

FOD Operating Procedure: Calculating Parity Adjustment for Adjusting Tolls Paid in Canadian Currency for US Currency Equivalency.

Policy Statement

Effective April 1, 2016 and on April 1 and October 1 of each year thereafter, the Michigan Department of Transportation (MDOT) shall adjust up or down, the monetary value of tolls paid in Canadian currency (CAD) to achieve equivalency with tolls paid in United States currency (USD).

Semi-annual toll rate adjustments will be based on the average daily official exchange rate for the preceding six month period (September 1 – February 28/29, or March 1 – August 30). Toll rate adjustments shall be made to the nearest \$.25, rounded as may be necessary for administrative efficiency.

Public hearings shall be held to announce the commencement of this policy and the first parity adjustment. Thereafter, an increase or decrease to adjust tolls for currency equity will be announced in the media prior to the effective date of April 1 and October 1 of each year. Announcements will be made no later than 5 business days after the calculation period ends.

Adjustments to achieve parity between CAD and USD are not deemed toll rate increases for purposes the public hearing requirements as required by law.

Operating Procedure for Calculating the 6 Month Average Daily Official Exchange Rate

Definitions

Bank fees are averaged actual for the same 6 month period.

Calculation period shall be the six month periods of September 1 – February 28/29 or March 1 – August 30.

Mixed currency means paid in part with USD and in part with CAD, with the CAD accepted at face value.

Toll rate inequity shall be the difference in noon nominal rate between the CAD and USD applied to the Base Toll Rate for passenger vehicles and applied to commercial per axle.

Calculation Methodology

The calculation methodology of a representative 6 month average exchange rate is shown on the table below. This method is consistent with the method used at the International Bridge and will result in the same average value.

Parity Adjustment Calculation							
Noon Nominal Rates				<i>Example provided for illustrative purposes</i>			
March 2015 to August 2015							
Date	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	6 Month Average
1		0.7929	0.8202	0.7968			
2	0.7978	0.7946		0.8050	0.7958		
3	0.8031			0.8041	0.7955		
4	0.8039		0.8257	0.8015		0.7619	
5	0.8012		0.8306	0.8007		0.7586	
6	0.7926	0.8031	0.8327		0.7920	0.7603	
7		0.8008	0.8238		0.7849	0.7621	
8		0.7995	0.8273	0.8042	0.7860		
9	0.7938	0.7949		0.8119	0.7856		
10	0.7916	0.7940		0.8152	0.7865	0.7659	
11	0.7835		0.8261	0.8121		0.7606	
12	0.7880		0.8342	0.8127		0.7708	
13	0.7811	0.7935	0.8368		0.7836	0.7646	
14		0.8014	0.8339		0.7844	0.7646	
15		0.8078	0.8326	0.8115	0.7730		
16	0.7834	0.8193		0.8110	0.7729		
17	0.7831	0.8177		0.8125	0.7693	0.7639	
18	0.7830			0.8191		0.7649	
19	0.7847		0.8189	0.8144		0.7596	
20	0.7940	0.8194	0.8189		0.7703	0.7645	
21		0.8147	0.8196		0.7715	0.7605	
22		0.8163	0.8138	0.8138	0.7677		
23	0.7990	0.8232		0.8112	0.7675		
24	0.7993	0.8220		0.8055	0.7657	0.7568	
25	0.7992		0.8127	0.8099		0.7521	
26	0.8019		0.8045	0.8091		0.7517	
27	0.7949	0.8261	0.8010		0.7687	0.7577	
28		0.8319	0.8015		0.7732	0.7536	
29		0.8365	0.8022	0.8076	0.7756		
30	0.7881	0.8252		0.8017	0.7677		
31	0.7885				0.7665	0.7563	
CAD/USD	0.7925	0.8112	0.8209	0.8087	0.7775	0.7606	0.7952
Applied	1.2618	1.2328	1.2182	1.2365	1.2863	1.3148	1.2575

Noon nominal rates will be obtained from the Bank of Canada website. Monthly averages are computed and are then used to calculate a 6 month average “applied rate”. The applied rate is used to compute the amount that needs to be collected in CAD to equate to the value if the toll were paid in USD. The difference between these amounts is rounded to the nearest quarter as shown below.

Classification	Current Toll	CAD Equivalent	Difference	Rounded	New Toll Rate	Effective Date
Cars	\$3.00	\$3.77	\$0.77	\$0.75	\$3.75	April 1
Extra Axles	\$3.00	\$3.77	\$0.77	\$0.75	\$3.75	April 1
Trucks & Buses -per axle	\$3.25	\$4.09	\$0.84	\$0.75	\$4.00	April 1

Public Notifications

The updated toll rates will be effective automatically each April 1 and October 1. Public announcements will be placed in appropriate media no later than 5 business days after the last day in the calculation period (February 28/29 or August 30).

Effective Date

This policy will go into effect on April 1, 2016.

By:

Laura Mester

Title

Date

By:

Myron Frierson

Title

Date