



## **BOARD POLICY: REVENUE**

**Policy Code: A-MDT-STDR-0007-02**

Effective Date: 11-29-2012

### **I. Purpose and Scope**

The Maryland Transportation Authority (MDTA) recognizes the agency's revenue stream is fundamental to its financial health and long-term viability. This revenue policy provides guidance for setting toll levels, discount rates and administrative fees to MDTA members and staff. Adherence to this policy will help the MDTA maintain a sound revenue base and protect its credit quality. This revenue policy will enhance the quality of decisions, rationalize the decision-making process, identify objectives for staff to implement, demonstrate a commitment to long-term financial planning objectives, and will be viewed positively by the bond rating agencies.

### **II. References**

Title 4 of the Transportation Article of the Annotated Code of Maryland

Second Amended and Restated Trust Agreement between the Maryland Transportation Authority and the Bank of New York Mellon dated September 1, 2007, as amended; Section 6.14 "Covenants as to Rates, Etc." and Section 6.15 "Uniformity of Tolls"

COMAR 11.07.05 Public Notice of Toll Schedule Revisions

### **III. Policy**

#### **Revenue Goal**

**Policy Statement 1.** At a minimum, the combination of toll rates, administrative fees and other revenues should be adequate to:

- 1.1. Support the operations and maintenance of the MDTA facilities;
- 1.2. Meet the obligations to bond holders and other creditors consistent with the adopted debt and investment policies; and
- 1.3. Provide funding consistent with the adopted capital program and financial forecast.

#### **Setting Toll Rates**

**Policy Statement 2.** At least every two years, the MDTA will review toll rates at the time of action on the operating and capital budgets and consider whether adjustments to the toll rates might be appropriate to address changes in the Consumer Price Index (CPI), expenses, traffic volumes and financial obligations. In general, the MDTA should seek to avoid in any single

year an increase to the system-wide average toll by more than 50 percent above the then-current system-wide average toll.

**Policy Statement 3.** If the MDTA has determined that additional revenue is needed, the Governor, the Senate Budget and Taxation Committee, Senate Finance Committee, House Appropriations Committee, and House Ways and Means Committee will be notified that a review of the current toll rates and fee schedules is underway to address whether:

**3.1.** Adjustments to the toll rates for fixed-toll facilities might be appropriate to address changes in the CPI, expenses, traffic volumes and financial obligations.

**3.2.** Adjustments to service and administrative fees might be appropriate to recover or defray vendor payments and MDTA administrative costs for servicing the accounts and collecting tolls.

**3.3.** Adjustments to frequency of use and commuter programs might be appropriate to address the needs of MDTA and of its customers.

**Policy Statement 4.** Upon completion of the review, the Executive Secretary shall report on the results at a meeting of the MDTA Board that is open to the public. If an adjustment is determined to be appropriate, the Executive Secretary shall propose a specific set of changes to toll rates, service fees or frequent user and commuter discount programs including a projection of the effects of those changes on future revenues.

**Policy Statement 5.** Toll rates should be established based upon the collective costs to operate, maintain, construct, finance, expand, renovate and preserve bridges, tunnels, highways and associated facilities owned or operated by the MDTA. In general, costs to operate and maintain existing MDTA facilities should not increase by more than the CPI; except when larger increases are needed to accommodate Department of Budget & Management-directed budget items, new facility start-up costs, significant enhancements to capacity, customer service, or traffic management services, or capital costs such as construction, preservation, expansion, or renovation of facilities.

**Policy Statement 6.** Every toll collected on a MDTA Transportation Facilities Project should at a minimum exceed the cost of the toll transaction.

### **Setting Administrative Fees**

**Policy Statement 7.** Service and administrative fees should be established to recover or defray vendor payments and MDTA administrative costs for servicing the accounts and collecting tolls.

**Policy Statement 8.** The MDTA should review service and administrative fees at least once every two years and whenever a new vendor contract to service accounts or collect tolls is approved.

## Establishing Discount Rates

**Policy Statement 9.** Discounts to the toll rates must be in accordance with the provisions of the Trust Agreement and applicable laws.

**Policy Statement 10.** At least every two years, the MDTA will review frequency of use and commuter programs to determine whether the programs are reasonable and appropriate to the needs of MDTA and of its customers.

## Financial Reporting and Public Notice

**Policy Statement 11.** The MDTA will prepare an annual audited financial statement.

**Policy Statement 12.** The MDTA will submit financial forecasts to the Maryland General Assembly in accordance with §4-210 of the Transportation Article of the Annotated Code of Maryland.

**Policy Statement 13.** The MDTA will hold public meetings and accept public comments in accordance with §4-312 of the Transportation Article of the Annotated Code of Maryland.

**Policy Statement 14.** The MDTA will take action on the toll schedule at a public meeting in accordance with §4-312 of the Transportation Article of the Annotated Code of Maryland.

## **IV. Procedures Responsibility**

The Division of Strategic Development shall oversee and coordinate the toll revenue management process for the MDTA and maintain the procedures to implement this policy.

## **V. Glossary**

Transportation Facility Project. Those projects defined as Transportation Facilities Projects in the Trust Agreement.

## **VI. Attachment(s) (Exhibits/Tables, etc.)**

None.

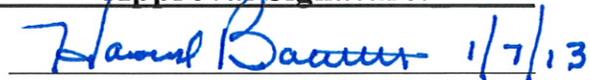
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Revised by the Authority on 11-29-12

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