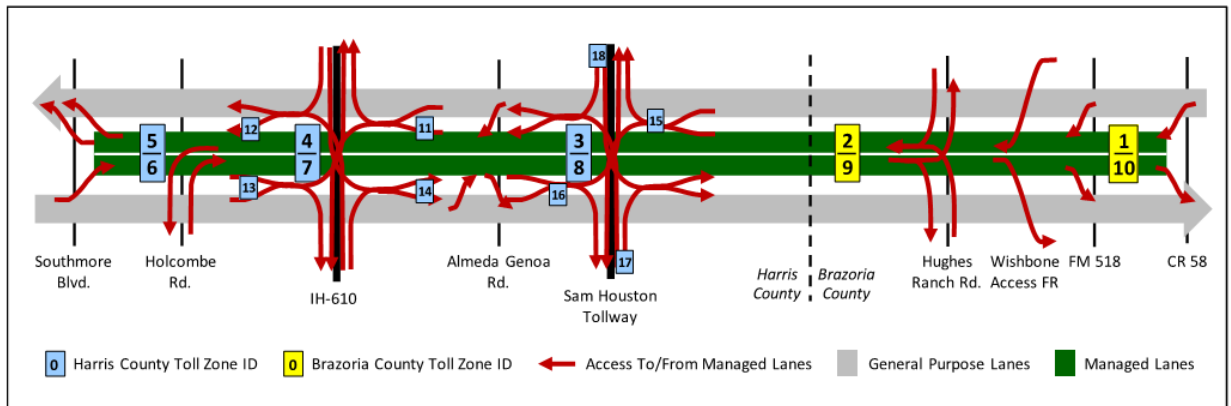
activated and mounted in accordance with the procedures provided by the issuing Tag agency and (2) associated with a prepaid customer account that is sufficiently funded at the time of the transaction with a valid credit card or other method of payment acceptable to the issuing Tag agency.

- **Base Toll Rate** – The two-axle toll rate in effect at the time of a transaction.
- **Demand Event Rate Adjustment** – A toll rate adjustment applied by BCTRA to manage traffic demand to meet the operational goals of the BC Expressway.
- **Harris County Toll Rate Event Adjustment** – The portion of the SH 288 Managed Lanes facility in Harris County is operated by a separate entity. The operator of the Harris County portion of the SH 288 Managed Lanes determines its toll rate setting policy and methodology. A Harris County Toll Rate Event Adjustment occurs when the average peak period toll rates on the Harris County portion of the SH 288 Managed Lanes triggers an increase in the Brazoria County toll zones per Section 4.3.
- **Image Transactions** – All transactions that do not fall into the Account Transaction category. These transactions require manual image review, invoicing, and collection.
- **Inflation Adjustment** – A toll rate adjustment based on an economic inflation indicator. The BC Expressway utilizes Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), Houston-Galveston-Brazoria, as published by the Bureau of Labor Statistics.
- **Multi-Axle Vehicles** – Multi-axle vehicles will be charged higher rates due to disproportionate impacts on the life of the project (pavement wear, debris, etc.). For purposes of setting toll rates for different vehicle classifications, the number of axles on a vehicle is used to determine which vehicle class rate applies. Vehicles having more than two axles will be assessed the applicable multi-axle toll rate.
- **Peak Hour** – the hour(s) with the highest traffic volume within a 24-hour period (day).
- **Static Toll Rates** – The tolls on the BC Expressway remain the same in each hour of the 24-hour day. Toll rates may vary by direction, location, vehicle class, and type of transaction.
- **Tag** – An electronic transponder containing a unique identification number that is assigned to a specific vehicle using a prepaid account. As a vehicle approaches a tolling point, equipment located at the toll zone reads the tag, verifies the tag's identification number, and automatically deducts the appropriate toll from the prepaid account. The transponders most prevalent in the Houston region are EZ TAGs, which are issued by the Harris County Toll Road Authority (HCTRA). HCTRA also maintains prepaid accounts via the EZ TAG Express and EZ TAG Fleet programs. BCTRA accepts all valid HCTRA EZ TAG accounts and all other valid toll transponders issued by members of the Central US Interoperability Hub (Texas, Oklahoma, and Kansas), including: TxTAG (Texas), TollTag (Texas), PikePass (Oklahoma) and K-Tag (Kansas). Any valid transponder will be charged the toll rate in effect at the time the transponder is detected at the toll zone.
- **Toll Zones** – Locations where vehicles will be detected for the purposes of charging a toll. On the BC Expressway, there are two toll zones in each direction, identified herein as follows:
  - **Northbound Toll Zone 1** – This toll zone is in the northbound lanes between the southern entrance near CR 58 and the entrance near FM 518.
  - **Northbound Toll Zone 2** – This toll zone is in the northbound lanes between the Hughes Ranch Road direct access ramps and the Harris County Line.

- **Southbound Toll Zone 9** – This toll zone is in the southbound lanes between the Harris County Line and the Hughes Ranch Road direct access ramps.
- **Southbound Toll Zone 10** – This toll zone is in the southbound lanes between the exit ramp near FM 518 and the southern terminus near CR 58.

See Figure 1 for a depiction of the toll zone configuration for the entire SH 288 Managed Lanes system.

**Figure 1**  
**Toll Configuration Concept**



- **Traffic Monitoring Program** – Hourly and daily traffic volumes and hourly average speeds will be continually monitored on a rolling basis to determine if and when the average speeds on BC Expressway fall below 45 mph.
- **Transaction** – A transaction occurs when a vehicle passes a toll zone.
- **Violations** – Violations occur when a vehicle passes a toll zone without a valid transponder or other acceptable pre-paid billing method such as EZ TAG Express and EZ Fleet. Trips made by vehicles not equipped with transponders or only equipped with transponders issued by agencies outside the Central US Interoperability Hub will be considered violations and remanded to violations processing.

### 3 Toll Rates

- BCTRA offers a \$0.10 discount for Account Transactions for 2-axle vehicles. All Image Transactions and multi-axle vehicles will be charged the Base Toll Rate (with multi-axle multiplier, when applicable).

Example: If the Base Toll Rate = \$1.30  
 2-axle Account Transaction = \$1.20  
 2-axle Image Transaction = \$1.30

Multi-axle vehicles or vehicles with connected trailers are explained below.

- BCTRA uses a system of vehicle classification based on number of axles. Toll rates for multi-axle vehicles and any vehicles with connected trailers are based on the Base Toll Rate using the N-1 rate calculation methodology. The formula and a mathematical example of how the rates are calculated follows:

Multi-axle toll rate formula where (N=number of axles):

$N\text{-axle toll rate} = (N-1) \times \text{Base Toll Rate}$

Example: If the Base Toll Rate = \$1.30

3-axle toll rate =  $(3-1) \times \$1.30 = 2 \times \$1.30 = \$2.60$

4-axle toll rate =  $(4-1) \times \$1.30 = 3 \times \$1.30 = \$3.90$

5-axle toll rate =  $(5-1) \times \$1.30 = 4 \times \$1.30 = \$5.20$

6-axle toll rate =  $(6-1) \times \$1.30 = 5 \times \$1.30 = \$6.50$

- The per-mile rates for Northbound Toll Zone 1 and Southbound Toll Zone 10 will be half the per-mile rate for Northbound Toll Zone 2 and Southbound Toll Zone 9, respectively, subject to minimum toll provisions.
- Static Toll Rates will be used, but are subject to Inflation Adjustment, Demand Event Rate Adjustment, or Harris County Toll Rate Event Adjustment, whichever is the greater.

## 4 Toll Rate Adjustments

Base Toll Rate adjustments will be made publicly available 10 or more days prior to the Base Toll Rate adjustment becoming effective.

### 4.1 Toll Rate Adjustment Criteria

Toll rates for all vehicle and Transaction classifications will be based upon the Base Toll Rate. The Base Toll Rates will be adjusted to the greater value based upon the following three criteria:

- (1) Inflation Adjustment,
- (2) Demand Event Toll Rate Adjustment, or
- (3) Harris County Toll Rate Event Adjustment.

### 4.2 Inflation Adjustment

To reflect inflation, BCTRA's Base Toll Rate will be adjusted based upon the greater of:

- (1) The net change in the CPI for Urban Wage Earners and Clerical Workers (CPI-W) for the Houston-Galveston-Brazoria Region as published by the Bureau of Labor Statistics for the month of September vs. the same month in the preceding year, or
- (2) The minimum adjustment of two percent.

### 4.3 Demand Event Toll Rate Adjustment

The toll schedule will be published and updated as needed to maintain average operating speeds of 45 mph in each toll segment. Should the Traffic Monitoring Program indicate that the hourly and daily directional traffic volumes average speeds are consistently at a level that does not meet

the operational goals of the facility within a rolling 12 consecutive week period (excluding days with a holiday or major traffic anomaly caused by an accident or incident), then the Demand Event Rate Adjustment will be triggered, and the toll rates shall be increased. A Demand Event Rate Adjustment means that toll rates will be increased by \$0.25 or 10 percent, whichever is greater, at Northbound Toll Zone 2 and Southbound Toll Zone 9. Toll rates at Northbound Toll Zone 1 and Southbound Toll Zone 10 will be adjusted to maintain the relationship indicated in Section 3.

Six months following the Demand Event Toll Rate Adjustment increase, the most recent 12 consecutive weeks (excluding days with a holiday or major traffic anomaly caused by an accident or incident) shall be reviewed by the hour, day and direction to ensure that the selected toll rate adequately manages the demand along the facility. If the peak hour traffic volume is less than 2,720 vehicles per hour, day, and direction in six or more of the weeks than the traffic volumes for that hour, day and direction for the 12 consecutive weeks shall be averaged. If the average peak hour traffic volume is less than 2,720 then the toll shall be reduced by the lesser of \$0.15 or half of the previous Demand Event Toll Rate Adjustment to stimulate demand and encourage use of the BC Expressway.

#### 4.4 Harris County Toll Rate Event Rate Adjustment

The Base Toll Rates at Toll Zones 2 and 9 will be reviewed on a quarterly basis to ensure they maintain a per-mile rate that is the higher of:

- (1) 75 percent of the average peak period per-mile rate charged for travel between the Brazoria/Harris County Line and IH-610 over the most recent 8-week period published at the time of the quarterly review (outside of holidays and/or days with significant accident events); or
- (2) the per-mile rate needed to manage demand to maintain average operating speeds of 45 mph, subject to any prior Demand Event Toll Rate Adjustment. Should the per-mile rate charged for travel between the County Line and IH-610 reach \$0.75 per mile (Escalated Annually from 2012 by Gross State Product) for any portion of a toll segment that is not a direct connector or \$1.50 (Escalated Annually from 2012 by Gross State Product) for any portion of a toll segment that is a direct connector, the Base Toll Rates at Toll Zones 2 and 9 will be set to be equal to the same average per-mile rate.

#### 4.5 Frequency of Periodic Adjustments

BCTRA will periodically evaluate the three toll rate adjustment criteria in accordance with this Policy. BCTRA will make an annual toll rate adjustment, effective January 1<sup>st</sup> of each year, unless a Demand Event Toll Rate Adjustment is required, in which case, the toll rate adjustment will occur in accordance with Section 4.3.

#### 4.6 Rounding

Tag rates will be rounded to the nearest penny (\$0.01).

#### 4.7 Violations

If a transaction is determined to be a violation, the transaction will be subject to collection as determined by BCTRA's violation enforcement system. Fines and penalties for violations may be subject to reduction in accordance with the fee reduction program (or any similar successor

program) in effect for other counties in the Houston metro region from time to time, subject to the requirements of state law.

## 5 Vehicles Subject to Tolls

All vehicles traveling through a BCTRA Toll Zone will be charged the prevailing rate at the time of passage under the detection area, subject to BCTRA's Non-Revenue Usage Policy, including the following considerations:

- Recommended re-evaluation every two (2) years to confirm that the policy is maintaining its designed purpose.
- This Policy does not supersede toll rate covenants in existing or future bond documents. In the event of any conflict, such toll rate covenants will prevail in determining toll rates on the BC Expressway.