

**AGENDA ITEM #5: ELIZABETH RIVER CROSSING (ERC) TOLL AGREEMENT**

*Mr. Robert A. Crum, Jr., HRPDC/HRTPO Executive Director*

In 2011, an Agreement was signed between Skanska, USA; Macquarie; and the Commonwealth of Virginia to build the Downtown and Midtown Tunnels and the Martin Luther King Extension to I-264. The Agreement runs to the year 2070 and is referred to as the ERC Agreement.

The cost to construct these projects was approximately \$2.16 billion. Under the ERC Agreement, the ERC was responsible for financing, building, operating, and maintaining the facilities during the term of the Agreement. The Virginia Department of Transportation (VDOT) retained ownership and oversight of the tunnels. Neither the Hampton Roads Transportation Planning Organization (HRTPO) nor the local governments were party or signatory to this Agreement.

The Agreement was established through the year 2070, with an annual toll increase of 3.5% permitted as part of the agreement. ERC sets the toll rates per the formula, instructions, and table included in the Toll Rate Schedule of the Agreement. Annual rates are reviewed by VDOT to ensure compliance with the Agreement.

In December 2020, an announcement was made about the sale of the ERC assets to Abertis and Manulife Investment Management. Abertis is a Spanish toll company that operates approximately 5,000 miles of toll roads in 16 countries. Manulife Investment Management participated on behalf of John Hancock Life Insurance Company. The asset(s) were sold to Abertis and Manulife for a total of \$2.3 billion (\$625 million to Skanska, \$625 million to Macquarie, and \$1.13 billion in debt for a total of \$2.3 billion). The sale required and received State consent.

Over the past year, discussions have occurred between localities, regional leaders, the Commonwealth of Virginia, and the new owners to explore options for reducing the impact of tolls on the region's residents and businesses. On November 15, an announcement was made about an expansion of the low-income toll relief program.

Mr. Robert Crum will brief the CAC on the history, background, and components of the ERC Agreement, discuss regional efforts to mitigate the impacts of the Agreement, review the recent expansion of the low-income toll relief program and discuss and request CAC input on potential next steps.

**RECOMMENDED ACTION:**

For discussion and informational purposes.