



## **BOARD POLICY: REVENUE**

**Policy Code: A-MDT-FIN-0007-03**

Effective Date: September 29, 2016

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

The Maryland Transportation Authority (MDTA) Board recognizes the agency's revenue stream is fundamental to its financial health and long-term viability. This revenue policy provides guidance to MDTA Board Members and staff for setting toll levels, discount rates and administrative fees. 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

Board Policy: Debt Management

Board Policy: Investment Management

### **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, including the rate covenant, debt service coverage requirement, and minimum cash reserve policy consistent with the adopted Debt Management and Investment Management policies; and
- 1.3. Provide funding consistent with the adopted capital program and financial forecast.

## Setting Toll Rates

**Policy Statement 2.** Annually, as part of the financial forecasting process, MDTA will review the adequacy of toll rates as a function of forecasted traffic volumes, projected operating and capital budgets, and debt service 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.** Upon completion of the review, the Executive Director or designee shall report on the results at a meeting of the MDTA Board that is open to the public.

**3.1** If an adjustment is determined to be appropriate, the Executive Director or designee 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.

**3.2** If the MDTA determines that additional revenue is needed, it will hold public meetings, accept public comment, and provide legislative notice in accordance with §4-312 of the Transportation Article of the Annotated Code of Maryland and Section 11.07.05 of the Code of Maryland Regulations.

**Policy Statement 4.** 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 5.** 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 6.** 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 7.** The MDTA should review service and administrative fees at least annually and whenever a new vendor contract to service accounts or collect tolls is approved.

## Establishing Discount Rates

**Policy Statement 8.** Discounts to the toll rates must be in accordance with the provisions of the Trust Agreement and applicable laws.

**Policy Statement 9.** At least annually, the MDTA should 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

**Policy Statement 10.** The MDTA will prepare an annual audited financial statement.

**Policy Statement 11.** 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.

## **IV. Procedures Responsibility**

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

## **V. Glossary**

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

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

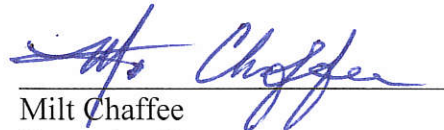
None.

**Policy Code:** \_\_\_\_\_ **Next Policy Review Date:** \_\_\_\_\_

A-MDT-FIN-0007-03      As needed

**Policy Action Date(s):** \_\_\_\_\_ **Approval Signature:** \_\_\_\_\_

Approved by the MDTA on September 29, 2016

  
Milt Chaffee

Executive Director

Approved Effective September 29, 2016

Reviewed for Form and Legal Sufficiency

  
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