TOLLING AND PRICING PROGRAM

Home

[4910-22-P]

DEPARTMENT OF TRANSPORTATION
Federal Highway Administration

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU); Opportunities for State and Other Qualifying Agencies to Gain Authority to Toll Facilities Constructed Using Federal Funds

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice; process to solicit participation in various programs that grant authority to toll Federal-aid facilities.

SUMMARY: This notice provides summary information on all of the various non-grant tolling and pricing opportunities available in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This notice and a companion notice, which refers to the Value Pricing Pilot (VPP) program, are both in today's Federal Register. Together they are intended to explain all of the opportunities for States and other qualifying transportation agencies requesting permission to toll their respective facilities. In addition to describing each of the relevant programs, this notice also describes the initial review process that will help to identify which of the programs are candidate for a States' particular project, and of those, which is most appropriate to gain successful approval. That process applies to every program contained in this notice and also to the VPP program. The process is initiated with an Expression of Interest, which is fully defined later in this notice.

Due to the nature of the deadlines required to solicit, review, and award the grant funds annually, the VPP program requires its own Federal register notice, and is published in its entirety elsewhere in today's Federal Register under the title "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU); Value Pricing Pilot Program Participation."

Finally, this notice announces the availability of a website that will serve as a clearinghouse of information on all of the tolling and pricing programs and their respective program tenets.

DATES: Of the non-grant programs described herein, only two have deadlines stipulated in the legislation. The Interstate System Construction Toll Pilot Program has a deadline for applications of August 10, 2015, and the Express Lanes Demonstration Program has a window of fiscal years 2005 to 2009. For the other programs discussed herein, there are no annual or recurring submittal deadlines for States or other qualifying public agencies to request authority to toll their federally funded public highway facilities. However, States are advised that some programs discussed herein have a finite number of available slots permitted by legislation, meaning that participation in these programs will not be allowed once all slots are allotted.

FOR FURTHER INFORMATION CONTACT: For questions about the programs discussed herein, please contact Mr. Wayne Berman, Tolling and Pricing Team, FHWA Office of Operations, (202) 366-4069, or via email at wayne.berman@fhwa.dot.gov. For legal questions, interpretations and counsel, please contact Mr. Michael Harkins, Attorney Advisor, FHWA Office of the Chief Counsel, (202) 366-4928, or via email at michael.harkins@fhwa.dot.gov. Office hours for the FHWA are from 7:45 a.m. to 4:15 p.m., EST, Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Electronic Access

You may submit or retrieve comments online through the Document Management System (DMS) at:
Tolling and Pricing Program Announcement - FHWA Operations

http://dms.dot.gov/submit. The DMS is available 24 hours each day, 365 days each year. Electronic submission and retrieval help and guidelines are available under the help section of the website.


Anyone is able to search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review DOT's complete Privacy Act Statement in a Federal Register published on April 11, 2000 (70FR 19477), or you may visit http://dms.dot.gov.

Background

In the recently passed SAFETEA-LU legislation (Pub. L. 109-59, August 10, 2005) Congress enabled three new exceptions, and modified one existing exception, to Title 23 of the United States Code, Section 301, which otherwise generally prohibits the imposition of tolls on facilities that use Federal funds. These actions now provide States and other qualifying transportation agencies or compacts of States more opportunities to enact tolls as a means of financing various operating, construction, or reconstruction projects, or of addressing debt reduction. Along with the three new programs and the one modification, there already exist other specific exceptions to federal authority to enact tolls. This notice and the VPP program notice elsewhere in today's Federal Register intend to explain the sum of all opportunities for States and other qualifying transportation agencies requesting permission to toll their respective facilities. The FHWA Office of Operations has been designated to coordinate both notices and serves as the office point of contact for both notices.

In addition to describing each of the non-grant tolling and pricing opportunities available in SAFETEA-LU, this notice also describes the two-step process necessary to submit an application. Briefly, the first step is to submit an Expression of Interest to the Tolling and Pricing Team (fully described later in this notice). The Expression of Interest is a document that will enable FHWA to assist the applicant in identifying the range of options and will help direct the application to the most appropriate program office. The Tolling and Pricing Team will not approve projects, but will serve as a clearinghouse for all applications, with intent to properly and fairly facilitate the completeness of the application. The second step is for the applicant to respond to FHWA's comments on the Expression of Interest, and then formally apply to the selected program office that offers the desired tolling or pricing authority. This approach will help direct public authorities to the most appropriate program among the many options available. This approach will also help the FHWA to coordinate and manage the limited number of participation slots that are available for the different tolling and pricing programs.

Tolling and pricing strategies (e.g., strategies that set the price of a toll to rise and fall or impose parking charges to reduce congestion) are increasingly emerging as necessary and useful tools to finance projects, manage congestion, improve air quality, and facilitate the creation of public-private partnerships. The term "tolling" refers to any imposition of a fee for the use of a facility. Classic examples of this term would be fixed fees that motorists pay (usually per number of axles or vehicle weight) to cross a bridge or tunnel, or enter or exit an express toll facility at a particular location. While tolling involves the collection of a fee from motorists for their use of a highway facility, the term "toll pricing" specifically refers to strategies that vary the price of the toll by time of day or traffic volume level in a way to manage congestion or use of that facility.

Probably the most well known application of toll pricing is "High Occupancy Toll" (HOT) lanes that offer single-occupant vehicles the ability to use High Occupancy Vehicle (HOV) lanes that they would otherwise be restricted from using. By paying a fee to use the HOV lane (thereby justifying the renamed "HOT lane" designation) the motorist benefits by gaining a degree of trip-time reliability over the adjacent congested general-purpose lanes, while the general-purpose lanes benefit from the reduction of vehicles that have transferred into the HOT lane.

All tolling and pricing of Federal-aid highway system facilities requires legal authority from the Federal government, but some pricing strategies unrelated to tolling, such as parking charges or pay-per-mile car insurance, do not. As such, the latter do not apply to this notice and are not discussed herein. Although 23 U.S.C. 301 generally prohibits the imposition of tolls on facilities that have been constructed with Federal funds, SAFETEA-LU includes the aforementioned three new exceptions, and one modified exception. Along with some prior authority granted in various sections of the United States Code, this notice is intended to identify and sort through the various options.

The SAFETEA-LU legislation offers States, compacts of States, and in one case, "public or private entities
designated by States" (hereafter, collectively referred to as "public authorities") three new opportunities and one modified opportunity to toll motor vehicles to finance Interstate construction and/or reconstruction, promote efficiency in the use of highways, reduce traffic congestion and/or improve air quality.

First, Section 1121, amended 23 U.S.C. 166 to permit the conversion of HOV lanes into HOT lanes.

Next, Sections 1604 (b), the Express Lanes Demonstration program, and 1604 (c), the Interstate System Construction Toll Pilot program, are new programs providing tolling authority opportunities. The Express Lanes Demonstration program permits tolling authority for up to fifteen demonstration projects for existing HOV facilities or where toll capacity is added, and the Interstate System Construction Toll Pilot program authorizes up to three toll pilot facilities on the Interstate system for the purpose of constructing new Interstate highways.

Finally, Section 1604 (a), the VPP program, modifies and extends an existing program that was first enacted as the "Congestion Pricing Pilot" program by Section 1012 (b) of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), and amended by 1216 (a) of the Transportation Equity Act for the 21st Century (TEA-21). Because of its unique standing as the only grant program discussed herein, and because there exists annual deadlines for solicitation, review, and award, the VPP program has its own notice published elsewhere in today's Federal Register. However, the request to submit an initial Expression of Interest is the same as the one described herein for the remaining programs.

In addition to the SAFETEA-LU provisions, there are other pre-existing provisions that permit the tolling of federally funded highway facilities. First, and most notably, 23 U.S.C. 129 permits the imposition of tolls on free non-Interstate highways, bridges, and tunnels and on free Interstate bridges and tunnels in accordance with Title 23 U.S.C. 129(a)(1). Also, the Interstate System Reconstruction and Rehabilitation Pilot Program, Section 1216 (b) of TEA-21, permits the collection of tolls on three Interstate facilities for the purpose of reconstruction and rehabilitation.

Purpose of this Notice

The purpose of this notice is to explain the legislative programs that grant permission to public authorities to enact tolls, to invite Expressions of Interest to participate in these programs, and to introduce a website that will serve as a clearinghouse of information on the programs, the process, and the questions that might arise. Concurrent with this notice is the companion notice published elsewhere in today's Federal Register pertaining to the VPP program, which is the only grant program that is available.

The primary audience for this notice is expected to be State departments of transportation and associated public authorities (e.g., metropolitan planning organizations, public/private transportation entities, etc.) that will seek permission from the Federal government, through FHWA, to enact tolls.

The website resource offers general descriptions of all the programs, points of contact, a way to submit questions electronically, and instructions on how to submit an Expression of Interest via the Internet. This webpage is located on the FHWA Office of Operations website at the Tolling and Pricing Opportunities page at www.ops.fhwa.dot.gov/tolling_pricing/index.htm

Program Coordination and Assistance - The Tolling and Pricing Team

The Federal Highway Administration, Office of Operations is responsible for coordinating all tolling and pricing programs that now exist under the Federal-aid Highway Program. The many programs described in this notice can be potentially confusing because of their number and range of specific purposes. In an effort to minimize this potential confusion, the Office of Operations has formed a working group known as the "Tolling and Pricing Team."

The key role for the Tolling and Pricing Team is to assist public authorities by directing them to the most appropriate program (or programs) among the many options available. Members of the Tolling and Pricing Team represent the FHWA Offices of Operations, Policy and Governmental Affairs, and Infrastructure - the primary offices responsible for administering each of the tolling and pricing programs - and other oversight offices within the U.S. Department of Transportation, including, but not limited to the Office of the Secretary and the FHWA Offices of the Administrator and Office of Chief Counsel. Members participate on the Tolling and Pricing Team because of their direct program responsibilities or because they are interested stakeholders for tolling and pricing programs within the U.S. Department of Transportation.

The Tolling and Pricing Team has six purposes:

1. Coordinate all tolling and pricing activity within FHWA to facilitate the implementation and
advancement of tolling and pricing projects and standards in the United States;

2. Receive and review all Expressions of Interest submitted to the FHWA from a public authority;

3. Direct the public authority or partnerships designated by the State to the tolling and pricing program (or programs) that can enable them to accomplish the goals set forth in the "Expression of Interest";

4. Assist the Office of Operations in the promulgation of a final rule including requirements, standards, or performance specifications for the interoperability of automated toll collection systems as directed by SAFETEA-LU Section 1604(b)(6);

5. Support each of the FHWA Program Offices, that have responsibility for a tolling and pricing program, in advancing formal proposals to gain approval to toll or price motor vehicles and facilitating coordination with the appropriate FHWA Division Office; and

6. Establish program performance goals; monitor achievements, and prepare an annual report to Congress on the status and progress of all tolling and pricing programs, including describing program successes in meeting congestion reduction and other performance goals.

The Tolling and Pricing Team reviews all "Expression of Interest" for the various tolling opportunities contained in current law but does not have responsibility to approve or disapprove specific projects. That responsibility will remain with each of the respective FHWA program offices responsible for administering a specific tolling and pricing program. By requesting and reviewing all Expressions of Interest, the Tolling and Pricing Team can effectively guide an applicant to the most appropriate program.

The "Expression of Interest"

A public authority that wants to request tolling or pricing authority, or funding, is asked to submit an Expression of Interest to the Tolling and Pricing Team in care of the FHWA Office of Operations in Washington, D.C. An Expression of Interest template is available at http://www.ops.fhwa.dot.gov/tolling_pricing/participation.htm. Use of the template is optional. The Expression of Interest may be attached as an email to TollingandPricingTeam@fhwa.dot.gov, or a hardcopy can be mailed to Mr. Wayne Berman, FHWA Office of Operations, Room 3404, 400 Seventh Street, SW, Washington D.C., 20590. Concurrently, the Expression of Interest should be copied to the respective State FHWA Division Office.

The Expression of Interest is a document - in letter, memo, or report format - that provides the rationale for funding or tolling authority and information about the intended project. A complete Expression of Interest, based upon the information items listed below, will enable the Tolling and Pricing Team to provide the best assistance and identify the range of options possible to meet intended goals and timeframes.

The information items requested for a complete Expression of Interest are as follows:

a. A description of the agency or requesting authority or authorities that is/are requesting this tolling authority where applicable;

b. The name, title, email, and phone number of the person who will act as the point of contact on behalf of the requesting authority or authorities;

c. A statement concerning the action being sought:
   i. Funding and/or tolling authority via the Value Pricing Pilot program to support either pre-project study activities or implementation activities as permitted; or
   ii. Only authority to toll either existing or planned facilities;

d. A description of the subject facility or facilities proposed to be tolled;

e. Whether the subject facility is an Interstate or non-Interstate facility;

f. Whether construction is involved and, if so, whether this is new construction, expansion, rehabilitation, reconstruction, or other;
g. Whether an HOV lane or lanes currently exist on the facility;

h. A timetable to enact tolling (or modify tolling) on the subject facility;

i. Any expressions or declarations of support from public officials or the public. If no public meetings or expressions of support are available, please indicate if there are project plans for ensuring adequate public involvement and support prior to implementation;

j. A plan for implementing tolls on the facility, where applicable. Where known, the range of anticipated tolls and the strategies to vary toll rates (i.e., the formulae for variable pricing);

k. The reasons for implementing tolls, such as financing construction, reducing congestion, or improving air quality;

l. A description of the public agency or agencies that will be responsible for operating, maintaining, and enforcing the tolling program; and

m. A description of how, if at all, any private entities are involved either in the up-front costs to enact tolling, or the cost sharing or debt retirement associated with revenues.

Program Participation - Overview of the Process

Submitting an Expression of Interest initiates a review process by the Tolling and Pricing Team that leads to a recommendation as to which tolling or pricing program (or programs) will be appropriate and available to meet the goals of the public authority. In some cases, if more than one tolling program is available, the Tolling and Pricing Team will work with the public authority to help select the one program that is most appropriate and is most likely to lead to project approval. If, in some cases, the public authority prefers a tolling program other than the one recommended, the Tolling and Pricing Team will defer to this request; however, the Tolling and Pricing Team will also provide advice as to the pros and cons of the decision.

Once there is agreement between the public authority and the Tolling and Pricing Team as to the most appropriate program, the applicant will be referred to the specific FHWA program office responsible for administering that tolling and pricing initiative. The FHWA program office will then provide the public authority with the necessary information on how to formally apply for authority to toll motor vehicles.

Once a formal application is submitted, the appropriate FHWA program office will review the application and determine whether or not to approve the proposed project. The public authority will then be notified as to the determination. If approved, a formal tolling agreement and/or cooperative agreement will be prepared between the FHWA and the public authority. The toll agreement must be executed with the FHWA and address the use of revenues that are collected from the operation of the toll facility. While program elements may vary, the restrictions generally require the revenues to be used first for debt service, reasonable return on the investment for private parties, and the operations and maintenance of the facility. In addition, if the facility is being adequately maintained, any revenues in excess of these uses may be used for other title 23 U.S.C. eligible purposes. The FHWA, the State Department of Transportation, and the relevant toll authority or local governmental entity, if any, will execute the toll agreement.

Summary of the Two-Step Review Process

The entire review process, resulting in the execution of a toll agreement and/or a cooperative agreement, can be summarized in two steps as follows:

Step #1: Submit an Expression of Interest to the Tolling and Pricing Team. The Tolling and Pricing Team will review the Expression of Interest, advise the applicant which program or programs are eligible, and will also provide counsel as to which program is most appropriate to pursue. The State or public authority making application will be directed to contact the selected program office, wherein, the program office will then inform the public authority as to the procedures required for submitting a formal application for tolling authority and/or value pricing funding.

Step #2: Submit a formal application for tolling and pricing authority or value pricing funding to the FHWA program office for formal review, ultimately leading to a decision on approval. The public authority will then
be notified of the decision. If the project is approved, a formal tolling agreement will then be prepared.

**Tolling and Pricing Opportunities Available under the Federal-aid Highway Program (Title 23, U.S.C.) HOV Facilities—Section 1121**

Section 1121 of SAFETEA-LU removed Section 102(a) of Title 23 of the United States Code (23 U.S.C.) and replaced it with a new Section 166 that clarifies the operation requirements of HOV facilities and provides more exceptions to their minimum vehicle occupancy requirements. Other non-tolling related issues are addressed in this section (e.g., low emission and energy efficient vehicles) that are irrelevant to the purpose of this notice. Specific to tolling and the creation of HOT lanes, the new legislation allows States to charge tolls to vehicles that do not meet the established occupancy requirements to use an HOV lane, provided the agency meets certain criteria to enroll participants, collect fees electronically, manage demand by varying tolls, and enforce against violations. Tolls under this section may be charged on both Interstate and non-Interstate facilities. There is no limit on the number of projects or the number of States that can participate. For more information, refer to the document "Federal-aid Highway Program Guidance on High Occupancy Vehicle (HOV) Lanes" which can be accessed from the HOV Facilities program section of the Tolling and Pricing website at [www.ops.fhwa.dot.gov/tolling_pricing/index.htm](http://www.ops.fhwa.dot.gov/tolling_pricing/index.htm).

**Express Lanes Demonstration Program—Section 1604(b)**

This program permits tolling on selected demonstration projects to manage high levels of congestion, reduce emissions in a nonattainment or maintenance air quality area, or finance additional Interstate lanes for the purpose of reducing congestion. Fifteen projects are authorized nationwide from 2005 through 2009 to allow "States, authorities, or public or private entities designated by States" to collect a toll from motor vehicles at an eligible toll facility for any highway, bridge, or tunnel, including on the Interstate system. The State must vary the price of tolls according to the time of day or level of traffic, as appropriate, to manage congestion or improve air quality.

Unique to this program is the term "demonstration project." For purposes of tracking the fifteen slots allowed in Section 1604 (b), each agreement executed between an authority and the FHWA will constitute one "demonstration project." Either one facility, or, at the FHWA's discretion, a group of interrelated facilities in a region (so long as they are all operated under the auspices of the same oversight agency or agencies) may constitute one demonstration project, provided that all candidate facilities meet program criteria at the time of the agreement Facilities located elsewhere in the State would require new and separate agreements.

**Interstate System Construction Toll Pilot Program—Section 1604 (c)**

This new program authorizes up to three facilities on the Interstate System to toll for the purpose of financing the construction of new Interstate highways. A State or an interstate "compact of States" may submit a single candidate project under this program. Each applicant or applicants must demonstrate that financing the construction of the facility with the collection of tolls is the most efficient and economical way to advance the project. The State must agree not to enter into a noncompete agreement with a private party under which the State is prevented from improving or expanding the capacity of public roads in the vicinity of the toll facility to address conditions resulting from traffic diverted to nearby roads from the toll facility. There is no special funding authorized for this program. By law, Interstate maintenance funds may not be used on a facility for which tolls are being collected under this program. All applications submitted under this program must be received by FHWA before August 10, 2015. This date is specifically cited for this program in Section 1604 (c)(8) of SAFETEA-LU.

**23 U.S.C. Section 129**

Under 23 U.S.C. 129, Federal participation is allowed in the following five types of toll activities.

- Initial construction (except on the Interstate System) of toll highways, bridges, and tunnels, including the approaches to these facilities;

- Reconstructing, resurfacing, restoring, and rehabilitation work on any existing toll facility;

- Reconstruction or replacement of free bridges or tunnels and conversion to toll facilities;
- Reconstruction of a free Federal-aid highway (except on the Interstate System) and conversion to a toll facility; and

- Preliminary studies to determine the feasibility of the above toll construction activities.

If Federal-aid funds are used for construction of or improvements to a toll facility or the approach to a toll facility or if a State plans to reconstruct and convert a free highway, bridge or tunnel previously constructed with Federal-aid funds to a toll facility, a toll agreement under Section 129(a)(3) must be executed. There is no limit to the number of agreements that may be executed.

**Interstate System Reconstruction and Rehabilitation Pilot Program**

SAFETEA-LU continued the authority initially provided in Section 1216 (b) of TEA-21, by allowing up to three existing Interstate facilities (highway, bridge, or tunnel) to be tolled to fund needed reconstruction or rehabilitation on Interstate highway corridors that could not otherwise be adequately maintained or functionally improved without the collection of tolls. Each of the three facilities must be in a different State. There is no special funding authorized for this program. By law, Interstate maintenance funds may not be used on a facility for which tolls are being collected under this program. Currently, only one open slot remains.

**Value Pricing Pilot Program-Section 1604(a)**

As previously noted, a separate notice announcing this program's solicitation is published elsewhere in today's Federal Register due to the fact that this program is unique in offering grant funds, and the requirements for timely solicitation, review, and award of grants. The existence of this program is mentioned herein solely as a means to complete the perspective of all tolling opportunity programs.

**Frequently Asked Questions**

1. Why can't a State (or "public authority") simply apply directly to one specific program? Technically, there is nothing to restrict an agency from doing this; however, since there are so many programs, some with limited participation slots, FHWA prefers to screen each project application. This is to ensure that (a) the agency is aware of the full range of available options; (b) the FHWA can effectively manage the very limited number of participation slots authorized for each program; and (c) other program offices are made aware that an application has been made, as each program will have a representative on the Tolling and Pricing Team.

2. Who will make up the Tolling and Pricing Team? The Office of Operations is the lead office and will undertake responsibility to gather and distribute the Expressions of Interest for preliminary evaluation and to maintain the aforementioned website. The Tolling and Pricing Team has representation from all of the relevant program offices that have tolling and pricing oversight responsibilities, including the FHWA Offices of Operations, Policy and Governmental Affairs, and Infrastructure. In addition, other stakeholder offices within FHWA and the U.S. Department of Transportation are represented, including the FHWA Offices of Public Affairs and Chief Counsel, and the Office of the Secretary of Transportation.

3. How often will the Tolling and Pricing Team meet? The group will meet as often as necessary in person, but mostly will communicate via email contact and access to a File Transfer Protocol (FTP) website, which will serve to post the Expressions of Interest for private review by the team almost immediately upon submittal. The Office of Operations will act promptly to engage the Tolling and Pricing Team to review a project proposal discuss project eligibility under different programs, and recommend the project for further consideration under the most appropriate program.

4. If I have any questions, whom should I contact? Any general questions concerning the tolling and pricing programs should be directed to Mr. Wayne Berman, Transportation Specialist, in the Office of Operations at 202-366-4069. His email address is wayne.berman@fhwa.dot.gov. Alternatively, there is an email "mailbox" on the tolling and pricing website (address below). At the time of this notice, the
direct points of contact are:

a. Website: http://www.ops.fhwa.dot.gov/tolling_pricing/index.htm

b. Tolling and Pricing Team - Wayne Berman, HOP. (202) 366-4069; wayne.berman@fhwa.dot.gov.

c. Value Pricing (SAFETEA-LU 1604 (a)) - Patrick DeCorla-Souza. (202) 366-4076; patrick.decorla- souza@fhwa.dot.gov.

d. HOV to HOT lane (1121) - Jessie Yung. (202) 366-4672; jessie.yung@fhwa.dot.gov.

e. Express Lanes Demonstration (SAFETEA-LU 1604 (b)) - Wayne Berman (contact info above).

f. Interstate System Construction (SAFETEA-LU 1604 (c)) - Greg Wolf. (202) 366-4655; greg.wolf@fhwa.dot.gov.

g. Interstate Reconstruction and Rehabilitation (TEA-21 1216(b)) - Greg Wolf (contact info above).

h. 23 U.S.C. Section 129 Agreements - Greg Wolf (contact info above).


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