Tampa-Hillsborough Expressway Authority
Minutes of the March 9, 2020 Board Committees as a Whole Meeting
1104 E Twiggs St.
Tampa 33602

The Tampa-Hillsborough County Expressway Authority held a public meeting at 1:30 p.m. on March 9, 2020, at the Authority's Transportation Management Center, 1104 E. Twiggs Street, Tampa, Florida. The following were present:

Board:	Vincent Cassidy, Chairman Bennett Barrow, Vice Chairman FDOT Secretary David Gwynn Shaun Oxtal – by telephone
Staff:	Joe Waggoner, Amy Lettelleir, David May, Sue Chrzan, Rafael Hernandez, Man Le, Carl Shack, Brian Ramirez, Debbie Northington, Diane Stull, Max Artman
HTNB-GEB	Jim Drapp
Stantec	Rick Gobeille, Phil Eshelman
NMBC	Joseph Stanton
PFM	Brent Wilder
RBC	Tom Garrison

I. Introduction/Workshop Purpose

Meeting was called to order at 1:31 p.m. by Joe Waggoner who explained the purpose of the meeting was to present three items. First, annual indexing report, second, Selmon pilot discount program where some changes have been made and THEA wanted the Board to be aware of the changes. Finally, the THEA bond refinancing potential since the market is at an all-time low.

At that point, Mr. Waggoner turned the meeting over Rick Gobeille of Stantec. Mr. Waggoner stated this was by request, to learn of the indexing target financially and meet goals and also to accurately assess revenue losses of the Toll-By-Plate (TBP)

II. Toll Indexing FY2021 & Toll-By-Plate Alternatives–

Mr. Gobeille began his presentation with a summary of what would be presented, beginning with a review of the revenue waterfall, which is what happens to the transactions, how the money is collected and from where it is collected. The uncollectable rate is shown, which are tolls that cannot be collected. The presentation would show indexing and approaches to what indexing should be. The final item would be the discount program in the next section

The first graph showed the TBP revenue from the reading of the transponder or the license plate. The plates are reviewed at THEA to determine if it is readable and if so, the transaction is sent onto CCSS for billing of SunPass revenue or by TBP. After two statements of TBP billing, the charges come back to THEA and then sent onto collections. Mr. Gobeille further explained that the 5.2% of uncollectable funds refers to the blocked license plates, for whatever reason on vehicles with no transponders and cannot be identified. The other nearly 95% go onto CCSS for billing. When TBP transactions are sent onto CCSS and then they must research to get addresses and mail. About 40% is collected within the first four-five months and then it tapers off, which Mr. Gobeille stated is typical of other location TBP collections. About 4.3% comes back to THEA even though the plate was read by THEA, the research showed the plate didn't exist in motor vehicle record databases. About 50% of the TBP is then sent onto collections. Of that amount, THEA is able to collect about 80% of the fee revenue sent onto collections. Through the entire TBP process, only about 19% of the transactions is uncollected. Mr. Cassiday clarified that of the TBP, 80% was collected and about 20% not collected. Mr. Gobeille confirmed and said that THEA does well with the collections said this is better than other agencies and there is not much room to do better.

Next was to review the cost to collect. One of the items Stantec was asked to do to determine if $.25 was the right amount to charge per transaction. Mr. Gobeille stated much data was reviewed and it was determined SunPass cost $0.08, and video transactions were $0.34 to collect. If it was figured on only the video that was actually collected, the cost would be $0.44, so the difference between SunPass and video collected was $0.36. This suggested that the current collection of $0.25 doesn't cover expenses.

Next was the revenue forecast which used the 2021 forecast of $98 million, but the 2022 forecast looked different since the Selmon was moved back from 2021 to 2022. The $98 was the current toll policy and that is the goal amount for indexing all troll transactions. Mr. Gobeille continued with alternatives for indexing by accounting for both the higher cost of collecting video tolls and moving all the dollar value of the toll indexing into the video collection would generate a higher TBP surcharge. The new surcharge amount would be $0.62 as opposed to the current $0.25

This option for the FY2021 toll indexing would be to keep SunPass rates the same and increase the TBP surcharge to cover the TBP costs to $.062 and achieve the toll indexing revenue level of $98 million. The indexing move to TBP would produce a bigger differential. The goal would be to show it would be more desirable to have a SunPass.

Mr. Cassidy asked about demographic information. Mr. Gobeille replied that there was no demographic information but based on other toll operations, it is typical of an infrequent traveler who have no knowledge of payment options, those who don't want to participate and those without bank options. Data was the property of CCSS but Mr. Waggoner said that data from the collection agency could be accessed. Mr. Cassidy asked how payments were made; by cash, checks, money orders and was told that all forms were received. Mr. Waggoner said that collections and CCSS have "money boxes" and payments were forward to THEA, with very slight contact with troublesome customers.

Mr. Gobeille showed those in attendance how THEA's charges compared to other tolling agencies. Currently, THEA was at the bottom of the list, but the proposed amount would have THEA higher but still to the lower side of TPB surcharges. Some agencies used percentages instead of fixed costs. The recommendation was to increase the surcharge for TBP to $0.62 and keep SunPass the same for FY2021. Mr. Gobeille then asked for discussion.

Mr. Waggoner began by stating the idea was two-fold. The first portion, raising the differential from $0.25 to $0.36 was to offset the expenses differential and come closer to the goal of $98 million forecast by transactions. Currently, the split is 77% SunPass to 23% TBP. Mr. Waggoner also stated the increase could also entice more TBP users to SunPass, increasing the percentage to 80% or higher. The second portion would reward SunPass users by not increasing that rate which would give THEA the indexing need. The second portion would also cover that portion to the differential to reduce the leakage of the index costs from the forecast revenue report. This would be part of THEA's regular indexing report, which would show the analysis included in the operating budget presented to the Board in May. The differential would be effective upon Board approval. It is not a separate Board action item.

Secretary Gwynn asked that if not indexed this year, would it set a precedent for the future? When tolls are raised each year, it is a matter of course and is expected. Secretary Gwynn was concerned that by skipping a year, there would be confusion. Mr. Waggoner replied that it is a move that can be explained in detail in the indexing report. The key item is the adjustment to the differential is the same as if indexed. If the $0.25 had stayed the same, all rates would have increased and at a minimum, the differential would have increased to $0.36 The differential serves a double function by covering the expenses incurred, while rewarding SunPass users and encouraging those who use TBP to go to SunPass usage. There is a fair chance to get to 80% SunPass users but not really more than that. Any rating agency would see the net effect would be the same if THEA had indexed but should see the change as an enhancement. Next year, FY2022, indexing would start again. Tests will be done and if needs are met, there will be an index of 2.5% and the differential will remain the same. Mr. Waggoner said this method is just a different way to answer the question.

Mr. Waggoner stated that with the index, there would be no change in the differential and there would be an increase of $0.36. The proposal is to leave the SunPass tolls as is and the $0.62 will go to non-SunPass users. In viewing the comparison graph with other tolling entities, Mr. Waggoner said that currently THEA was very low and even with the proposed increase, the surcharge was still well within range. Mr. Cassidy was concerned that the economies were not the same in the areas of the other places studied and THEA would be placing a burden on the low income non-SunPass user. THEA's plan is to bolster its website and outreach to those without a SunPass. There would be information sent with invoices on how to receive a free SunPass transponder from THEA and that cash can be added to a SunPass account at stores such as CVS or Publix. THEA would provide a certificate to obtain the SunPass transponder so no costs are incurred except for tolls funding.

Mr. Barrow mentioned that it seems as though the indexing was crossing the "Ts" and dotting the "Is" in terms of over communication. There was concern that the break in adjusting could be a precedent for something 10 years in the future. Mr. Waggoner replied that the differential has not been adjusted since around 2010 when there was the shift to all electronic tolling. It was a $0.25 discount as an incentive to promote SunPass. At the time, there was uncertainty, when presented to the Board, that it was the correct differential amount. It is possible that it will have to be adjusted again in the future. For now, the costs and payments would be reviewed and see if there is an increase in SunPass participation. In two years, it will be reviewed again. Mr. Barrow thought the over communication was good in case there was a blip in the future. Any blips would most likely be a review by a ratings agency and in which case there would be clarity in what THEA is doing to meet its needs. It is not a deviation of policy, it is just changing the method.

Mr. Cassidy asked if this would be a problem with issuing bonds. Mr. Waggoner said that this should be a positive. In the past, the revenue was the indicator in the past. Since the traffic is flattening out, the indexing is a way to grow the revenue. Mr. Gobeille stated that THEA is setting the rates to recover the costs. Rating agencies understand TBP as it does cost more to collect and if the rate is set in such a way to recover the cost, then the risk is out of it to a rating agency. Even with a smaller number of TBP collections in the future, the net revenue is protected and that is what the rating agency cares about.

The potential tipping point would be to drive more users to SunPass. Mr. Gobeille said that the breakdown is approximately 80% SunPass to 20% TBP and all of the indexing is in that 20%. If half converted to SunPass the risk is smaller and it could be possible to collect more. Mr. Waggoner stated that all the negative customer service is due to the TBP collection and anything to reduce that collection is a positive.

Mr. Oxtal asked if there was any thought to a loss of ridership because of the $0.62 increase. Mr. Waggoner answered no, as the ridership for SunPass was consistent and the TBP ridership was primarily infrequent users. Mr. Gobeille further stated those users may not be aware they were on a toll roll so it would most likely not change behavior. There was no further discussion.

III. Operations & Maintenance Committee – Selmon Pilot Discount Program

The pilot program being introduced is for MacDill AFB employees. The program will give benefit to the employees and move more commuters off the local streets. Mr. Gobeille stated the discount is based on a core of 40 full length on-way trips on the Selmon Expressway or 20 roundtrips trips per month. Currently, the cost for these trips, per month, is $122. With the discount program, the 30 day .cost is $73.20 or a 40% discount. Working with the staff, it was estimated that development costs for the program were $289,000 and the annual estimated impact to revenue would be $630,000.

The program would require a commuter to pre-buy a 20-roundtrip package. Operations costs would be saved as there are no collection costs. Also, as commuters travel more, the cost will go down. The breakeven point is set for 24 trips per month or 12 roundtrips. If the commuter should travel less than the 40 one-way trips, the discount would not be the full 40%. Mr. Gobeille did say that other clients who do have such commuter discount plans realize savings on transactions. The plans do benefit the users.

The trips are mainline to mainline and do not include any ramp exits so as to encourage longer trips. Mr. Gobeille did say the commuters would need a SunPass and transactions begin and end with THEA. Any unused trips are swept on day 31 with the unused revenue going to THEA. The plan would automatically renew. The goal is to encourage longer trips on the Selmon and get vehicles off of the streets. Mr. Waggoner referred to a MacDill map which showed where civilian personnel and active duty military lived. Those who lived on the east side may only use the Selmon for short periods of time and those residents are not the goal. The hope is for those who get on at the mainline and could get off at Dale Mabry. The west mainline is 40% of the trip cost so going the entire trip is the same as not getting off at the west mainline, under the program. Going through the neighbor hoods is not good for the community. This program would be beneficial for both civilian and active duty.

Mr. Barrow said the area south of Gandy and Ballast point is an area which needs the communication for the good will as the traffic is in that area increases. Once the connector is open some of the neighborhood traffic should be relieved.

Mr. Cassidy asked if this would be a program for the toll department under Rafael Hernandez and emphasized that any billing could not be messed up. Per Mr. Hernandez, there would be test procedure and test plan is in place. There is testing with THEA's own employees to make sure that the transmitting working accordingly. There will be email alerts towards the end of the month for those customers who might not be using the plan accordingly. The goal is for a very high level of customer service. Mr. Waggoner did state that the plan will be for a SunPass mini and not a portable transponder, as the plan is car specific. The customer will have to opt into the discount program and give name, address, SunPass number and the tag number. If all is a match, then all can be done internally. This includes disputes as well. Mr. Waggoner stated there will only be about 1,000 users of this program and pointed out there was no operating budget for the program. If it is determined that that more effort is needed to administer the discount program internally, then an operating budget will be presented to the Board.

Mr. Cassidy asked if a 30% discount was considered and it was discussed that other ranges were considered but the 40% was the best deal as it worked out that the east mainline entry would be free under the plan. Mr. Gobeille noted that 40% was the limit because of the tolls at the two mainlines. This is only a pilot program and if there are those who only work 4 days per week, then Mr. Waggoner said the plan may be altered to different parameters such as 40 trips in 40 days. There was also concern of increased traffic on Dale Mabry Highway, but then MacDill would have to more adequately staff its gates. MacDill had been approached by THEA about this before to no avail. Mr. Waggoner mentioned that for the last two months, there have been counters by the MacDill gates at Bayshore and MacDill Ave. to determine the users and create a baseline. The counters will remain for the duration of the pilot program. Mr. Waggoner did not know if there would be any effect for the Bayshore gate as he didn't think the majority of Bayshore drivers were MacDill employees. Secretary Gwynn mentioned that MacDill had approached FDOT about widening Dale Mabry to relieve traffic, but it was determined that the road was fine it was the security protocol at the Dale Mabry-MacDill gate was causing the back up of traffic. There was no further discussion.

IV. Finance & Accounting Committee – *Commissioner Lesley Miller, Chair*

Ms. Amy Lettelleir began by saying THEA as been exploring the potential for refunding . The 2012A bonds have been monitored for six to eight months with the dropping in interest rates. Although nothing can be done with the tax-exempt advance refund due to changes in the Tax-Exempt laws, it may be the right time to sell the taxable ones. Ms. Lettelleir then introduced Mr. Brett Wilder, THEA's financial advisor from PFM to continue.

Mr. Wilder stated the slide shown was a snapshot of THEA's existing debt. The series 2012A bonds have a call date of July 1, 2022, while the other series are listed. The focus is on the 2012A bonds as the others are not efficient candidates for refunding. Different techniques were discussed with Ms. Lettelleir and Mr. Waggoner and the taxable advance refunding of the 2012A series has the least moving parts and the least risk of pricing to settlement, in addition to providing sufficient savings to THEA.

The next slide showed the tax-exempt rates, which per Mr. Wilder, were changing constantly. The Municipal Bond Interest Rate graph showed the average rates and the current rates. The tax-exempt interest rates over the past two years are 100 basis points lower than the past. 51:11

VII. ADJOURNMENT

There being no further business to come before the Board Committee Meetings as a Whole, the meeting was adjourned at 2:28 p.m.

APPROVED:________________________ **ATTEST:**________________________

Chairman: Vincent J. Cassidy **Vice Chair: Bennett Barrow**

DATED THIS 9th DAY OF March 2020

Ms. Amy Lettelleir began by saying THEA as been exploring the potential for refunding . The 2012A bonds have been monitored for six to eight months with the dropping in interest rates. Although nothing can be done with the tax-exempt advance refund due to changes in the Tax-Exempt laws, it may be the right time to sell the taxable ones. Ms. Lettelleir then introduced Mr. Brett Wilder, THEA's financial advisor from PFM to continue.

Mr. Wilder stated the slide shown was a snapshot of THEA's existing debt. The series 2012A bonds have a call date of July 1, 2022, while the other series are listed. The focus is on the 2012A bonds as the others are not efficient candidates for refunding. Different techniques were discussed with Ms. Lettelleir and Mr. Waggoner and the taxable advance refunding of the 2012A series has the least moving parts and the least risk of pricing to settlement, in addition to providing sufficient savings to THEA.

The next slide showed the tax-exempt rates, which per Mr. Wilder, were changing constantly. The Municipal Bond Interest Rate graph showed the average rates and the current rates. The tax-exempt interest rates over the past two years are 100 basis points lower than the past. 51:11

VII. ADJOURNMENT

There being no further business to come before the Board Committee Meetings as a Whole, the meeting was adjourned at 2:28 p.m.

APPROVED:__________________________ **ATTEST:** Bennett Barrow
Chairman: Vincent J. Cassidy **Vice Chair: Bennett Barrow**

DATED THIS 9th DAY OF March 2020