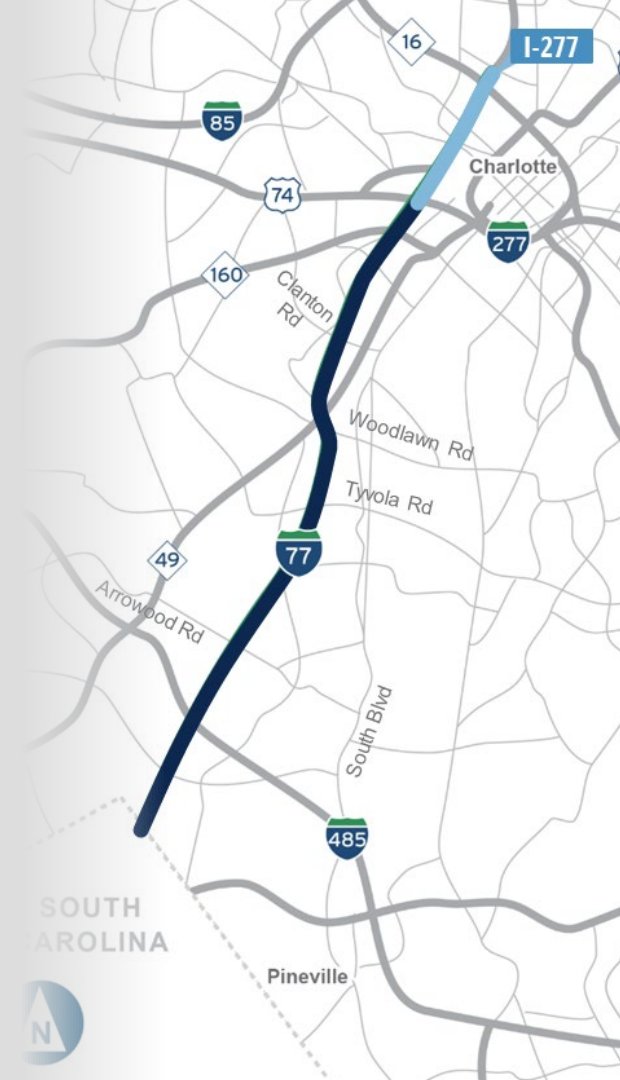




# South Express Lanes

## Working Group Meeting #2

January 15, 2025

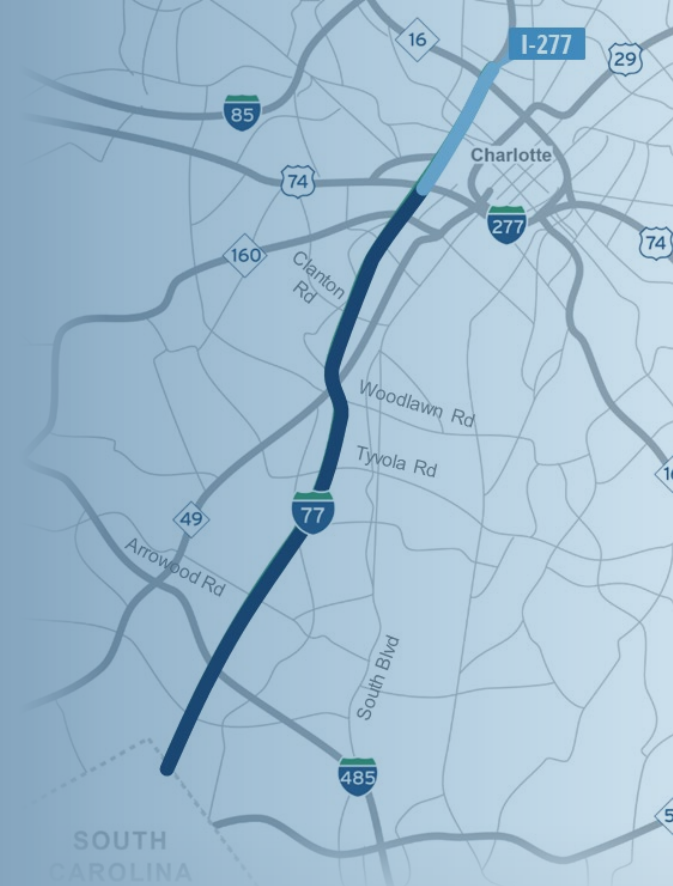


- Schedule & Recap
- Project Updates
- Identified Project Objectives & Priorities
  - Draft Key Terms - Low Financial Impact
  - Initial Key Terms - High Financial Impact
  - Tolling Policy
- Closing & Next Steps



## South Express Lanes

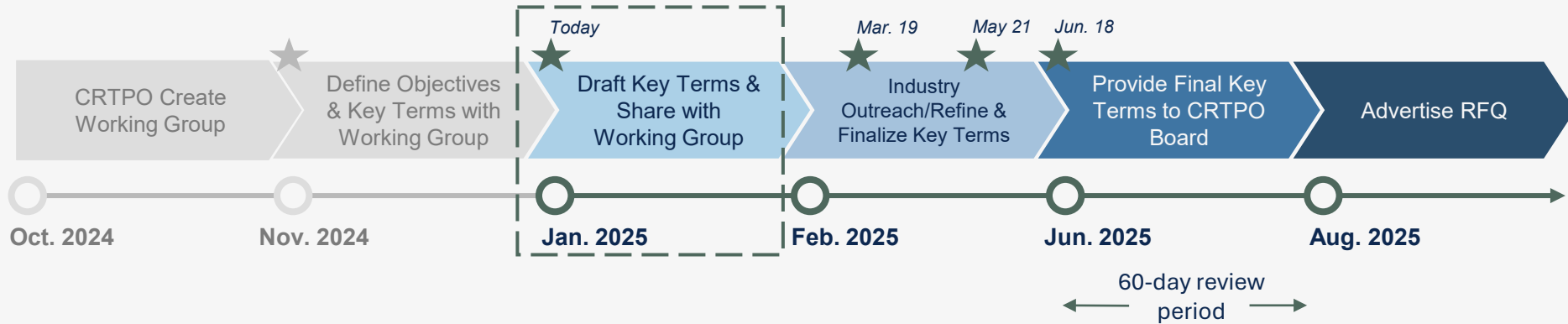
# Schedule & Recap



The working group brings NCDOT and CRTPO together in a collaborative effort to establish clear project objectives and priorities that will shape certain key commercial and competitive terms for the I-77 South Express Lanes project



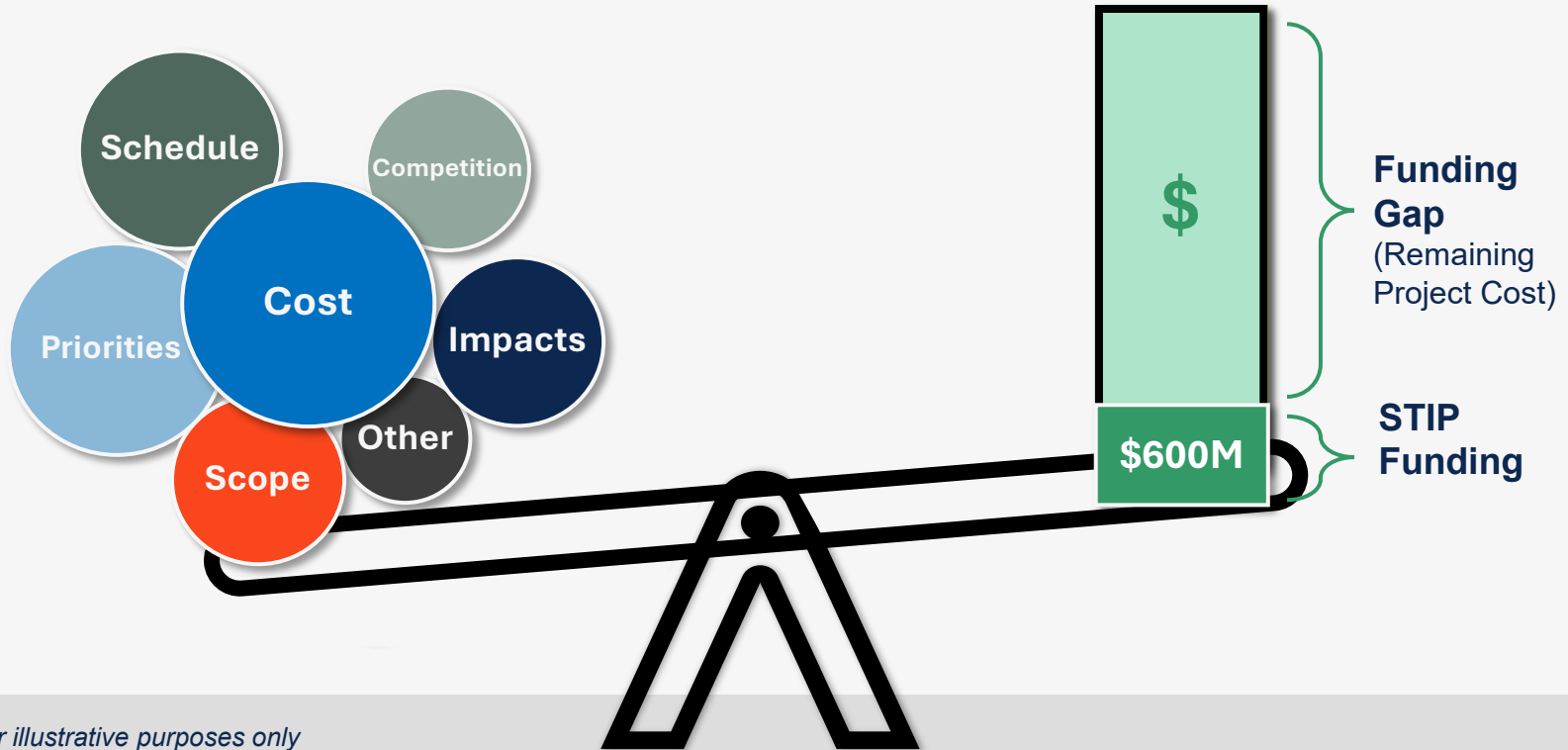
# Working Group Schedule\*



★ = Working Group Meeting

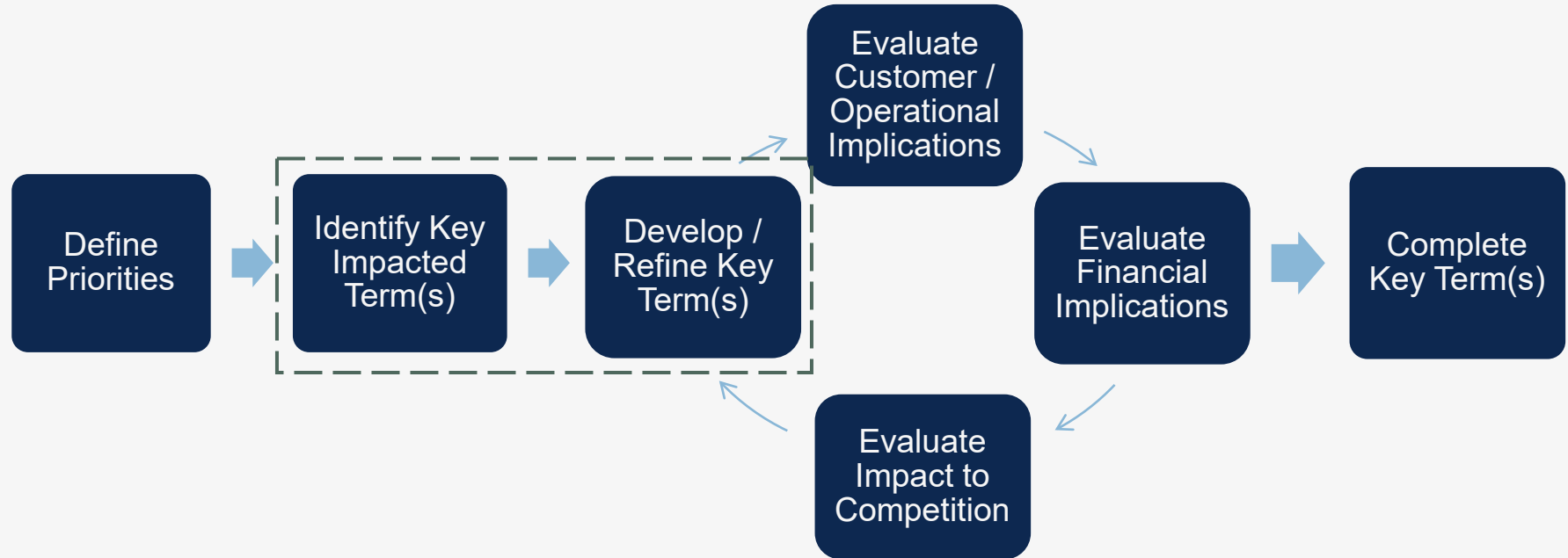
\* = Preliminary schedule; subject to change

Key objectives & priorities must be identified while also ensuring the project's financial viability pencils out



**Iterative process requiring coordination between NCDOT, CRTPO and the market**

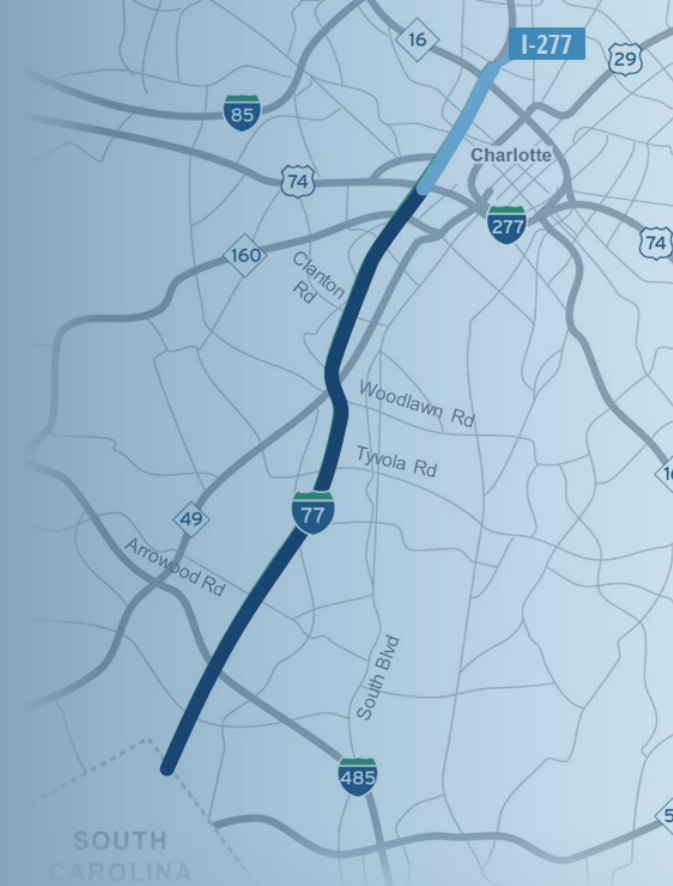
- Process designed to ensure effective solution that leads to a viable project





South Express Lanes

# Project Updates



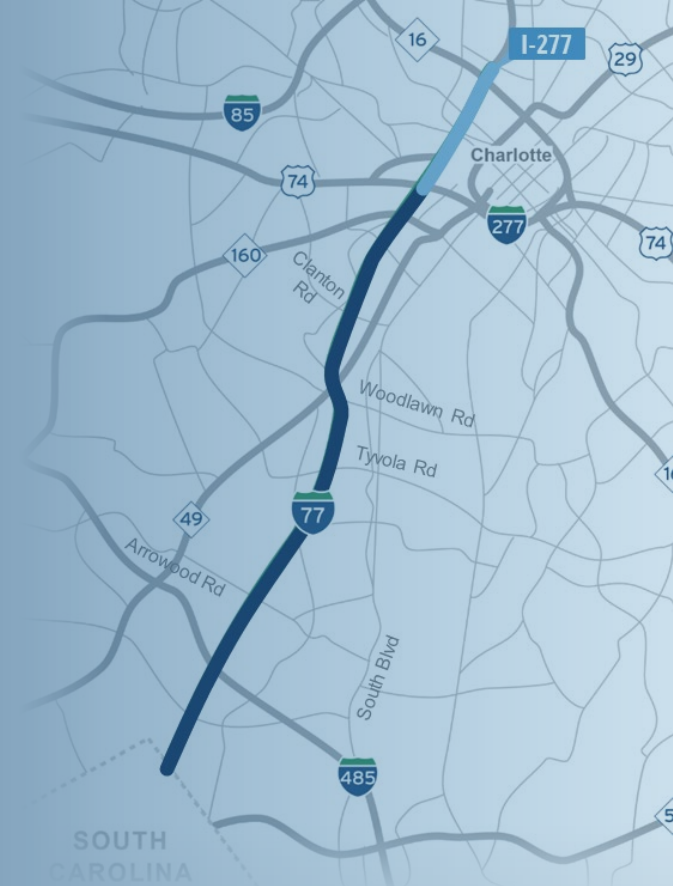


- Legal Advisor Selection - Ashurst
- NEPA/Public Involvement
- Initial Market Feedback Meetings – Main topics
  - Toll Policy
  - Future Corridor Demand
  - Transparency
  - Competitive Procurement



## South Express Lanes

# Identified Project Objectives & Priorities



## I-77S Objectives & Priorities ②

- CORRIDOR SAFETY
- FAIR TOLL RATES
  - TRIP TIME RELIABILITY
  - INCREASE EXP. LANE UTILIZATION
- MEET FUTURE CORRIDOR DEMAND
- TRANSIT BENEFITS
- COMPETITIVE PROCUREMENT
- TRANSPARENCY
- INNOVATION

## ADDITIONAL PRIORITIES ③

- EMERGENCY CONSIDERATION
- CORRIDOR ACCESS FOR EMERGENCY VEHICLES
- MWSBE - ECONOMIC DEVELOPMENT/CHANGE COMMUNITY OUTCOMES
- PRICING FOR ELIGIBLE CLASSES OF INDIVIDUALS (E.G. MEDICAID)

## ④

- CONSISTENCY FOR HOV WITH I-77 N
- BONUS ALLOCATIONS FOR COMMUNITY IMPROVEMENTS
- RELIEF TO CONTRACTOR WHEN EVENTS IMPACT
- EARLY TERMINATION
- DESIGN FOR TRUCKS
- REVENUE SHARING

## ⑤

- FORMULA FOR MAXIMIZATION OF USE OF EXPRESS LANES
- CLEARER TERMS OF BONUS & REV. SHARE EVENTS → TRANSPARENCY
- COMPETITIVE
- EXPLAIN HOW TOLL RATES IN MORE DETAIL (N SIGNAGE/RANGE)
  - ↳ FULL DISTANCE

## ⑥

- DATA FROM CONCESSIONAIRE
  - REAL TIME/TRANSPARENT
- ACCESSIBILITY TO EXPRESS LANES + LOCAL ROADS IMPACTED
- PROCESS TO DETERMINE DIRECT CONNECT OPPORTUNITIES AT INTERCHANGES → CHALLENGES ON SOME NOW ADDRESS
- COST OVERRUNS & SCHEDULE RISK TRANSFER

## ⑦

- FUTURE OF CORRIDOR DEMAND
- CONTRACT LENGTH
- CONCESSION PAYMENT USE OR "BUYING DOWN" TOLLS
- NEXT: PRIORITIZATION

## Other items identified via email:

- Discount for Mecklenburg County residents
- Attention to lighting and road markings

**The priorities have been categorized into three groups based on the financial and strategic significance of the identified key impacted terms:**

- **Standard:** Issues that will be addressed in the contract using established market practices and industry standards.
- **Low Financial Impact:** Priorities that are simple to address and can be incorporated with minimal complexity.
- **High Financial Impact:** Complex issues with significant financial implications, requiring prioritization as not all items may be included in the contract.

**Standard Issues:** Will adhere to best practices and market precedents from peer projects to maximize value for the state.

Examples include:

- **Contract Duration:** Specifying the length of the agreement.
- **Early Termination Provisions:** Defining conditions and scenarios for early contract termination.
- **Risk Allocation:** Mitigating cost overruns and schedule delays through balanced risk-sharing mechanisms.



Work has commenced on developing draft key contractual terms for the Low and High Financial Impact Priorities, which have been grouped by priority type (i.e., toll policy, corridor safety, transparency, transit, etc.)

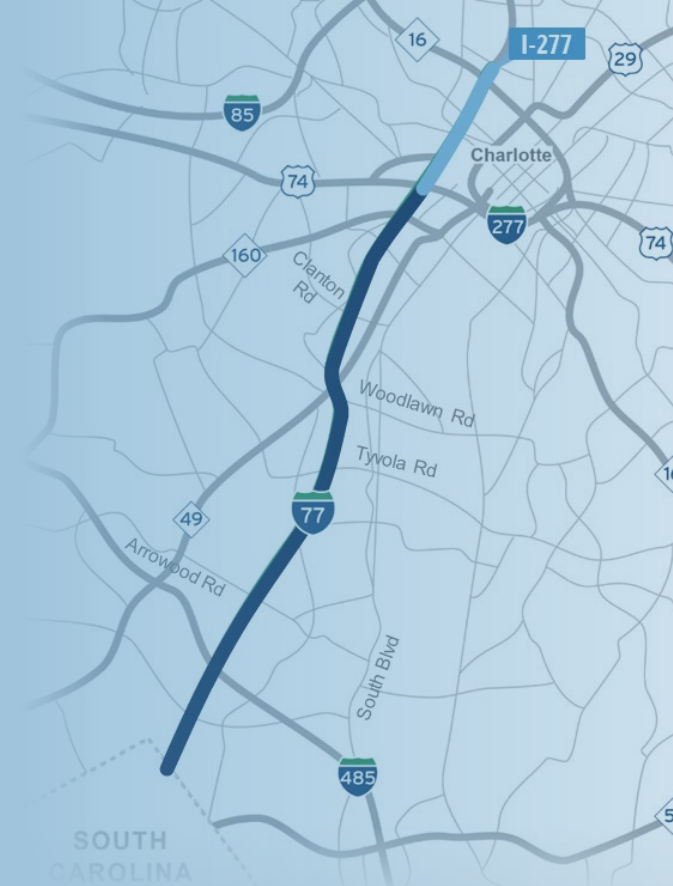
- **Low Financial Impact Priorities:** Initial positions have been drafted, and further feedback is encouraged.
- **High Financial Impact Priorities:**
  - High level terms have been identified.
  - Future working group sessions will focus on addressing these high financial impact issues including balancing the different priorities.





## South Express Lanes

# Draft Key Terms – Low Financial Impact



Priority Type	Draft Key Terms
Toll Policy	<ul style="list-style-type: none"> <li>• <b>Toll Rates during Emergency Declarations:</b> Regulate toll rates during emergencies to ensure accessibility.</li> </ul>
Corridor Safety*	<ul style="list-style-type: none"> <li>• <b>Corridor Access for Emergency Vehicles:</b> Ensure uninterrupted and efficient access for emergency response teams by permitting toll-free use of Express Lanes and implementing adaptive traffic management systems to maintain optimal traffic flow and prioritize emergency operations.</li> <li>• <b>Markings / Lighting on the Facility:</b> Install high-visibility road markings and reflective surfaces while ensuring adequate lighting throughout the corridor to enhance safety during nighttime and low-visibility conditions.</li> </ul>
Transparency	<ul style="list-style-type: none"> <li>• <b>Transparent Toll Rates:</b> Offer easily accessible, user-friendly platforms that display historical toll data and predictive pricing to help drivers better anticipate costs before entering the lanes.</li> <li>• <b>Real-Time Road Condition Updates:</b> Implement technology to share live updates on traffic conditions, incidents, and lane availability to help drivers make informed decisions.</li> <li>• <b>Performance Reporting:</b> Publish regular reports detailing express lane performance, including metrics such as travel time savings, congestion reduction, and revenue use, to demonstrate value to the public.</li> </ul>

\*NCDOT will require developer to hold safety standards equal to or better than FHWA/NCDOT standards



Priority Type	Draft Key Terms
Transit	<ul style="list-style-type: none"><li data-bbox="504 241 1773 306">• <b>Transit Usage of Express Lanes for Free:</b> Allows transit vehicles to use the Express Lanes toll-free.</li><li data-bbox="504 333 1690 405">• <b>Real-Time Transit information Systems:</b> Calls for the implementation of smart technology to deliver real-time updates to transit users.</li></ul>
DBE	<ul style="list-style-type: none"><li data-bbox="504 433 1798 499">• <b>Disadvantaged Business Enterprises (DBE) Objectives:</b> Require DBE outreach prior to construction.</li></ul>

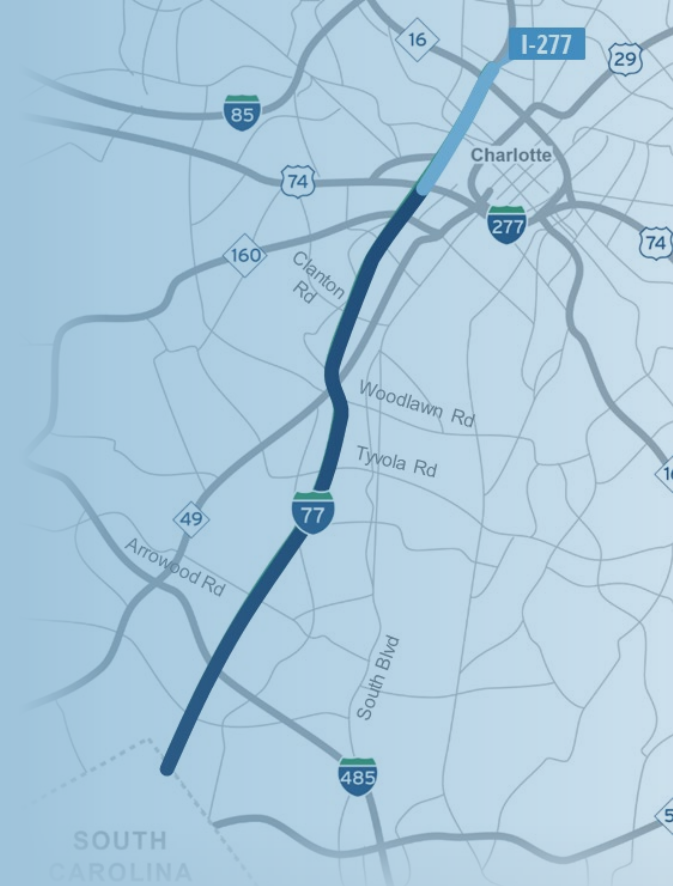
## **Other (Non-contractual Priorities) - *Priorities to be managed outside of the Comprehensive Agreement***

- **Competitive Procurement:** Ensure a competitive procurement process by engaging developers early, providing comprehensive project data to all interested parties, and maintaining transparency with clear evaluation criteria.
- **Bonus Allocation Invested in Community Improvements:** NCGS 136-189.11(f)(4): “The bonus allocation shall apply over the five-year period in the STIP in the cycle following the contractual obligation.” CRTPO has previous experience on prioritizing the use of bonus allocation.
- **Revenue Share (Use of Funds):** NCGS 136-89.188: limits the use of funds to the project. Uses include, but are not limited to, design, construction, expansion, operations, maintenance, reconstruction and replacement.



## South Express Lanes

# Initial Key Terms – High Financial Impact

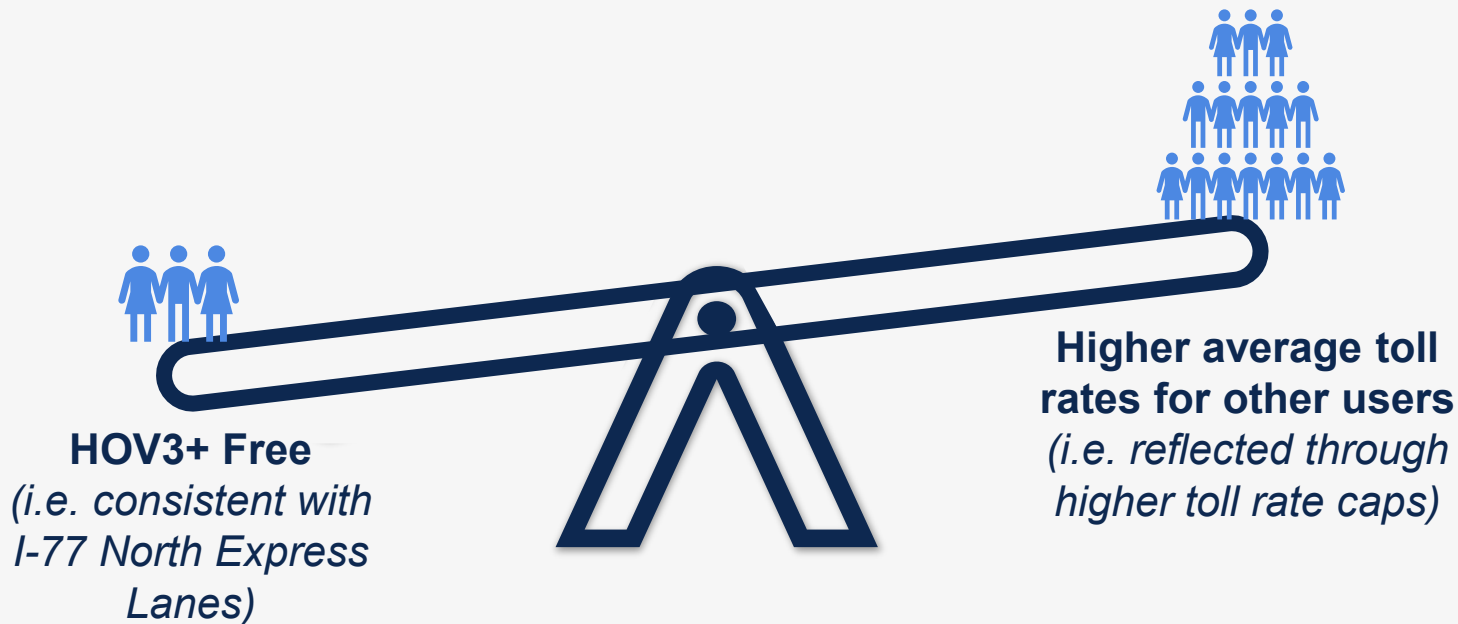


Priority Type	Outline of Key Term Concepts
<b>Toll Policy</b>	<ul style="list-style-type: none"> <li>• <b>Toll Rate Caps<sup>1</sup></b></li> <li>• Discounts for Frequent Users</li> <li>• Discounts for Eligible Groups (Medicaid Participants / Mecklenburg County Residents)<sup>2</sup></li> </ul>
<b>Future Corridor Demand</b>	<ul style="list-style-type: none"> <li>• Expansion Based Facility Triggers</li> <li>• Requirements for Technology Enhancements</li> </ul>
<b>Vehicle Eligibility</b>	<ul style="list-style-type: none"> <li>• HOV3+ Free Policy (Consistent with I-77 North)</li> <li>• Heavy Commercial Vehicle Express Lane Eligibility</li> </ul>
<b>Transit</b>	<ul style="list-style-type: none"> <li>• Transit Funding Payments</li> <li>• Transit Related Corridor Infrastructure Improvements</li> </ul>
<b>Technical</b>	<ul style="list-style-type: none"> <li>• Specific Direct Connect Interchange Opportunities</li> <li>• Local Road Upgrades Required</li> </ul>

<sup>1</sup> **Toll Rate Cap** frameworks, which will be introduced later, can help effectively regulate toll rates and increase utilization of the express lanes.

<sup>2</sup> NCGS 136-89.211 prohibits these types of discounts.

**Balancing Priorities with Financial Viability (*Example 1*):** Allowing HOV3+ to drive toll-free could increase the average toll rates for all other users.



**Balancing Priorities with Financial Viability (*Example 2*):** Permitting heavy commercial vehicles in the Express Lanes allows for reduced toll rates for passenger cars.



**Balancing Priorities with Financial Viability (*Example 3*):** Mandating additional access points and connections to the Express Lanes may result in higher toll rates for users to cover the increased construction cost.

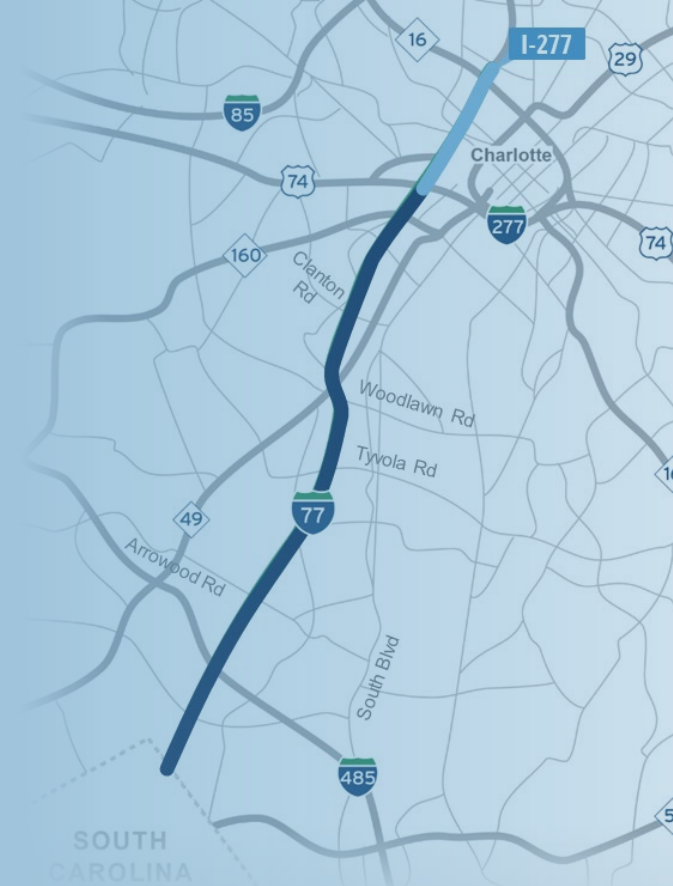


\*Through the Alternative Technical Concept (ATC) process, developers are likely to propose new access points or connections. These proposals will evaluate the net impact of the changes, taking into account revenues minus costs.



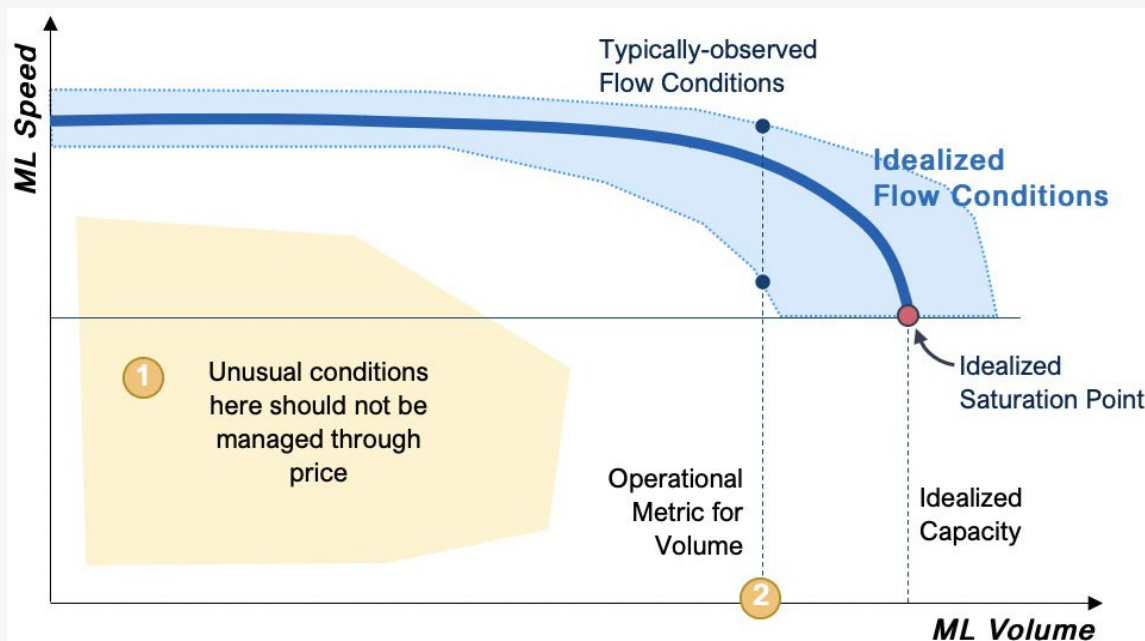
## South Express Lanes

# Tolling Policy – Toll Rate Cap Introduction





**Express Lanes add much-needed capacity**, managing congestion today and supporting the region's growth in the future. **Tolls ensure a reliable trip for express lane drivers.**

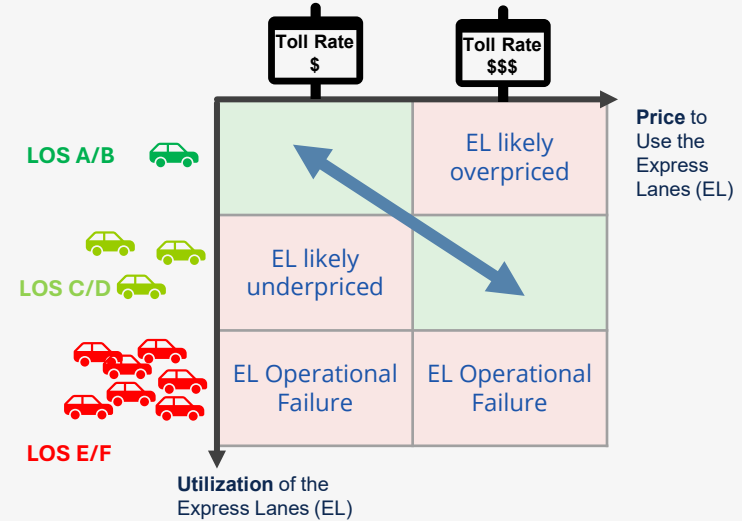


Tolls should vary throughout the day, utilizing real-time dynamic pricing, to **ensure the express lanes do not become overcrowded and congested.**

**A well-crafted policy can effectively balance revenue generation with operational control while ensuring the project's viability and alignment with user and public expectations.**

<b>Quality of Asset</b> <i>Growth, Congestion, Driver Base, Connectivity</i>	<b>Toll Policy</b> <i>Toll Policy, Vehicle Allowances, Free Riders</i>	<b>Value Proposition</b> <i>Upfront Payment, Policy Objectives</i>
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- **Financial/Commercial Goals (Example)**
  - A revenue stream sufficient to require no subsidy or an upfront payment
- **Operational Goals (Example)**
  - Fast and reliable alternative, every day
  - Transparent and fair pricing



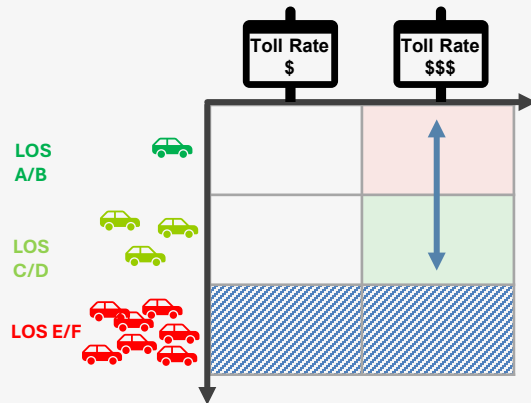
# Toll Policy – Toll Rate Cap Introduction

## No Cap

I-77N, I-66 OTB, I-495, I-95

Operator-Developer may charge whatever rates they desire at any time of day.

- **Pro:** Operator has tools to manage congestion
- **Cons:** Revenue maximization possible and pricing methodology may be less transparent

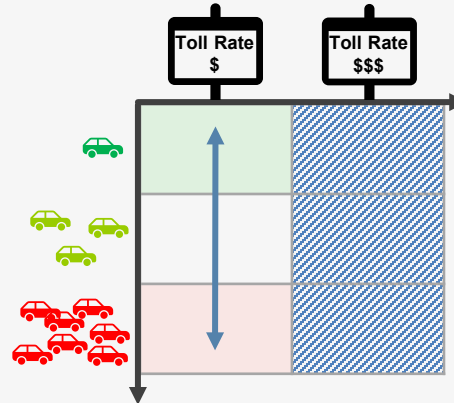


## Hard Cap

Only Publicly Operated Facilities

Operator-Developer may charge whatever rates they desire at any time of day up to the hard cap; never more.

- **Pro:** Maximum price known
- **Con:** Congestion management day-to-day not guaranteed

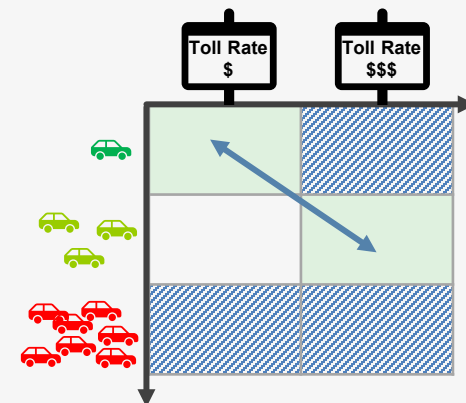


## Soft Cap

DFW TEXpress, SR-400

Operator-Developer may charge whatever rates they desire at any time of day up to the soft cap; the soft cap may only be exceeded if necessary to keep traffic flowing.

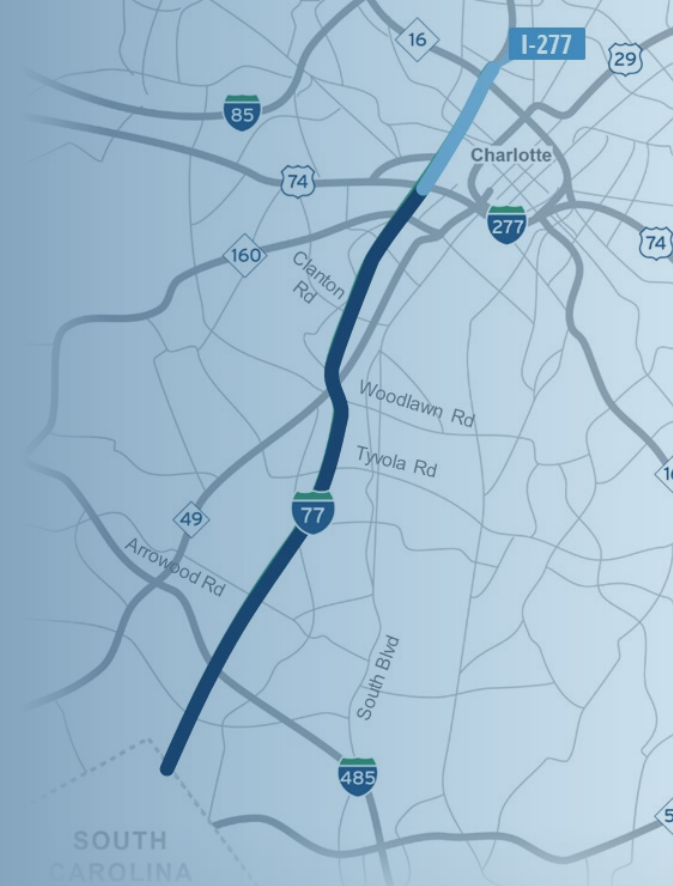
- **Pro:** Increases beyond soft cap may be managed
- **Con:** Operator discretion to charge up to soft cap at any time





## South Express Lanes

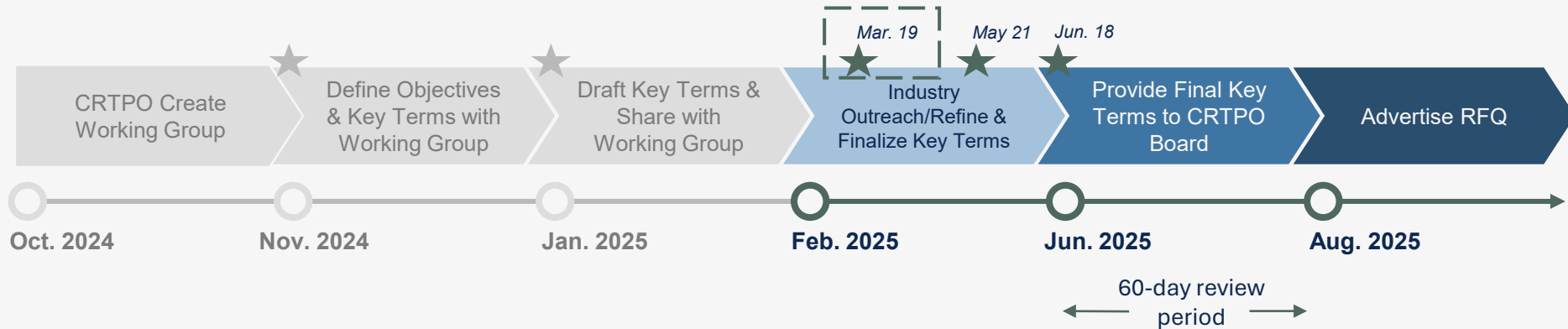
# Closing & Next Steps



Standard	Low Financial Impact – Draft Key Terms	High Financial Impact – Key Terms Concepts
<ul style="list-style-type: none"> <li>• Contract Duration</li> <li>• Early Termination Provisions</li> <li>• Risk Allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Toll Rates during Emergency Declarations</li> <li>• Corridor Access for Emergency Vehicles</li> <li>• Markings / Lighting on the Facility</li> <li>• Transparent Toll Rates</li> <li>• Real-Time Road Condition Updates</li> <li>• Performance Reporting</li> <li>• Transit Usage of Express Lanes for Free</li> <li>• Real-Time Transit Information Systems</li> <li>• Disadvantaged Business Enterprises (DBE) Outreach</li> </ul>	<ul style="list-style-type: none"> <li>• Toll Rate Caps / Regime to increase Express Lane Utilization</li> <li>• Reduced pricing for Eligible Groups</li> <li>• Discounts for Frequent Users or Mecklenburg County Residents</li> <li>• Expansion Based Facility Triggers</li> <li>• Requirements for Technology Enhancements</li> <li>• HOV3+ Free Policy</li> <li>• Commercial Vehicle Express Lane Eligibility</li> <li>• Transit Funding Payments</li> <li>• Transit Related Corridor Infrastructure Improvements</li> <li>• Specific Direct Connect Interchange Opportunities</li> <li>• Local Road Upgrades Required</li> </ul>

# Working Group Meeting Schedule\*

- Next Meeting: March 19, 2025, 3:30pm
  - Objective: Continue industry outreach and share revised draft key terms with the working group for feedback

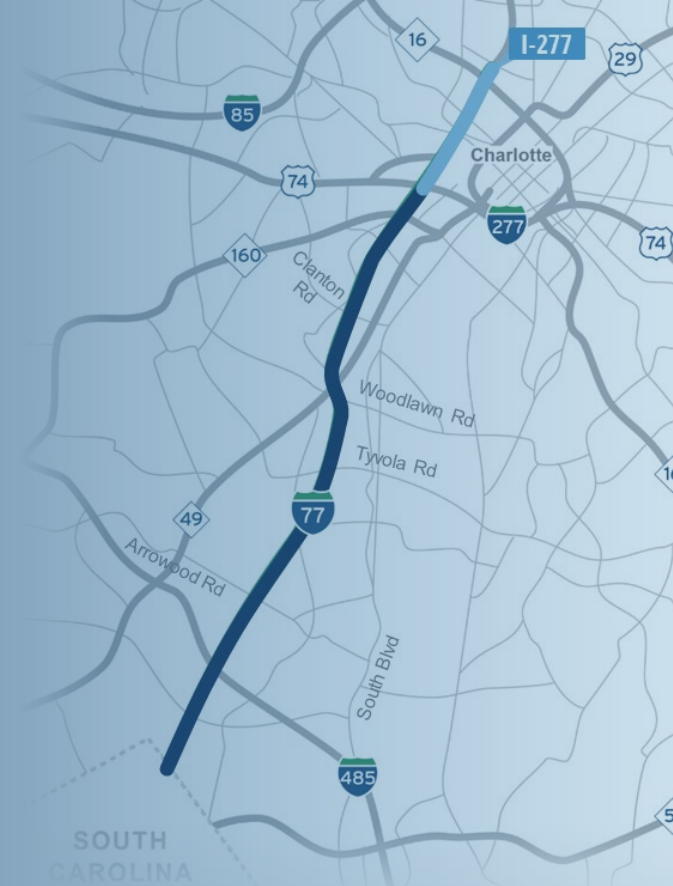


★ = Working Group Meeting  
\*preliminary schedule; subject to change



## South Express Lanes

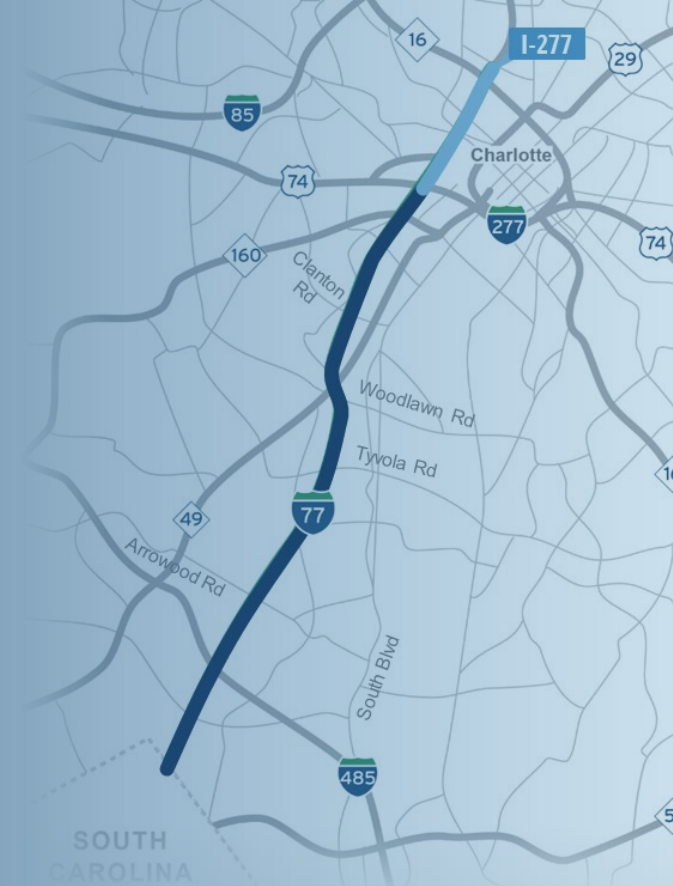
# Adjourn





## South Express Lanes

# Appendix





- Pictures of the flip charts used to document comments and feedback from the working group members during the 1/15/2025 meeting are below.

STANDARD TERMS ①

- EARLY TERMINATION
  - INTUITIVE UNDERSTANDING
- BEST PRACTICES / LESSONS LEARNED
  - SPREADSHEET OF ANALOGOUS PROJECTS (10)
    - TOP ITEMS / DRIVERS

LOW FINANCIAL IMPACT

- WHAT DEFINES PERFORMANCE?  
EXP. LANES & GP LANES
- SOME DONE ON I-77N
- IMPORTANT TO DISCUSS DBE IN-DEPTH

HIGH FINANCIAL IMPACTS ②

- DISCOUNTS → WILL CONTINUE REVIEWING W/ GENERAL COUNSEL
  - ↳ LAY LANGUAGE
- HEAVY VEHICLE ELIGIBILITY
  - ↳ AVG. MPH, SAFETY ACROSS CORRIDOR
  - ↳ IMPACT TO INDEPENDENT TRUCKERS
  - ↳ PILOT-EXTENDED VEH. BREAKOUT
  - ↳ VIOLATIONS IF NOT ALLOWED
    - PROCESS? ↳ POINTS?
  - ↳ RIGHT LANE ONLY
- TECHNICAL ATC'S SHARE

TOLL POLICY ③

- \$ PER SEGMENT
  - TRANSPARENCY THROUGHOUT TRIP
- ITERATION OF HARD / SOFT CAP BEST PRACTICES / EX.
- TOLL RATE CALC. METHODOLOGY FOR CAPS
  - "DYNAMIC COLLAR"
  - "TRIP CAP"

④

WOULD LIKE TO SEE

- TERM SHRT. EXAMPLES
- H/M/L \$ IMPACTS OF HIGH IMPACT OPTIONS