

IBTTA Transportation Finance
& Road Usage Charging Conference

THE BUSINESS OF MOBILITY

Non-Toll Revenue

Kevin Hoeflich, PE

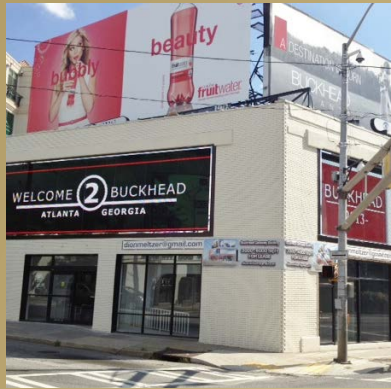
Toll Market Practice Leader

HNTB Corporation

April 27, 2015



HNTB Corporation
Infrastructure Solutions



BACKGROUND AND RESEARCH APPROACH





GUIDING PRINCIPLES

- **VALUE:** Is the potential new revenue source worth the cost to implement?
- **TAX STATUS:** Will the non-toll revenues affect the tax-exempt status of the authority?
- **IMAGE:** How will the Non Toll Revenue approach impact the brand of the agency?
- **INVESTMENT:** What is the intended use for the additional revenues?

BENEFITS ON NON-TOLL REVENUE

DIVERSIFY
Revenue Stream

MAXIMIZE
Revenue
Opportunities

Manage
Expectations

EXPECTATIONS OF NON-TOLL REVENUE

- Non-Toll Revenue vs. Toll Revenue
- Tie to Specific Operational Needs
- To Leverage or Not



Best Practices

GENERATE REVENUE														
Leasing Property or Assets/Sell Surplus	✓		✓			✓			✓	✓		✓	✓	✓
Advertising			✓	✓			✓		✓	✓	✓	✓	✓	✓
Cell Tower Leases			✓	✓					✓	✓	✓	✓	✓	✓
Fiber Optic Leases			✓	✓	✓				✓	✓	✓	✓	✓	✓
Transponder/Fees or Other Revenue			✓						✓	✓		✓	✓	
Logo Signs			✓			✓	✓		✓	✓	✓	✓		
Truck Parking Management/Amenities			✓	✓	✓	✓				✓	✓	✓		✓
Lease Property Rights: Occupancy Permits, ROW Crossing Agreements, Easements					✓	✓				✓	✓			
Highway Sponsorship			✓				✓	✓		✓		✓		
Service Plazas & Amenities			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Service Plaza Naming Rights											✓	✓		
COST SAVINGS														
Alternative Power Initiatives (Solar & Wind)			✓		✓				✓	✓	✓			
Private or Community Infrastructure Partnership			✓	✓			✓			✓				✓
LED Lighting		✓	✓						✓	✓		✓		
Innovative Maintenance Approaches	✓	✓								✓		✓		
CUSTOMER SERVICE														
Road Ranger Type Program			✓	✓	✓					✓				
WiFi Along Corridor			✓											
Airport Parking			✓						✓	✓				

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SERVICE PLAZAS

- Traditional Approach
- Highest Value/Best Return
- Unique Opportunity
- 21st Century Service Plaza



SERVICE PLAZAS

- Variety of Approaches
- Customer is King – Do Your Research
- Contract is the Key – Reflect your Needs
- Added Value – Innovation





The HNTB Companies
Engineers Architects Planners

Maximizing non-toll revenue

Getting creative and improving bottom-line best practices to identify and generate alternative revenue for toll agencies

WHITE PAPER | MARCH 2011

IDEAS ■ INNOVATION

Getting the most out of alternative revenue

Unlike the transportation sector, toll agencies are not dependent on public funding. Like a for-profit business, toll agencies are responsible for their own customers. Toll agencies have raised their rates and increased their toll revenues since the late 1990s, but the lack of alternative revenue sources as public

style displays, to backlit signs, advertorial displays and paid placements on dedicated "Turnpike TV" displays. The Ohio Turnpike Commission generated more than \$13.6 million in concession-related revenues in 2009.

Efforts to increase sustainability through recycling or generating power through solar panels and wind turbines also can turn a profit. For example, after Florida's Turnpike Enterprise purchased generators primarily for use during power outages due to hurricanes, the agency also realized it could use them during brownouts to sell excess power back to local municipalities as a credit.

Leveraging surplus property and permitting

Leasing easements for cell phone towers and fiber optic cable lines have proven profitable for many toll agencies, allowing them to generate revenue as well as benefit operationally from the infrastructure. Such property arrangements also might include mineral rights, gas wells, alternative energy projects, facility use permits and access rights to other kinds of infrastructure, such as closed-circuit television systems.

On a related note, evaluating the collection of assorted fees related to operations shouldn't be overlooked. This can include parking and special use fees, as well as escort, impoundment and towing charges.

Establishing appropriate guidelines for sponsorships

The key to successfully increasing non-toll revenue is to establish traditional and nontraditional forms — is by collecting funds in an appropriate and non-invasive manner and then reinvesting them in the facility to serve the customer. This perhaps is best illustrated by the potential use and abuse of expanded rates of advertising and sponsorships.

It is easy to undervalue the positive exposure an agency can provide sponsors and advertisers. Granting a

Infrastructure matters

Such programs are easily scalable to similar parking environments, such as theme parks. They also provide additional fees.

Likewise, the expansion of electronic toll collection (ETC) provides opportunities to collect fees from rental car customers that might otherwise be lost. Processing transactions and printed account statements can serve as additional sources of revenue.

Sharing development costs

Infrastructure development impacts the larger community as well as those who use the facility. When toll agencies develop new roadways, as well as maintain existing infrastructure, opportunities for economic development expand as well, from new housing and commercial developments to sprawling corporate campuses.

Some toll agencies, such as the Florida Turnpike Enterprise, are encouraging these developments by providing incentives to private developers.

White Paper Coming Soon

Operating partnerships

Since toll agencies have the technology and expertise in payment processing, the expansion of parking and event parking revenue sources. Much like the aviation industry, toll agencies also could benefit from these services as well as cash. In addition, a toll agency that operates a facility near a sports stadium or speedway could arrange for the operator to underwrite the temporary suspension of tolls for event-related traffic. This type of partnership would improve traffic flow, revenue and goodwill for both the agency and the event sponsor. Such partnerships also can include intellectual property, including software, which could be created for a toll facility and then sold by the developer to other customers through a cooperative, mutually beneficial arrangement.

Agency approach to construction

Agency approach to construction will vary depending on the organization's revenue, operating philosophy and the regulatory and political environments. Yet all organizations should evaluate both current practices and potential tactics through the lens of putting customers first. Research has shown this approach garners support — not just acceptance — from governance boards and toll facility users alike.

HNTB Corporation is an employee-owned infrastructure firm serving federal, state, municipal, military and private clients. With nearly a century of service, HNTB has the ability to understand the full lifecycle of infrastructure and the perspective to solve the most complex problems. Through our expertise in project management, program management and construction management services, we help our clients achieve their goals. For more information, visit www.hntb.com.

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Questions

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