

Board Meeting: Proposal for 2023 I-95 ETL Northbound Extension Project
(Section 200) & I-695 Ramps
Toll Rate Setting Public Hearings

Agenda

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I. Introduction

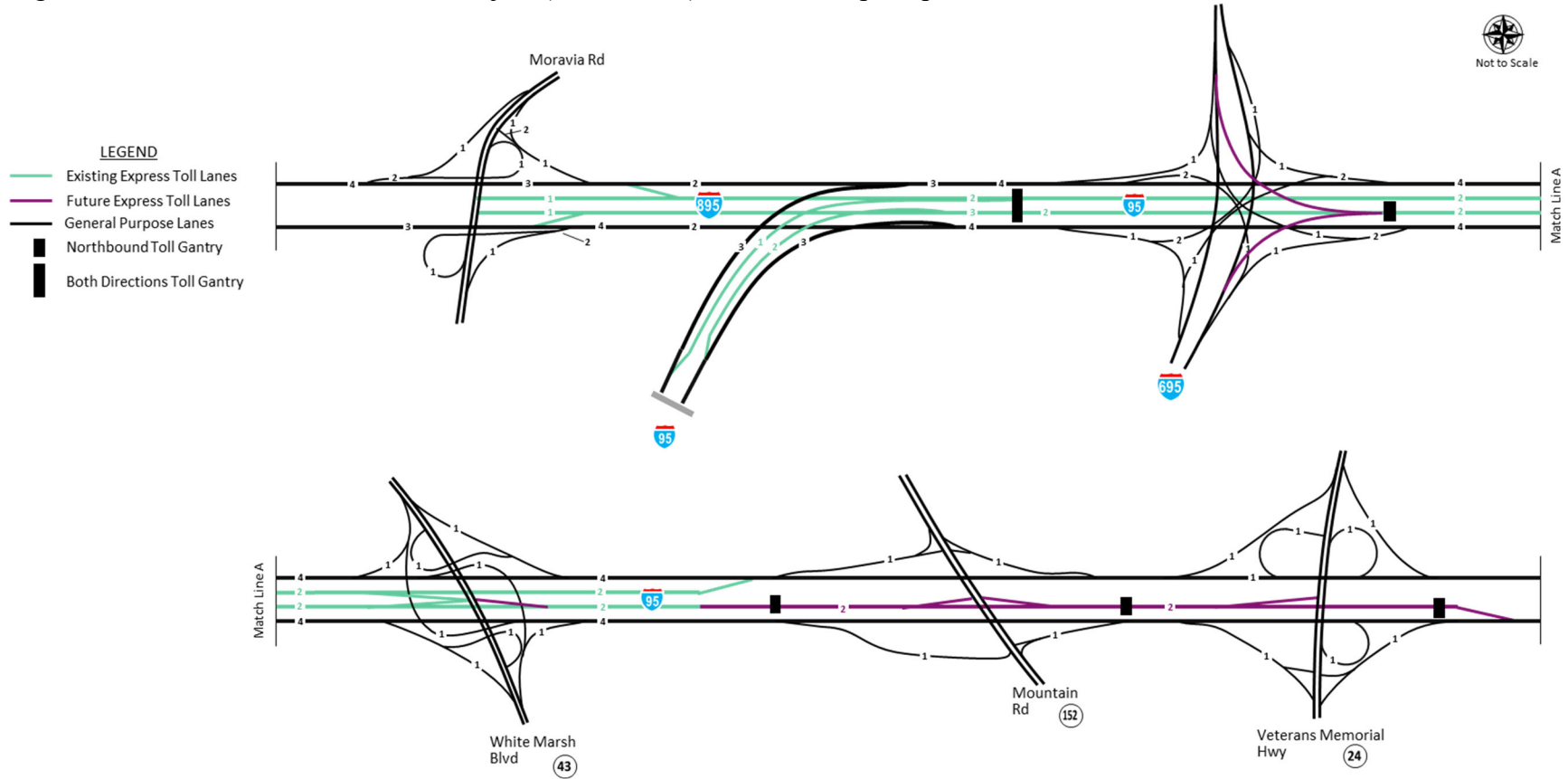
In 2014, the I-95 Express Toll Lanes (ETL) opened the limits of Section 100 to traffic. As a continuation to the success of Section 100 of the I-95 ETL program, MDTA is building the next segment of the popular managed lane system. Construction is ongoing to extend the ETLs in the Northbound direction only from MD 43 to north of MD 24, within the Section 200 limits of the I-95 Master Plan. Additionally, as part of the project, MDTA is connecting the I-695 ramps into the new I-95 ETL northbound lanes. MDTA in Calendar Year (CY) 2023 must engage in a new toll rate setting process to establish toll rate ranges for this section of the I-95 ETL Northbound Extension project (Section 200). The toll rate setting process is anticipated to establish the toll rate range for three different time periods (peak, off-peak, and overnight) used on the ETL facility, which is in line with the existing ETL toll structure.

The I-95 ETL Northbound Extension project is planned to open in phases, with a planned opening to north of MD 152 in 2024. The toll rates for the additional phases (e.g., north of MD 24, 695 ramps, etc.) of the ETL Northbound Extension project are included in this toll rate setting. Prior to opening, MDTA's tolling vendors must program and test the new toll rates and trip building into the systems and install the overhead tolling equipment in the new ETL lanes and I-695 ramps. The toll rate range setting process must be completed before that time.

This toll rate setting proposal only includes setting the toll rate ranges for the section of the ETL Northbound Extension project currently being designed and built, including all phases of the project from MD-43 to north of MD-24 and the I-695 ramps. Other ETL segments outside of the ETL Northbound Extension project will require separate future toll rate setting. The current toll zone for the ETLs is set at a distance of 7 miles (Figure 1). With this proposal, there will be separate toll zones to capture the new ramp connections from I-695 (the Baltimore Beltway) to I-95 Northbound ETLs and three toll zones between MD 43 to north of MD 24 to capture the mileage and tolling for all route options (Figure 1).

MDTA staff seeking the Board's approval to proceed with public hearings for the I-95 ETL Northbound Extension (Section 200) & I-695 Ramps toll rate range setting. The MDTA Board is not voting on a proposal today, rather just voting to begin the toll rate range setting process.

Figure 1: ETL Northbound Extension Project (Section 200) & I-695 Ramp Proposed Zones



Note: Proposed gantry locations are illustrative only. The actual gantry locations are subject to change and to the approval of the Executive Director.

II. Toll Setting Process

Maryland law outlines the process for establishing toll rates, including establishing new toll rates ranges for a new facility. The toll rate range setting process is centered around a staff proposal to “adopts an increase in tolls, fees, or other charges on any part of a fixed toll transportation facilities project or adopts an increase in mileage rate ranges, pricing periods, toll zones, fees, or other charges on a variably priced toll transportation facilities project.” Today, if the MDTA Board decides to move forward with toll setting public hearings, the MDTA will ensure the public is engaged in the toll rate range setting process and will comply with State law by providing opportunities for public review and comment on the proposal at one or more meetings held at a time and place of convenience for the public in the county where the toll rate ranges are proposed to be implemented.

Hearing Announcement

The proposals must be presented at an MDTA Board Meeting to obtain approval from the Board to proceed with holding the public hearings. At this Board Meeting, the background and justification for the changes is presented to the Board, as well as the process required for completing the hearings. At this time, the Board is not voting on the information being presented. Instead, the Board is only voting to proceed to public hearings. MDTA staff may hold Board Member working sessions to review complex material, if needed. Once the information has been presented to the Board, it is publicly available.

Hearing Process

The process for conducting the public hearings and recording the comments from the public is specified in Transportation Article, §4-312, Annotated Code of Maryland. The steps of the process are:

- All hearing materials and supporting documents, including information and studies used in the analysis to justify the changes, need to be posted on the MDTA website at least ten business days prior to the first scheduled public hearing.
- MDTA needs to provide an opportunity for public review and comment on the proposed changes at one or more meetings held at a time and place of convenience to the public in each county in which the change is proposed to be implemented. Practically, this means two hearings for this specific toll setting process – one in Baltimore County and one in Harford County.
- The hearings require a quorum of Board Members to attend each meeting (minimum 5), and the Chairman or designee.
- After the completion of the last public hearing, MDTA will continue to accept written comments from the public for at least an additional ten business days. At this point, the comment period can be closed.
- Within ten days following the close of the comment period, MDTA is required to present a summary and analysis of the comments received to the Board Members and to the public via the MDTA website.

Post-Hearing Process

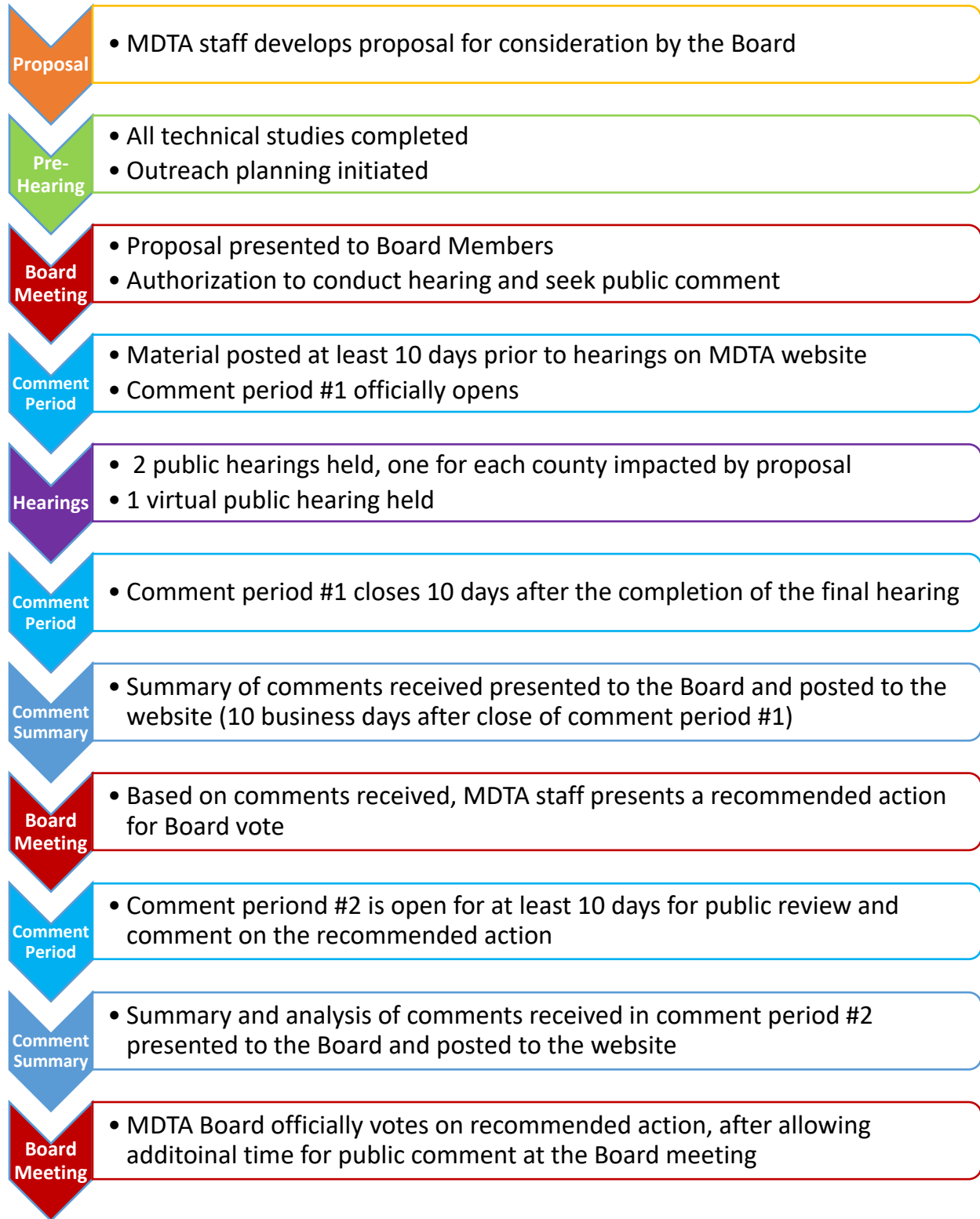
The process for finalizing the proposed toll rate range changes is also specified in Transportation Article, §4-312, Annotated Code of Maryland. After the public hearings are conducted, a recommendation on the proposal is presented to the Board Members by MDTA staff and to the public via the MDTA website. Below are the steps of the post-hearing process:

- Prior to the MDTA Board Member vote on the staff recommended proposal, MDTA is required to provide an additional opportunity for public review and written comment on the final recommendation.
- The recommendation and the time, place, and date of the MDTA Board vote on the recommendation, is posted to the MDTA website. MDTA must accept written comments for at least ten additional business days.
- At the completion of the second public comment period, a summary and analysis of any public comments received must be posted to the MDTA website and presented to the Board Members.
- At this point, the MDTA Board may vote on the recommendation; however, before voting, the MDTA Board must provide the public reasonable time to comment on the recommendation.

Final Considerations

Depending on the timing of the implementation of the recommended proposal, it may be pertinent to conduct a public outreach campaign to educate the public on the upcoming toll rate changes through *E-ZPass* outreach meetings, marketing campaigns, public information meetings, and/or telephone townhall meetings.

Toll Setting Flowchart



III. Proposal

Establish I-95 ETL Northbound Extension (Section 200) & I-695 Ramps Toll Rate Ranges

Proposal: To establish toll rate ranges for the I-95 ETL Northbound Extension project (Section 200), including the I-695 ramp connections that match the existing toll rate ranges already set for the open/existing ETL facility (Section 100). The proposal includes defined pricing periods, consistent with the existing facility, and additional toll parameters covering certain holidays.

Toll Rates: Refer to the following page and note the proposed toll rate ranges match the existing toll rate ranges for the existing facility (Section 100 ETL).

Fiscal Year Impact: The I-95 ETL Northbound Extension project (Section 200) is a safety and capacity improvement, \$1.1 billion mega-project funded entirely by MDTA toll revenues. The project will use bond sales to cover the cost of the project. The project is expected to generate approximately \$11.6 million more in revenue when it is fully opened by 2028, increasing to approximately \$22.3 million more in revenue by 2035.

Estimated Timeframe: Phased openings in Winter 2024/2025 and Winter 2027/2028

BENEFITS	CHALLENGES
<ul style="list-style-type: none"> • The proposed ETL Northbound Extension rate ranges match the existing ETL rate ranges. • Existing per mile toll rates, if applied to the Northbound Extension, are estimated to continue high speed operations of the express lanes with the Northbound Extension and I-695 direct connectors through 2035. • The project extends the ETL program to benefit additional communities along I-95. 	<ul style="list-style-type: none"> • Pandemic impacts (e.g., increased teleworking) have reduced current peak period usage.

Background: The toll rate range setting proposal only includes setting the toll rate ranges for the section of the ETL Northbound Extension project currently being built, Section 200. There will be separate toll zones to capture the new ramp connections from I-695 (Baltimore Beltway) to the I-95 Northbound ETL lanes and three toll zones between MD 43 to north of MD 24 to capture the mileage and tolling for all route options (Figure 1). The MDTA Board sets the toll rate ranges, and the Executive Director sets the per mile rate within that range.

Proposed Toll Rate Ranges

2023 I-95 ETL Northbound Extension (Section 200) & I-695 Ramps Toll Setting Public Hearings Proposed Per-Mile Toll Rate Ranges

Motorcycle	Peak	Off-Peak	Overnight
<i>E-ZPass</i>	\$0.11 to \$0.18	\$0.09 to \$0.15	\$0.04 to \$0.15
Pay-by-Plate	\$0.14 to \$0.22	\$0.11 to \$0.19	\$0.04 to \$0.19
Video	\$0.17 to \$0.26	\$0.13 to \$0.23	\$0.05 to \$0.23

2-axle	Peak	Off-Peak	Overnight
<i>E-ZPass</i>	\$0.22 to \$0.35	\$0.17 to \$0.30	\$0.07 to \$0.30
Pay-by-Plate	\$0.28 to \$0.44	\$0.21 to \$0.38	\$0.09 to \$0.38
Video	\$0.33 to \$0.53	\$0.26 to \$0.54	\$0.11 to \$0.45

3-axle light	Peak	Off-Peak	Overnight
<i>E-ZPass</i>	\$0.33 to \$0.53	\$0.26 to \$0.45	\$0.11 to \$0.45
Pay-by-Plate	\$0.41 to \$0.66	\$0.32 to \$0.56	\$0.13 to \$0.56
Video	\$0.50 to \$0.79	\$0.38 to \$0.68	\$0.16 to \$0.68

3-axle-heavy	Peak	Off-Peak	Overnight
<i>E-ZPass</i>	\$0.44 to \$0.70	\$0.34 to \$0.60	\$0.14 to \$0.60
Pay-by-Plate	\$0.55 to \$0.88	\$0.43 to \$0.75	\$0.18 to \$0.75
Video	\$0.66 to \$1.05	\$0.51 to \$0.90	\$0.21 to \$0.90

4-axle light	Peak	Off-Peak	Overnight
<i>E-ZPass</i>	\$0.55 to \$0.88	\$0.43 to \$0.75	\$0.18 to \$0.75
Pay-by-Plate	\$0.69 to \$1.09	\$0.53 to \$0.94	\$0.22 to \$0.94
Video	\$0.83 to \$1.31	\$0.64 to \$1.13	\$0.26 to \$1.13

4-axle heavy	Peak	Off-Peak	Overnight
<i>E-ZPass</i>	\$0.66 to \$1.05	\$0.51 to \$0.90	\$0.21 to \$0.90
Pay-by-Plate	\$0.83 to \$1.31	\$0.64 to \$1.13	\$0.26 to \$1.13
Video	\$0.99 to \$1.58	\$0.77 to \$1.35	\$0.32 to \$1.35

5-axle	Peak	Off-Peak	Overnight
<i>E-ZPass</i>	\$1.32 to \$2.10	\$1.02 to \$1.80	\$0.42 to \$1.80
Pay-by-Plate	\$1.65 to \$2.63	\$1.28 to \$2.25	\$0.53 to \$2.25
Video	\$1.98 to \$3.15	\$1.53 to \$2.70	\$0.63 to \$2.70

6+-axle	Peak	Off-Peak	Overnight
<i>E-ZPass</i>	\$1.65 to \$2.63	\$1.28 to \$2.25	\$0.53 to \$2.25
Pay-by-Plate	\$2.06 to \$3.28	\$1.59 to \$2.81	\$0.66 to \$2.81
Video	\$2.84 to \$3.94	\$1.91 to \$3.38	\$0.79 to \$3.38

Pricing Periods

Peak Periods:

- Southbound:
 - Monday - Friday, 6:00 a.m. - 9:00 a.m.
 - Saturday, 12:00 p.m. - 2:00 p.m.
 - Sunday, 2:00 p.m. - 5:00 p.m.
- Northbound: Monday - Friday, 3:00 p.m. - 7:00 p.m.
 - Saturday, 12:00 p.m. - 2:00 p.m.
 - Sunday, 2:00 p.m. - 5:00 p.m.

Overnight Periods:

- Southbound and Northbound:
 - Monday - Sunday, 9:00 p.m. - 5:00 a.m.

Off-Peak Periods: All other times

Additional Tolling Parameters

On certain holidays and the days immediately before and after, the MDTA will apply the pricing period for the day of the week that most closely resembles the travel patterns during the holiday period. The MDTA Executive Director will announce the affected dates and pricing periods that apply for the new year at the December MDTA Board Meeting prior to the start of the new year.

Note: The proposed ETL Northbound Extension rate ranges (Section 200) match the existing ETL rate ranges (Section 100).

IV. Transaction and Revenue Impact

Introduction

The I-95 ETLs opened in FY 2015, and FY 2016 was the first full fiscal year of operations. In FY 2017, transactions and revenue on the ETLs increased by 12.0 percent and 9.6 percent, respectively, compared to FY 2016. This was due primarily to facility ramp-up, the phenomenon that occurs with the opening of a new facility. This growth continued in FY2018 and FY 2019, when transactions increased by 4.2 percent and 5.1 percent, respectively, over their previous years. Revenue grew at slightly higher levels than transactions with a 5.4 percent growth in FY 2018 and 5.9 percent growth in FY 2019. Due to COVID-19 pandemic, FY 2020 transactions and revenue decreased significantly by 21.1 percent and 22.8 percent, respectively, compared to FY 2019. Ongoing pandemic impacts, back-office transition collection issues, and the conversion to cashless tolling, caused FY 2021 transactions to be 33.2 percent lower than FY 2020 and revenue to be 27.9 percent lower. In FY 2022, transactions and revenue were 73 and 81.7 percent higher than FY 2021, respectively.

Revenue Estimates

I-95 Express Toll Lanes				
Estimated Annual Trips and Toll Revenue (in thousands)				
	<u>NO BUILD (Section 100 only)</u>		<u>BUILD (Section 100 + ETL NB Ext)</u>	
<u>Fiscal Year</u>	<u>Annual Trips (000's)</u>	<u>Annual Revenue (000's)</u>	<u>Annual Trips (000's)</u>	<u>Annual Revenue (000's)</u>
2025	11,123	\$16,617	11,226	\$19,954
2026	11,758	\$17,588	11,924	\$23,804
2027	12,207	\$18,268	12,627	\$26,005
2028	12,674	\$18,975	14,201	\$30,508
2029	13,158	\$19,709	15,835	\$35,281
2030	13,661	\$20,472	16,812	\$38,404
2031	14,183	\$21,264	17,594	\$40,649
2032	14,725	\$22,088	18,207	\$42,126
2033	15,288	\$22,944	18,842	\$43,657
2034	15,872	\$23,833	19,501	\$45,246
2035	16,479	\$24,757	20,183	\$46,894

Key Assumptions

Current per mile toll rates assumed throughout forecasts

NB Extension Partial Build: Q4 2024

NB Extension Full Build: Q4 2027

Current State of Finances

The MDTA is financially strong. Coverage levels remain strong with debt service coverage above 2.0 and rate covenant compliance in excess of 1.5 throughout the Fiscal Year (FY) 2022 – FY 2028 period. MDTA’s successful advancements of two mega projects (I-95 ETL Northbound Extension and the replacement of the Nice/Middleton Bridge) as well as the construction of the I-895 Bridge Project, while maintaining coverage levels and avoiding toll increases, demonstrates MDTA’s financial strength.

During 2021, Fitch Ratings and Moody’s Investor Service maintained the MDTA’s credit ratings at AA and Aa2, respectively, citing the MDTA’s history of strong financial and operational performance and stable outlook.

The financial forecast approved by the MDTA Board on November 17, 2022, shows that near-term projected revenues and expenses, including those associated with the I-95 ETL Northbound Extension, are sufficient and that the MDTA remains in compliance with its financial goals and legal standards.

- Throughout the forecast period (FY 2023 – 2028), the MDTA meets its financial goals:
 - >\$350 million in unencumbered cash, and
 - 2.0 debt service coverage.
- MDTA remains above its trust agreement rate covenant (net revenues >1.0 x sum of 120% debt service + deposits to M&O account).
- No systemwide toll increases are needed in the near-term.
- Debt to be issued during the forecast period totals \$908.3 million.
- This amount includes \$708.3 million in revenue bonds and a \$200.0 million TIFIA Loan from the United States Department of Transportation.
- Maximum outstanding indebtedness within the forecast period remains below the statutory cap of \$3.0 billion. Debt service paid over the forecast period is \$962.2 million.

V. Communications Plan

ESTIMATED DATES	ACTIVITY
September – December 2022	Development of staff proposal for the toll rate range setting.
December 15, 2022	Board Meeting Approval to commence public hearings
January 2023	Develop Public Hearing materials: <ul style="list-style-type: none"> • Legal notice, digital ad • Hearing script, boards • News release, gov.delivery, social media messaging • Video Content and Script • Website content
January 26, 2023	Board Meeting Update (Public Hearing boards) Public Hearings notification and public comment #1 period opens Issue news release and post to MDTA website Issue gov.delivery and begin social media messaging Elected official notification MDTA employee email Launch toll setting website: post back-up information, place legal notice and comment link and form Place legal notices in local newspapers/MD Register
February - March 2023	Run digital ads Issue reminder news release/gov.delivery and post to MDTA website Ongoing social media posts Collect and document comments
March, 2023	2 In-Person Public hearings, 1 Virtual Public Hearing
April 13, 2023	Comment period #1 closes
April 27, 2023	Toll Hearing Final Report for public comment to Board Public comment period #2 opens Press release
May 11, 2023	Comment period #2 closes
May 25, 2023	Toll Hearing Final Report for public comment #2 presented to the Board, Press release
June 29, 2023	Final Recommendation vote at MDTA Board Meeting Press release, website post
Fall 2023	Public outreach during CTP Tour season

VI. Schedule

December 15, 2022	MDTA Board Presentation
January 26, 2023	MDTA Board update, public hearings notification and comment period #1 begins
March 2023	Public Hearings with quorum of MDTA Board Members and Chairman or Designee
April 13, 2023	Close public comment period #1
April 27, 2023	Toll Hearing Final Report for public comment #1 and Board review; open public comment period #2
May 11, 2023	Close comment period #2
May 25, 2023	Present Toll Hearing Final Report for comment period #2
June 29, 2023	Final Recommendation vote at MDTA Board Meeting
Fall 2023	Toll collection programming starts followed by equipment install
Winter 2024/2025	Northbound ETL open up to MD 152
Winter 2027/2028	I-695 ramps open to Northbound ETL system
Winter 2027/2028	Northbound ETL open to north of MD 24

VII. Approval to Begin the Toll Setting Process

The proposal presented is to set the I-95 ETL Northbound Extension (Section 200) & I-695 Ramps toll rate ranges for three different time periods (peak, off-peak, and overnight). The existing per mile toll rates are estimated to still result in highspeed operations of the express lanes with the Northbound Extension and I-695 direct connectors even by 2035. Therefore, the proposed toll rate ranges for the I-95 ETL Northbound Extension (Section 200) and I-695 Ramps are the same as the existing toll rate ranges for the existing ETL.

We are seeking the Board's approval to proceed with public hearings for the I-95 ETL Northbound Extension (Section 200) & I-695 Ramps toll rate range setting.