

## Board Meeting: Toll Modernization Work Session

### Agenda

- |      |  |                 |
|------|--|-----------------|
| I.   | Introduction   | Deb Sharpless   |
| II.  | Toll Rate Setting Process  | Carl Chamberlin |
| III. | Proposal   | Deb Sharpless   |
|      | a. Establish New Payment Option (Pay-by-Plate)                                       |                 |
|      | b. Expanded and New Vehicle Classifications  |                 |
|      | c. Video Toll Early Payment Discount (Pay-by-Invoice)                                |                 |
| IV.  | Financial Affordability  | Chris Thompson  |
|      | a. Current State   |                 |
|      | b. Third Generation Electronic Tolling Collection (3G)<br>System Operational Savings |                 |
|      | c. Revenue Impact  |                 |
|      | d. Financial Position with Toll Rate Changes   |                 |
| V.   | Communication Plan   | Carl Chamberlin |
| VI.  | Schedule   | Carl Chamberlin |
| VII. | Approval to Advertise Staff's Proposal to Begin the Toll<br>Setting Process          | Jim Ports       |

## I. Introduction

After several years of planning, advertising, and evaluating, the Maryland Transportation Authority (MDTA) selected Kapsch Traffic IVHS Inc. and TransCore LP as its toll integrators for the Third-Generation Electronic Collection (3G) contracts. The MDTA Board Members and Board of Public Works approved these contracts on January 25, 2018 and February 21, 2018, respectively.

When procuring these contracts, the MDTA set out to achieve seven goals that included:

- Data Integrity— *A system that accurately captures and reports transactions and is highly reliable and maintainable;*
- Project Team— *Project team with a proven track record of successful toll implementation;*
- Design Approach— *System design approach that meets today's business rules and is flexible;*
- Transition— *Timely, seamless, and non-disruptive transition;*
- Customer Service— *A system and services that deliver superior customer service to our customers and MDTA as a client;*
- Partnering— *A partner who will maintain a collaborative relationship with MDTA and all other stakeholders; and*
- Economic Benefit— *A contractor that understands and utilizes work processes and procedures that enhance the Maryland economy in a positive manner.*

It's with great excitement that the MDTA staff is able to present to you a proposal that continues Governor Hogan's commitment to saving Marylanders money on tolls and fees, as well as begins to fulfill our customer service commitment under the 3G contracts. Governor Larry Hogan announced that the MDTA Board will consider new tolling options to save Marylanders more than \$28 million over the next five years. This would be the third round of historic toll relief during the Hogan Administration, including a 2015 toll rollback and a 2018 initiative for free *E-ZPass*<sup>®</sup> transponders.

This proposal addresses a long-standing customer feedback regarding trailers that our prior technology was not able to address; creates a payment option that provides customers with greater control of their money, a common limiting factor for potential *E-ZPass*<sup>®</sup> customers; and provides a financial incentive for customers to pay their video toll earlier. The proposal will save customers \$5.6 million annually or \$28.1 million over a five-year period compared to tolls paid today. Ongoing customer service improvements will continue after we transition from our incumbent's back office system to TransCore. This proposal is the start of the 3G Toll Modernization Program.

When establishing new vehicle classifications, payment methods, toll rates, and discounts a public process is prescribed in statute. The MDTA's current financial position provides the ability to sustain the proposed toll rate reductions while also maintaining a sound financial position.

## II. Toll Setting Process

Maryland law outlines the process for establishing new vehicle classifications, payment methods, toll rates and discounts. The toll hearing process is centered around a proposal by the MDTA staff 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.” State law requires the MDTA 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 changes are proposed to be implemented.

### Hearing Announcement

The proposals need to be presented at a 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. If the information presented to the Board is determined to be overly complex, or the information that will be commented on by the public at the hearings is controversial, it may be necessary to hold Board Member working session(s) after the initial presentation to allow additional time for the Board Members to understand and digest the proposals. 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 are specified in Transportation Article, §4-312, Annotated Code of Maryland. Here are the steps of the process:

- 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 nine hearings in the following locations: Montgomery, Prince George’s, Queen Anne’s, Cecil, Anne Arundel, Baltimore, Charles and Harford Counties and Baltimore City.
- The hearings require a quorum of Board Members to attend each meeting (minimum 5), and the Chairman or his 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. The comment period will be open for as long as it takes to conduct the 9 hearings, plus 10 business days before and after the hearings are held.

- 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

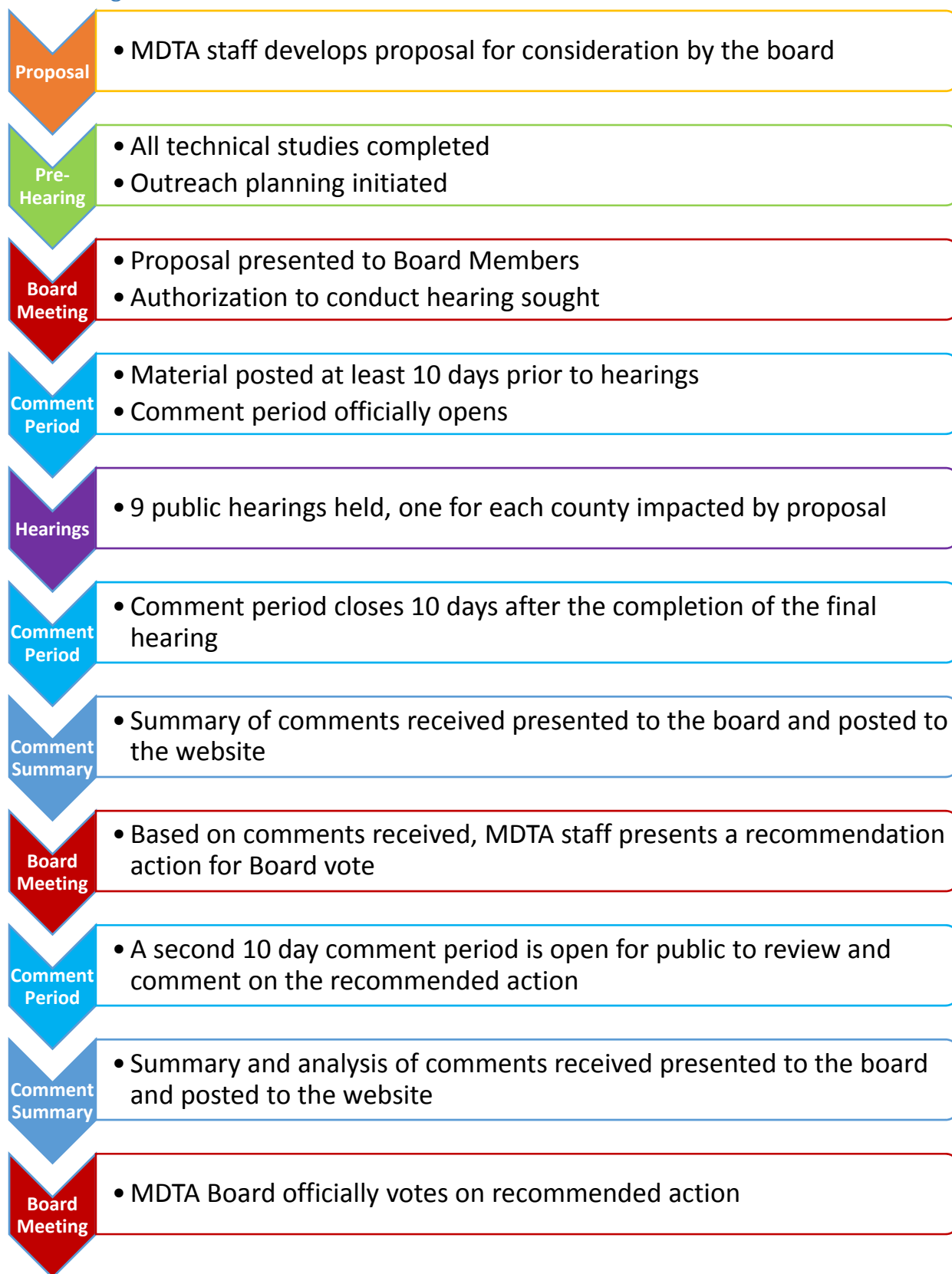
The process for finalizing the proposed toll changes is also specified in Transportation Article, §4-312, Annotated Code of Maryland. After the public hearings are conducted, a recommendation on the proposals is presented to the Board Members by MDTA staff and to the public via the MDTA website. Here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

- Prior to the MDTA Board Member vote on the 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 before the vote.

### 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 changes through *E-ZPass* outreach meetings, marketing campaigns, public information meetings, and/or telephone townhall meetings.

### Toll Setting Flowchart



### III. Proposal

#### a. Establish New Payment Option (Pay-by-Plate)

**Recommendation:** Establish new payment option (Pay-by-Plate) that allows customers to Pay As You Go

**Toll Rates:** Legacy Facilities<sup>1</sup> – rate equals cash and non-Maryland *E-ZPass*  
ICC<sup>2</sup> and ETL<sup>3</sup> – rate equals 1.25 x *E-ZPass* (at least 20% less than Pay-by-Invoice rate)

**Fiscal Year Impact:** \$1.5M

**Estimated Time Frame:** Second quarter of calendar year 2020

BENEFITS	CHALLENGES
<ul style="list-style-type: none"> <li>• Provides cash customers at future cashless facilities a payment option that does not increase the toll rate paid today</li> <li>• Provides customers with greater control over their finances—no prepaid balance requirement or varying auto-replenishments</li> <li>• Improves customer service by providing an alternative payment method for infrequent customers that find maintaining an <i>E-ZPass</i> account inconvenient</li> <li>• Registration is simple and only requires a license plate and credit card information</li> <li>• Transitions certain cash customers to an electronic payment method with lower operating costs than video tolling (Pay-by-Invoice)</li> </ul>	<ul style="list-style-type: none"> <li>• <i>E-ZPass</i> customers may close their account</li> </ul>

**Background:** A new payment method would be created for infrequent customers and those that do not want an *E-ZPass* account. This payment method allows customers to pay as they go by registering their license plate and credit card and eliminates the need to maintain a prepaid balance. The toll rates paid will mirror the cash and non-Maryland *E-ZPass* rates for the legacy

<sup>1</sup> Legacy facilities include: Fort McHenry Tunnel, Baltimore Harbor Tunnel, Francis Scott Key Bridge, William Preston Bay Bridge, Nice/Middleton Bridge, Hatem Bridge, I-95/Tydings Bridge

<sup>2</sup> Intercounty Connector

<sup>3</sup> I-95 Express Toll Lanes

facilities and be 25% higher than the *E-ZPass* rate on the Intercounty Connector (ICC) and I-95 Express Toll Lanes (ETL) (at least 20% less than Pay-by-Invoice rate).

The new payment method will benefit cash customers who are unwilling to open an *E-ZPass* account, both today and in the future when the MDTA transitions to All-Electronic Tolling (AET) at all its facilities. Customers who utilize the new payment method will avoid paying the 50% video toll surcharge.

**b. Expanded and New Vehicle Classification**

**Recommendation:** Create new vehicle classifications for 3-and 4-axle “light” vehicles and expand the motorcycle vehicle classification in order to lower the toll rate paid by these vehicles.

**Toll Rates:** Motorcycle & Small Vehicles Classification – reduce tolls by 50%  
 3A-axle (3-axle “light” Classification) – reduce tolls by 25%  
 4A-axle (4-axle “light” Classification) – reduce tolls by 17%

**Fiscal Year Impact:** \$2.7M

**Estimated Time Frame:** Third quarter of calendar year 2020

BENEFITS	CHALLENGES
<ul style="list-style-type: none"> <li>• Lowers the toll rate for new or expanded vehicle classifications</li> <li>• Aligns the toll rate to the associated wear and tear those vehicles have on MDTA’s facilities</li> <li>• Addresses customer feedback received by motorcyclists, small businesses, boaters, and drivers of recreational vehicles</li> <li>• Passes a capability and associated benefit received from modernizing the toll system to customers</li> </ul>	<ul style="list-style-type: none"> <li>• Toll rates will vary among 3- and 4-axle vehicles increasing complexity in communicating the vehicles eligible for the lower toll</li> <li>• Vehicle misclassification will occasionally occur and require resolution</li> </ul>

**Background:** The modernization includes the ability to identify and group vehicles and differentiate toll rates accordingly. Vehicle classifications will be created or expanded for motorcycles, 3-wheeled cars, passenger vehicles towing trailers and campers, 3- and 4- axle recreational vehicles, and 2-axle recreational vehicles and tow trucks towing vehicles. Staff proposes the toll rates for these vehicles to be reduced by 17% to 50% (50% for motorcycles and small vehicles; 25% for 3-axle vehicles (3A “light” classification); 17% for 4-axle vehicles (4A “light” classification)).

Lowering these tolls aligns the toll rates to the associated wear and tear those vehicles have on MDTA’s facilities and address a frequent and long-standing comment by motorcyclists, small

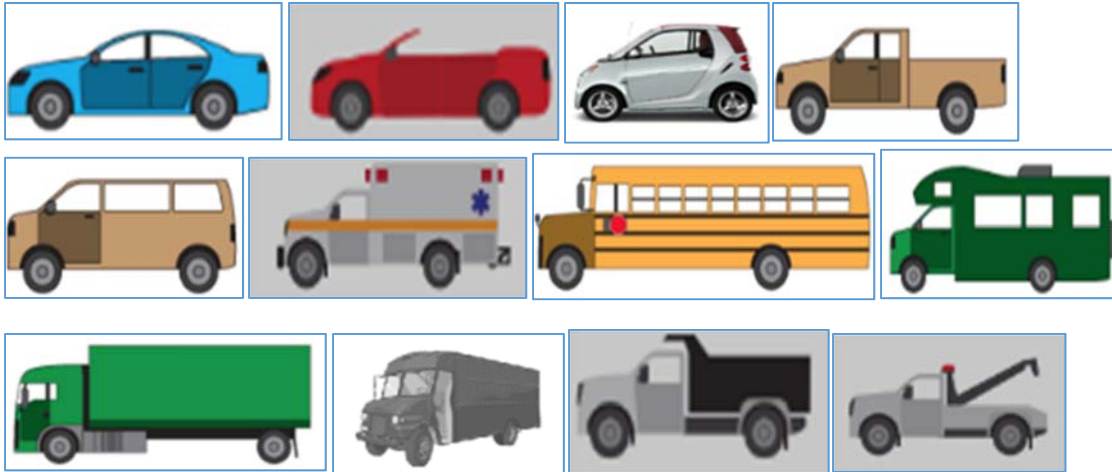
businesses, boaters and drivers of recreational vehicles regarding the toll rate assessed for these vehicles.

The proposed change in vehicle classifications are as follows:

Motorcycles & Small Vehicle Classification:



2-Axle:

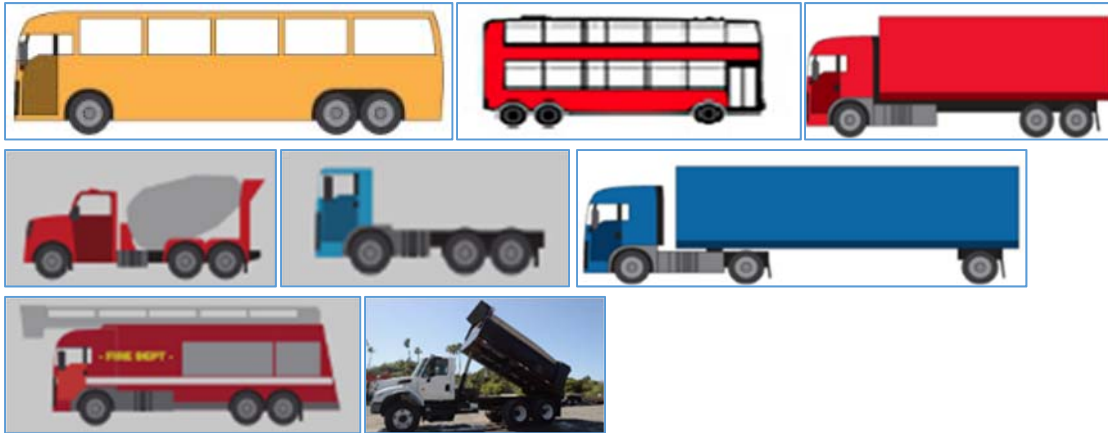


3 "light"-Axle Vehicle Classification:





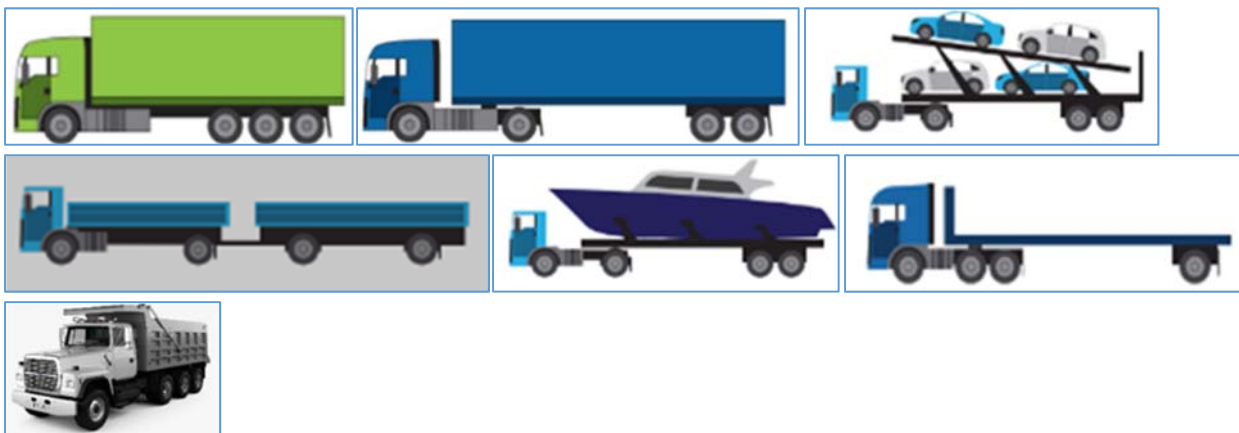
3 “heavy” -Axle Vehicle Classification:



4 “light”-Axle Vehicle Classification:



4 “heavy”B-Axle Vehicle Classification:



c. Video Toll Early Payment Discount (Pay-by-Invoice)

**Recommendation:** Establish new discount for customers that pay their video tolls prior to the MDTA mailing a Notice of Toll Due (Invoice)

**Discount:** All Facilities – 15% of the video toll rate (Pay-by-Invoice)

**Fiscal Year Impact:** \$1.3M

**Estimated Time Frame:** Fourth quarter of calendar year 2020

BENEFITS	CHALLENGES
<ul style="list-style-type: none"> <li>• Provides a financial incentive to proactively pay video tolls (Pay-by-Invoice)</li> <li>• Passes on cost avoidance savings to the customer</li> <li>• Provides an opportunity to transition a customer to a Pay-by-Plate or <i>E-ZPass</i> customer</li> </ul>	<ul style="list-style-type: none"> <li>• Complexity in communicating the benefits and timeframes associated with early payment discount</li> </ul>

**Background:** The MDTA proposes the introduction of an early payment discount structure, which would allow customers who pay their Notice of Toll Due within a pre-determined timeframe and prior to the mailing of the notice, to receive a 15% discount off of the video toll rate. Currently, customers have 45 days from the date the notice is mailed to pay the video toll amount due without any penalty.

The early discount payment option rewards customers who proactively pay their tolls using one of the MDTA’s self-service toll payment options (e.g., mobile, phone, website and IVR) and would reduce MDTA’s operating expenses.

Proposed Toll Rates – Legacy Facilities

**Baltimore Harbor Tunnel (I-895), Fort McHenry Tunnel (I-95) and Francis Scott Key Bridge (I-695)**

	Cash Base*		E-ZPass MD		Pay-by-Plate	Pay-by-Invoice (Video Toll)		Pay-by-Invoice (Early Payment)
	Current Rate	New Rate	Current Rate	New Rate	New Rate	Current Rate	New Rate	New Rate
Commuter	N/A	N/A	\$1.40	\$1.40	N/A	N/A	N/A	N/A
Motorcycle	\$4.00	\$2.00	\$3.00	\$1.50	\$2.00	\$6.00	\$3.00	\$2.55
2-Axle	\$4.00	\$4.00	\$3.00	\$3.00	\$4.00	\$6.00	\$6.00	\$5.10
3A-Axle	\$8.00	\$6.00	N/A	N/A	N/A	\$12.00	\$9.00	\$7.65
3B-Axle	\$8.00	\$8.00	N/A	N/A	N/A	\$12.00	\$12.00	\$10.20
4A-Axle	\$12.00	\$10.00	N/A	N/A	N/A	\$18.00	\$15.00	\$12.75
4B-Axle	\$12.00	\$12.00	N/A	N/A	N/A	\$18.00	\$18.00	\$15.30
5-Axle	\$24.00	\$24.00	N/A	N/A	N/A	\$36.00	\$36.00	\$31.00
6-Axle	\$30.00	\$30.00	N/A	N/A	N/A	\$45.00	\$45.00	\$40.00

 Shows reduced rate

\*Beginning October 2019, cash will no longer be accepted as payment at the Francis Scott Key Bridge (I-695). Tolls will be collected electronically via E-ZPass or Pay-by-Invoice (Video Toll).

Proposed Toll Rates – Legacy Facilities

**Bay Bridge (US 50/301)**

	Cash Base		<i>E-ZPass</i> MD		Pay-by-Plate	Pay-by-Invoice (Video Toll)		Pay-by-Invoice (Early Payment)
	Current Rate	New Rate	Current Rate	New Rate	New Rate	Current Rate	New Rate	New Rate
Commuter	N/A	N/A	\$1.40	\$1.40	N/A	N/A	N/A	N/A
Motorcycle	\$4.00	\$2.00	\$2.50	\$1.25	\$2.00	\$6.00	\$3.00	\$2.55
2-Axle	\$4.00	\$4.00	\$2.50	\$2.50	\$4.00	\$6.00	\$6.00	\$5.10
3A-Axle	\$8.00	\$6.00	N/A	N/A	N/A	\$12.00	\$9.00	\$7.65
3B-Axle	\$8.00	\$8.00	N/A	N/A	N/A	\$12.00	\$12.00	\$10.20
4A-Axle	\$12.00	\$10.00	N/A	N/A	N/A	\$18.00	\$15.00	\$12.75
4B-Axle	\$12.00	\$12.00	N/A	N/A	N/A	\$18.00	\$18.00	\$15.30
5-Axle	\$24.00	\$24.00	N/A	N/A	N/A	\$36.00	\$36.00	\$31.00
6-Axle	\$30.00	\$30.00	N/A	N/A	N/A	\$45.00	\$45.00	\$40.00

 Shows reduced rate

Proposed Toll Rates – Legacy Facilities

**John F. Kennedy Memorial Highway (I-95)**

	Cash Base		<i>E-ZPass</i> MD		Pay-by-Plate	Pay-by-Invoice (Video Toll)		Pay-by-Invoice (Early Payment)
	Current Rate	New Rate	Current Rate	New Rate	New Rate	Current Rate	New Rate	New Rate
Commuter	N/A	N/A	\$2.80	\$2.80	N/A	N/A	N/A	N/A
Motorcycle	\$8.00	\$4.00	\$6.00	\$3.00	\$4.00	\$12.00	\$6.00	\$5.10
2-Axle	\$8.00	\$8.00	\$6.00	\$6.00	\$8.00	\$12.00	\$12.00	\$10.20
3A-Axle	\$16.00	\$12.00	N/A	N/A	N/A	\$24.00	\$18.00	\$15.30
3B-Axle	\$16.00	\$16.00	N/A	N/A	N/A	\$24.00	\$24.00	\$20.40
4A-Axle	\$24.00	\$20.00	N/A	N/A	N/A	\$36.00	\$30.00	\$25.50
4B-Axle	\$24.00	\$24.00	N/A	N/A	N/A	\$36.00	\$36.00	\$31.00
5-Axle	\$48.00	\$48.00	N/A	N/A	N/A	\$63.00	\$63.00	\$58.00
6-Axle	\$60.00	\$60.00	N/A	N/A	N/A	\$75.00	\$75.00	\$70.00

 Shows reduced rate

Proposed Toll Rates – Legacy Facilities

**Thomas J. Hatem Memorial Bridge (US 40)**

	Cash Base*		E-ZPass MD		Pay-by-Plate	Pay-by-Invoice (Video Toll)		Pay-by-Invoice (Early Payment)
	Current Rate	New Rate	Current Rate	New Rate	New Rate	Current Rate	New Rate	New Rate
Commuter	N/A	N/A	\$1.40	\$1.40	N/A	N/A	N/A	N/A
Motorcycle	\$8.00	\$4.00	\$6.00	\$3.00	\$4.00	\$12.00	\$3.00	\$5.10
2-Axle	\$8.00	\$8.00	\$6.00	\$6.00	\$8.00	\$12.00	\$12.00	\$10.20
3A-Axle	\$16.00	\$12.00	\$11.20	\$8.40	\$12.00	\$24.00	\$18.00	\$15.30
3B-Axle	\$16.00	\$16.00	\$11.20	\$11.20	\$16.00	\$24.00	\$24.00	\$20.40
4A-Axle	\$24.00	\$20.00	\$16.80	\$14.00	\$20.00	\$36.00	\$30.00	\$25.50
4B-Axle	\$24.00	\$24.00	\$16.80	\$16.80	\$24.00	\$36.00	\$36.00	\$31.00
5-Axle	\$48.00	\$48.00	N/A	N/A	N/A	\$63.00	\$63.00	\$58.00
6-Axle	\$60.00	\$60.00	N/A	N/A	N/A	\$75.00	\$75.00	\$70.00

Shows reduced rate

\*Beginning October 2019, cash will no longer be accepted as payment at the Thomas J.Hatem Memorial Bridge (US 40). Tolls will be collected electronically via E-ZPass or Pay-by-Invoice (Video Toll).

Proposed Toll Rates – Legacy Facilities

**Governor Harry W. Nice Memorial/ Senator Thomas "Mac" Middleton Bridge (US 301)**

	Cash Base		<i>E-ZPass MD</i>		Pay-by-Plate	Pay-by-Invoice (Video Toll)		Pay-by-Invoice (Early Payment)
	Current Rate	New Rate	Current Rate	New Rate	New Rate	Current Rate	New Rate	New Rate
Commuter	N/A	N/A	\$2.10	\$2.10	N/A	N/A	N/A	N/A
Motorcycle	\$6.00	\$3.00	\$4.50	\$2.25	\$3.00	\$9.00	\$4.50	\$3.83
2-Axle	\$6.00	\$6.00	\$4.50	\$4.50	\$6.00	\$9.00	\$9.00	\$7.65
3A-Axle	\$12.00	\$9.00	N/A	N/A	N/A	\$18.00	\$13.50	\$11.48
3B-Axle	\$12.00	\$12.00	N/A	N/A	N/A	\$18.00	\$18.00	\$15.30
4A-Axle	\$18.00	\$15.00	N/A	N/A	N/A	\$27.00	\$22.50	\$19.13
4B-Axle	\$18.00	\$18.00	N/A	N/A	N/A	\$27.00	\$27.00	\$22.95
5-Axle	\$36.00	\$36.00	N/A	N/A	N/A	\$51.00	\$51.00	\$46.00
6-Axle	\$45.00	\$45.00	N/A	N/A	N/A	\$60.00	\$60.00	\$55.00

 Shows reduced rate

## Proposed Toll Rates – MD 200 (ICC) & I-95 Express Toll Lanes (ETL) Pay-by-Plate and Expanded and New Vehicle Classifications

Per statute, the Board establishes the toll ranges for MDTA’s variably priced facilities. The Executive Director is responsible for setting the toll rate within the approved ranges. Currently the ICC and I-95 ETL rates are set at the low end of the range. Upon approval of the toll rate range, at the end of the toll setting process, the Executive Director will continue to set the rate at the low end of the range. The toll ranges are established on a per mile basis. The ranges have been rounded 2 decimals for illustration purposes. The actual toll rate is based on the distance traveled and payment method and is rounded upon the final calculated result.

### Motorcycles

	Peak				Off-Peak				Overnight									
	Current Range		New Range		Current Range		New Range		Current Range		New Range							
-----Per Mile Range-----																		
E-ZPass	\$0.22	to	\$0.35	\$0.11	to	\$0.18	\$0.17	to	\$0.30	\$0.09	to	\$0.15	\$0.07	to	\$0.30	\$0.04	to	\$0.15
Pay-by-Plate	--	to	--	\$0.14	to	\$0.22	--	to	--	\$0.11	to	\$0.19	--	to	--	\$0.04	to	\$0.19
Pay-by-Invoice (Video)	\$0.33	to	\$0.53	\$0.17	to	\$0.26	\$0.26	to	\$0.45	\$0.13	to	\$0.23	\$0.11	to	\$0.45	\$0.05	to	\$0.23

 Shows new rate

### 2-axle vehicles

	Peak				Off-Peak				Overnight									
	Current Range		New Range		Current Range		New Range		Current Range		New Range							
-----Per Mile Range-----																		
E-ZPass	\$0.22	to	\$0.35	\$0.22	to	\$0.35	\$0.17	to	\$0.30	\$0.17	to	\$0.30	\$0.07	to	\$0.30	\$0.07	to	\$0.30
Pay-by-Plate	--	to	--	\$0.28	to	\$0.44	--	to	--	\$0.21	to	\$0.38	--	to	--	\$0.09	to	\$0.38
Pay-by-Invoice (Video)	\$0.33	to	\$0.53	\$0.33	to	\$0.53	\$0.26	to	\$0.45	\$0.26	to	\$0.45	\$0.11	to	\$0.45	\$0.11	to	\$0.45

 Shows new rate

### 3-axle “light” vehicles

	Peak				Off-Peak				Overnight									
	Current Range		New Range		Current Range		New Range		Current Range		New Range							
-----Per Mile Range-----																		
E-ZPass	\$0.44	to	\$0.70	\$0.33	to	\$0.53	\$0.34	to	\$0.60	\$0.26	to	\$0.45	\$0.14	to	\$0.60	\$0.11	to	\$0.45
Pay-by-Plate	--	to	--	\$0.41	to	\$0.66	--	to	--	\$0.32	to	\$0.56	--	to	--	\$0.13	to	\$0.56
Pay-by-Invoice (Video)	\$0.66	to	\$1.05	\$0.50	to	\$0.79	\$0.51	to	\$0.90	\$0.38	to	\$0.68	\$0.21	to	\$0.90	\$0.16	to	\$0.68

 Shows new rate



### 3-axle “heavy” vehicles

	Peak						Off-Peak						Overnight					
	Current Range			New Range			Current Range			New Range			Current Range			New Range		
	-----Per Mile Range-----																	
E-ZPass	\$0.44	to	\$0.70	\$0.44	to	\$0.70	\$0.34	to	\$0.60	\$0.34	to	\$0.60	\$0.14	to	\$0.60	\$0.14	to	\$0.60
Pay-by-Plate	--	to	--	\$0.55	to	\$0.88	--	to	--	\$0.43	to	\$0.75	--	to	--	\$0.18	to	\$0.75
Pay-by-Invoice (Video)	\$0.66	to	\$1.05	\$0.66	to	\$1.05	\$0.51	to	\$0.90	\$0.51	to	\$0.90	\$0.21	to	\$0.90	\$0.21	to	\$0.90

Shows new rate

### 4-axle “light” vehicles

	Peak						Off-Peak						Overnight					
	Current Range			New Range			Current Range			New Range			Current Range			New Range		
	-----Per Mile Range-----																	
E-ZPass	\$0.66	to	\$1.05	\$0.55	to	\$0.88	\$0.51	to	\$0.90	\$0.43	to	\$0.75	\$0.21	to	\$0.90	\$0.18	to	\$0.75
Pay-by-Plate	--	to	--	\$0.69	to	\$1.09	--	to	--	\$0.53	to	\$0.94	--	to	--	\$0.22	to	\$0.94
Pay-by-Invoice (Video)	\$0.99	to	\$1.58	\$0.83	to	\$1.31	\$0.77	to	\$1.35	\$0.64	to	\$1.13	\$0.32	to	\$1.35	\$0.26	to	\$1.13

Shows new rate

### 4-axle “heavy” vehicles

	Peak						Off-Peak						Overnight					
	Current Range			New Range			Current Range			New Range			Current Range			New Range		
	-----Per Mile Range-----																	
E-ZPass	\$0.66	to	\$1.05	\$0.66	to	\$1.05	\$0.51	to	\$0.90	\$0.51	to	\$0.90	\$0.21	to	\$0.90	\$0.21	to	\$0.90
Pay-by-Plate	--	to	--	\$0.83	to	\$1.31	--	to	--	\$0.64	to	\$1.13	--	to	--	\$0.26	to	\$1.13
Pay-by-Invoice (Video)	\$0.99	to	\$1.58	\$0.99	to	\$1.58	\$0.77	to	\$1.35	\$0.77	to	\$1.35	\$0.32	to	\$1.35	\$0.32	to	\$1.35

Shows new rate


### 5-axle vehicles

	Peak						Off-Peak						Overnight					
	Current Range			New Range			Current Range			New Range			Current Range			New Range		
	-----Per Mile Range-----																	
E-ZPass	\$1.32	to	\$2.10	\$1.32	to	\$2.10	\$1.02	to	\$1.80	\$1.02	to	\$1.80	\$0.42	to	\$1.80	\$0.42	to	\$1.80
Pay-by-Plate	--	to	--	\$1.65	to	\$2.63	--	to	--	\$1.28	to	\$2.25	--	to	--	\$0.53	to	\$2.25
Pay-by-Invoice (Video)	\$1.98	to	\$3.15	\$1.98	to	\$3.15	\$1.53	to	\$2.70	\$1.53	to	\$2.70	\$0.63	to	\$2.70	\$0.63	to	\$2.70

Shows new rate

## 6+-axle vehicles

	Peak				Off-Peak				Overnight									
	Current Range		New Range		Current Range		New Range		Current Range		New Range							
	-----Per Mile Range-----																	
E-ZPass	\$1.65	to	\$2.63	\$1.65	to	\$2.63	\$1.28	to	\$2.25	\$1.28	to	\$2.25	\$0.53	to	\$2.25	\$0.53	to	\$2.25
Pay-by-Plate	--	to	--	\$2.06	to	\$3.28	--	to	--	\$1.59	to	\$2.81	--	to	--	\$0.66	to	\$2.81
Pay-by-Invoice (Video)	\$2.48	to	\$3.94	\$2.48	to	\$3.94	\$1.91	to	\$3.38	\$1.91	to	\$3.38	\$0.79	to	\$3.38	\$0.79	to	\$3.38

 Shows new rate

### Pay-by-Invoice (Video Toll) Early Payment Discount

The following table is for illustration purposes to show the discount range based on setting the toll rate at the low end of the approved toll ranges. The discount varies based on the distance traveled.

Axle	Peak	Off-Peak	Overnight
Motorcycle	\$ .21 to \$ .44	\$ .21 to \$ .37	\$ .21 to \$ .24
2	\$ .22 to \$ .87	\$ .21 to \$ .67	\$ .21 to \$ .33
3 light	\$ .25 to \$ 1.30	\$ .23 to \$ 1.01	\$ .21 to \$ .43
3 heavy	\$ .28 to \$ 1.74	\$ .25 to \$ 1.34	\$ .21 To \$ .55
4 light	\$ .32 to \$ 2.17	\$ .28 to \$ 1.68	\$ .21 to \$ .69
4 heavy	\$ .35 to \$ 2.60	\$ .30 to \$ 2.01	\$ .21 to \$ .83
5	\$ .59 to \$ 5.21	\$ .46 to \$ 4.02	\$ .28 to \$ 1.66
6+	\$ .74 to \$ 6.51	\$ .57 to \$ 5.03	\$ .31 to \$ 2.07

## IV. Financial Affordability

### a. Current State

The MDTA is financially strong. Despite the simultaneous planning and construction of two mega projects (I-95 ETL Northern Extension and the replacement of the Nice/Middleton Bridge) as well as the construction of the I-895 Bridge Project, the MDTA remains on solid footing. Coverage levels remain strong with debt service coverage above 2.5 and rate covenant compliance in excess of 2.0 throughout the FY 2020 – FY 2025 period.

In FY 2016, the MDTA lowered certain toll rates and fees as a result of strong financial performance. Higher than expected traffic growth following the multi-phase toll increases in fiscal years 2012 and 2014 allowed the MDTA to revise some of its rates. Continued robust traffic growth in FY 2016 following the toll rate reduction mitigated most of the revenue impact associated with the toll and fee reductions. Toll revenues declined by \$5.1 million, or 0.8% from FY 2015 and exceeded the revenue forecast for FY 2016.

Operating revenues increased by \$33.5 million, or 4%, from FY 2016 to FY 2017. This increase was primarily due to 4% growth in transactions on the MDTA's facilities and the implementation of additional toll collection and enforcement actions. In FY 2018, following strong revenue performance totaling over \$700 million for the second consecutive year, the MDTA was able to eliminate the \$7.50 *E-ZPass* Maryland transponder fee while also funding the \$503 million repayment of the outstanding Series 2008 Bonds and the \$100 million partial repayment of the Series 2007 Bonds in FY 2018. The early repayment of this debt resulted in a total debt service reduction of \$966.8 million through 2041.

During 2018, Fitch Ratings and Moody's Investor Service upgraded the MDTA's credit ratings by one notch to AA and Aa2, respectively, citing the MDTA's superior financial flexibility, consistently high debt service coverage relative to peers, and prudent capital planning. Standard and Poor's Global Ratings affirmed the MDTA's AA- and Stable outlook.

In FY 2019, MDTA refunded its Series 2009A toll revenue bonds resulting in a net present value savings of approximately \$4.8 million. Additional savings are anticipated as a result of the true up of actual spending in FY 2019.

As described in the subsequent materials, the MDTA's current financial position provides flexibility for toll rate adjustments. The financial forecast that follows will demonstrate the MDTA's ability to sustain the proposed toll rate reductions while also maintaining a sound financial position.

**Current Financial Position<sup>4</sup> – June 2019 Unofficial Forecast FY 2020-2025 (v2019-03)**

**Key Indicators**

	FY 2020-2025	
	<u>High</u>	<u>Low</u>
<ul style="list-style-type: none"> <li>• Adheres to Trust Agreement rate covenant and MDTA financial policies</li> </ul>		
Rate Covenant Ratio (Trust Agreement) <sup>5</sup>	3.96	2.05
Debt Service Coverage Ratio (MDTA Policy) <sup>6</sup>	4.91	2.55
Min. Unencumbered Cash Balance (MDTA Policy) <sup>7</sup>	\$354.7	\$352.1
<ul style="list-style-type: none"> <li>• Bonds issued FY 2020-2025</li> <li>• TIFIA loan FY 2020-2025</li> <li>• Debt service FY 2020-2025</li> <li>• Maximum outstanding debt (FY 2020-2025)</li> <li>• Bond cap<sup>8</sup></li> <li>• Unused debt capacity as of FY 2025</li> </ul>		
	\$1.04 billion	
	\$250 million	
	\$771 million	
	\$2.56 billion	
	Not exceeded	
	\$442.7 million	

**Assumptions**

- FY 2020 Final Operating Budget with 4% growth annually
- FY 2020-2025 Draft CTP including Nice/Middleton Bridge and I-95 ETL Northern Extension
- October/November 2018 Traffic and Revenue Reports

<sup>4</sup> The forecast does not reflect anticipated savings associated with the true up actual spending in FY 2019.

<sup>5</sup> Net revenues after deducting operating expenses  $\geq 1.0 \times$  sum of: a) 120% debt service and b) deposits to M&O Account

<sup>6</sup> Chapter 489 of 2015 requires MDTA to maintain a minimum annual debt service coverage level of 2.5 times coverage in FY 2016 through FY 2020. In FY 2021, the minimum annual debt service coverage level reverts to an internal policy target of 2.0 times coverage.

<sup>7</sup>  $\geq$  \$350 million

<sup>8</sup> Chapter 489 of 2015 capped MDTA's revenue bonds outstanding that are secured by toll revenue to \$2.325 billion in FY 2015 through FY 2020. In FY 2021, the statutory cap increases to \$3.0 billion.

**CASH FLOW FORECAST FY 2019- FY 2025**  
**MARYLAND TRANSPORTATION AUTHORITY**  
(millions \$)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<b>REVENUES</b>							
Toll Revenues	\$ 735.9	\$ 746.1	\$ 750.4	\$ 760.5	\$ 773.0	\$ 781.6	\$ 786.5
Concession Income	6.4	6.4	6.4	6.4	6.5	6.5	6.5
Investment Income & Other Revenue	7.5	7.1	6.7	6.7	6.7	6.7	6.7
MDOT Loan Repayment - Interest	-	-	0.6	2.0	3.7	3.5	3.2
BWI/Port Police Reimbursement	28.9	29.9	31.1	32.3	33.6	34.9	36.3
<b>TOTAL REVENUES</b>	<b>\$ 778.7</b>	<b>\$ 789.5</b>	<b>\$ 795.2</b>	<b>\$ 807.9</b>	<b>\$ 823.5</b>	<b>\$ 833.2</b>	<b>\$ 839.3</b>
<b>EXPENSES</b>							
<b>Operating Expenses</b>							
Operating Account Budget	\$ 324.4	\$ 337.4	\$ 350.9	\$ 365.0	\$ 379.6	\$ 394.7	\$ 410.5
Debt Service	92.5	92.1	100.5	114.0	136.2	160.0	168.1
Other Expenses	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 416.9</b>	<b>\$ 429.6</b>	<b>\$ 451.4</b>	<b>\$ 478.9</b>	<b>\$ 515.8</b>	<b>\$ 554.7</b>	<b>\$ 578.6</b>
<b>Capital Expenses</b>							
2018-2024 Total CTP	\$ 364.4	\$ 396.9	\$ 521.2	\$ 621.7	\$ 878.9	\$ 427.4	\$ 360.0
<b>Total Expenses (Operating and Capital)</b>	<b>\$ 781.3</b>	<b>\$ 826.5</b>	<b>\$ 972.6</b>	<b>\$ 1,100.6</b>	<b>\$ 1,394.7</b>	<b>\$ 982.2</b>	<b>\$ 938.6</b>
<b>Capital Funding Sources / (Uses) and Intergovernmental:</b>							
Revenue Bonds	\$ -	\$ 25.0	\$ 130.0	\$ 205.0	\$ 470.0	\$ 120.0	\$ 90.0
TIFIA	-	-	85.0	85.0	80.0	-	-
Surety Policy Expense	(1.0)	(0.0)	(0.2)	(0.3)	-	(0.1)	(0.1)
Revenue Bond Defeasance	-	-	-	-	-	-	-
MDOT Loan / Principal Repayment	(28.0)	(62.0)	(40.0)	4.2	8.2	8.5	8.7
VDOT Contribution / Grants	-	-	-	-	13.0	20.0	-
Accrual Accounting Reconciliation	-	-	-	-	-	-	-
Total Current Year Sources (Uses) Available	(29.0)	(37.0)	174.8	294.0	571.2	148.3	98.6
<b>Annual Cash Requirements</b>	<b>\$ 810.3</b>	<b>\$ 863.5</b>	<b>\$ 797.8</b>	<b>\$ 806.6</b>	<b>\$ 823.5</b>	<b>\$ 833.8</b>	<b>\$ 840.0</b>
<b>Annual Cash Surplus/Deficit</b>	<b>(31.6)</b>	<b>(74.1)</b>	<b>(2.6)</b>	<b>1.3</b>	<b>(0.0)</b>	<b>(0.6)</b>	<b>(0.7)</b>
<b>Total Cash Balance</b>	<b>\$ 472.8</b>	<b>\$ 398.8</b>	<b>\$ 396.2</b>	<b>\$ 397.5</b>	<b>\$ 397.5</b>	<b>\$ 396.8</b>	<b>\$ 396.1</b>
<b>Bonds Outstanding</b> (≤\$2.325 b. FY16-FY20; then ≤\$3.0 b.)	<b>\$ 1,552.8</b>	<b>\$ 1,539.9</b>	<b>\$ 1,715.5</b>	<b>\$ 1,961.5</b>	<b>\$ 2,463.6</b>	<b>\$ 2,530.3</b>	<b>\$ 2,557.3</b>
<b>FINANCIAL COVERAGE RATIOS</b>							
Unencumbered Cash (\$350 mm minimum)	\$428.8	\$354.7	\$352.1	\$353.4	\$353.4	\$352.8	\$352.1
Debt Service Coverage (≥2.5x thru FY20; then ≥2.0x)	4.91	4.91	4.42	3.89	3.26	2.74	2.55
Rate Covenant Compliance (Legal - 1.0x)	3.96	3.96	3.56	3.14	2.62	2.21	2.05

**PROJECTED FUTURE AVERAGE TOLL INCREASES:**

\$0 IN FY 2019  
\$0 IN FY 2021  
\$0 IN FY 2023

- Does not show toll increases within FY19-25 period.
- Regardless of timing / need for system wide toll increases, tolls on ICC and I-95 ETL could be revised to manage congestion

**2019-3**

**June 2019 Unofficial Financial Forecast**  
FY 2020 Final Op. Budget  
FY 2020-25 Draft CTP  
Oct./Nov. 2018 T&R Reports

b. Third Generation Electronic Tolling Collection (3G) System Operational Savings

The updated financial forecast reflects the anticipated savings associated with 3G. Beginning in FY 2021, approximately \$10.63 million in operating budget savings is anticipated. However, to the extent that there is a significant rise in traffic volume or accounts, future 3G savings may be lower.

COST TYPE	FY 2021 ESTIMATE (CONDUENT)	FY 2021 BUDGET ESTIMATE (KAPSCH+TRANSCORE)
Transcore Costs		\$23,060,176
Kapsch Costs		\$3,253,188
<b><i>Total Contract</i></b>	<b><i>\$36,660,000</i></b>	<b><i>\$26,313,364</i></b>
<b><i>E-ZPass Retail Fees</i></b>	<b><i>\$13,595,080</i></b>	<b><i>\$12,820,803</i></b>
<b><i>MDTA Costs</i></b>	<b><i>\$2,395,998</i></b>	<b><i>\$3,037,183</i></b>
<b><i>Management Studies and Consultants</i></b>	<b><i>\$208,000</i></b>	<b><i>\$206,000</i></b>
<b><i>Security Services</i></b>	<b><i>\$275,600</i></b>	<b><i>\$272,950</i></b>
<b><i>Transponder Costs</i></b>	<b><i>\$5,148,000</i></b>	<b><i>\$5,000,000</i></b>
<b><i>Other Items</i></b>	<b><i>\$223,018</i></b>	<b><i>\$220,873</i></b>
<b><i>Total Budget</i></b>	<b><i>\$58,505,696</i></b>	<b><i>\$47,871,173</i></b>

Note: FY 2021 estimate for Conduent reflects a 4% increase above the FY 2020 operating budget of \$56.255M

c. Revenue Impact

With MDTA’s new 3G system, the MDTA is poised to deliver even greater value to its customers by improving the fairness of toll rates and resolving long-standing customer feedback that previously could not be resolved due to technology limitations. The MDTA is proposing to (1) lower toll rates for motorcycles and certain 3- and 4-axle vehicles by 17% to 50%; (2) implement a new toll payment option for customers and (3) provide discounts for video toll customers who proactively pay their toll prior to receiving a notice. The estimated revenue reduction for the FY 2021 – 2025 timeframe totals \$28.12 million. Anticipated 3G savings are expected to offset the revenue reduction associated with the proposed toll adjustments.

PROPOSED TOLL ADJUSTMENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
1. Expanded & New Vehicle Classes	\$2.66M	\$2.68M	\$2.71M	\$2.74M	\$2.77M
2. New Payment Option	\$1.53M	\$1.55M	\$1.56M	\$1.58M	\$1.60M
3. Video Toll Early Payment Discount	\$1.32M	\$1.33M	\$1.35M	\$1.36M	\$1.38M
<b>Total</b>	<b>\$5.51M</b>	<b>\$5.56M</b>	<b>\$5.62M</b>	<b>\$5.68M</b>	<b>\$5.75M</b>
			Grand Total \$28.12M*		

\* Customer savings assume a full year

#### d. Financial Position with Toll Rate Adjustments – July 2019 Financial Forecast FY 2020-2025

As previously discussed, the MDTA’s current financial position provides flexibility for toll rate adjustments. This section describes the likely financial impact of the proposed adjustments. As shown in the financial forecasts that follow, a reduction of \$28.1 million in toll revenues throughout the FY 2020 – 2025 forecast period can be achieved while maintaining a sound financial position. This is due to the strength of the MDTA’s toll revenues and anticipated savings associated with the 3G system.

#### Key Indicators

	FY 2020-2025	
	<u>High</u>	<u>Low</u>
<ul style="list-style-type: none"> <li>Adheres to Trust Agreement rate covenant and MDTA financial policies</li> </ul>		
Rate Covenant Ratio (Trust Agreement) <sup>9</sup>	3.97	2.11
Debt Service Coverage Ratio (MDTA Policy) <sup>10</sup>	4.93	2.62
Min. Unencumbered Cash Balance (MDTA Policy) <sup>11</sup>	\$354.2	\$350.1
<ul style="list-style-type: none"> <li>Bonds issued FY 2020-2025</li> <li>TIFIA loan FY 2020-2025</li> <li>Debt service FY 2020-2025</li> <li>Maximum outstanding debt (FY 2020-2025)</li> </ul>	\$1.01 billion	\$250 million
	\$764.9 million	\$2.52 billion

<sup>9</sup> Net revenues after deducting operating expenses  $\geq 1.0 \times$  sum of: a) 120% debt service and b) deposits to M&O Account

<sup>10</sup> Chapter 489 of 2015 requires MDTA to maintain a minimum annual debt service coverage level of 2.5 times coverage in FY 2016 through FY 2020. In FY 2021, the minimum annual debt service coverage level reverts to an internal policy target of 2.0 times coverage.

<sup>11</sup>  $\geq$  \$350 million

- Bond cap<sup>12</sup> Not exceeded
- Unused debt capacity as of FY 2025 \$476.9 million

**Assumptions**

- FY 2020 Final Operating Budget with 4% growth annually, less 3G savings beginning in FY 2021, plus \$300,000 for I-95 ETL Northern Extension maintenance beginning in FY 2024
- FY 2020-2025 Draft CTP including Nice/Middleton Bridge and I-95 ETL Northern Extension
- October/November 2018 Traffic and Revenue Reports
- Slight change to Traffic Relief Plan loan draw - \$4.4M pushed out from FY 2019 to FY 2020
- Savings from Series 2009A toll revenue bonds refunding
- Proposed toll rate revenue adjustments

<b>COMPARISON OF FINANCIAL FORECASTS</b>		
	June 2019 Unofficial Financial Forecast (v 2019-03)	July 2019 Financial Forecast (v2019-05)
Adherence to Rate Covenant, debt service coverage goal, \$350 million minimum unencumbered cash balance goal	Yes	Yes
Toll Revenues (FY 2020 - FY 2025)	\$4.60 B	\$4.57 B
Bonds Issued (FY 2020–2025)	\$1.04 B	\$1.01 B
Debt Service (FY 2020-2025)	\$771 M	\$764.9 M
Maximum Outstanding Debt (through FY 2025)	\$2.56 B (FY 2025)	\$2.52 B (FY 2025)
Bond Cap	Not exceeded	Not exceeded

<sup>12</sup> Chapter 489 of 2015 capped MDTA’s revenue bonds outstanding that are secured by toll revenue to \$2.325 billion in FY 2015 through FY 2020. In FY 2021, the statutory cap increases to \$3.0 billion.



**CASH FLOW FORECAST FY 2019- FY 2025**  
**MARYLAND TRANSPORTATION AUTHORITY**  
(millions \$)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<b>REVENUES</b>							
Toll Revenues	\$ 735.9	\$ 746.1	\$ 744.9	\$ 754.9	\$ 767.4	\$ 776.0	\$ 780.8
Concession Income	6.4	6.4	6.4	6.4	6.5	6.5	6.5
Investment Income & Other Revenue	7.5	7.0	6.7	6.7	6.6	6.7	6.7
MDOT Loan Repayment - Interest	-	-	0.6	1.9	3.7	3.5	3.2
BWI/Port Police Reimbursement	28.9	29.9	31.1	32.3	33.6	34.9	36.3
<b>TOTAL REVENUES</b>	<b>\$ 778.7</b>	<b>\$ 789.5</b>	<b>\$ 789.7</b>	<b>\$ 802.2</b>	<b>\$ 817.8</b>	<b>\$ 827.5</b>	<b>\$ 833.5</b>

<b>EXPENSES</b>							
<b>Operating Expenses</b>							
Operating Account Budget	\$ 324.4	\$ 337.4	\$ 340.3	\$ 353.9	\$ 368.1	\$ 383.1	\$ 398.4
Debt Service	92.5	91.8	99.9	113.2	135.0	158.7	166.3
Other Expenses	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 416.9</b>	<b>\$ 429.2</b>	<b>\$ 440.2</b>	<b>\$ 467.1</b>	<b>\$ 503.0</b>	<b>\$ 541.7</b>	<b>\$ 564.7</b>

<b>Capital Expenses</b>							
2018-2024 Total CTP	\$ 364.4	\$ 396.9	\$ 521.2	\$ 621.7	\$ 878.9	\$ 427.4	\$ 360.0
<b>Total Expenses (Operating and Capital)</b>	<b>\$ 781.3</b>	<b>\$ 826.1</b>	<b>\$ 961.4</b>	<b>\$ 1,088.8</b>	<b>\$ 1,381.9</b>	<b>\$ 969.2</b>	<b>\$ 924.7</b>

**Capital Funding Sources / (Uses) and Intergovernmental:**

Revenue Bonds	\$ -	\$ 20.0	\$ 130.0	\$ 195.0	\$ 465.0	\$ 115.0	\$ 80.0
TIFIA	-	-	85.0	85.0	80.0	-	-
Surety Policy Expense	(1.0)	(0.0)	(0.2)	(0.2)	-	(0.1)	(0.1)
Revenue Bond Defeasance	-	-	-	-	-	-	-
MDOT Loan / Principal Repayment	(23.6)	(66.4)	(40.0)	3.9	8.2	8.5	8.7
VDOT Contribution / Grants	-	-	-	-	13.0	20.0	-
Accrual Accounting Reconciliation	-	-	-	-	-	-	-
Total Current Year Sources (Uses) Available	(24.6)	(46.4)	174.8	283.7	566.2	143.3	88.6

<b>Annual Cash Requirements</b>	<b>\$ 805.9</b>	<b>\$ 872.5</b>	<b>\$ 786.6</b>	<b>\$ 805.1</b>	<b>\$ 815.7</b>	<b>\$ 825.8</b>	<b>\$ 836.1</b>
<b>Annual Cash Surplus/Deficit</b>	<b>(27.2)</b>	<b>(83.1)</b>	<b>3.1</b>	<b>(2.8)</b>	<b>2.1</b>	<b>1.7</b>	<b>(2.6)</b>
<b>Total Cash Balance</b>	<b>\$ 477.3</b>	<b>\$ 394.2</b>	<b>\$ 397.2</b>	<b>\$ 394.4</b>	<b>\$ 396.5</b>	<b>\$ 398.3</b>	<b>\$ 395.7</b>

<b>Bonds Outstanding</b> (≤\$2.325 b. FY16-FY20; then ≤\$3.0 b.)	<b>\$ 1,548.3</b>	<b>\$ 1,530.4</b>	<b>\$ 1,707.1</b>	<b>\$ 1,944.2</b>	<b>\$ 2,442.5</b>	<b>\$ 2,505.8</b>	<b>\$ 2,523.1</b>
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**FINANCIAL COVERAGE RATIOS**

Unencumbered Cash (\$350 mm minimum)	\$433.2	\$350.1	\$353.2	\$350.4	\$352.5	\$354.2	\$351.6
Debt Service Coverage (≥2.5x thru FY20; then ≥2.0x)	4.91	4.93	4.50	3.96	3.33	2.80	2.62
Rate Covenant Compliance (Legal - 1.0x)	3.96	3.97	3.63	3.20	2.68	2.26	2.11

**PROJECTED FUTURE AVERAGE TOLL INCREASES:**

\$0 IN FY 2019

\$0 IN FY 2021

\$0 IN FY 2023

- Does not show toll increases within FY19-25 period.

- Regardless of timing / need for system wide toll increases, tolls on ICC and I-95 ETL could be revised to manage congestion

**2019-05**

Sept 2019 Official Forecast

FY 2020 Final Op. Budget including

3G exp reduction and increase ETL

FY 2020-25 Draft CTP

Oct./Nov. 2018 T&R Reports

Toll Modernization Proposal

2009 Bond Refunding

## V. Communications Plan

DATE	ACTIVITY
<b>Monday, July 22</b>	Draft materials: <ul style="list-style-type: none"> <li>• Legal notice</li> <li>• Digital ad</li> <li>• Hearing Script</li> <li>• Social media messaging</li> <li>• Toll facility handout</li> <li>• Video content and script</li> <li>• Granicus notification</li> <li>• Display boards</li> <li>• Comment form</li> <li>• MVA slide</li> </ul>
<b>Thursday, July 25</b>	Board meeting Obtain members availability for hearings Issue news release and post to MDTA website Elected official notification MDTA employee email <a href="https://mdta.maryland.gov/TollModernization/Home.html">https://mdta.maryland.gov/TollModernization/Home.html</a>
<b>Thursday, August 1 (Tentative)</b>	Public comment period opens Post few boards to project website Issue reminder news release Place legal notice and comment link and form to the MDTA website Place legal notices in local newspapers/MD Register <ul style="list-style-type: none"> <li>• Afro American</li> <li>• Baltimore Sun</li> <li>• Capital Gazette</li> <li>• Cecil Whig</li> <li>• Dundalk Eagle</li> <li>• Latin Opinion</li> <li>• Maryland Gazette</li> <li>• Maryland Independent</li> <li>• Montgomery Sentinel</li> <li>• Aegis</li> </ul>
<b>August 26</b>	Post hearing boards on the website Hand out hearings flyers at toll facilities and place in SICs Finalize <ul style="list-style-type: none"> <li>• Hearing script</li> <li>• Hearing video</li> <li>• Court reporters</li> <li>• Interpreters, if requested</li> <li>• Display boards</li> </ul> Signage, name tags, comments sheets, sign-in sheets

<p><b>August 26-September 19</b></p>	<p>Run digital ads</p> <ul style="list-style-type: none"> <li>• afro.com</li> <li>• baltimoresun.com</li> <li>• capitalgazette.com</li> <li>• dundalkeagle.com</li> <li>• latinopinion.com</li> <li>• somdnews.com</li> <li>• thesentinel.com</li> <li>• theaegis.com</li> </ul> <p>Post to MDTA Website and Social media posts Send out Granicus notifications</p>
<p><b>September</b></p>	<p>Public hearings 6:00 to 8:00 PM</p> <ul style="list-style-type: none"> <li>• September 3 – Perryville High School</li> <li>• September 4 – Dundalk Middle School</li> <li>• September 5 – Gaithersburg Middle School</li> <li>• September 9 – Patapsco Arena</li> <li>• September 10 – High Point High School</li> <li>• September 12 – Kent Island High School</li> <li>• September 16 – Havre de Grace Activity Center</li> <li>• September 17 – Piccowaxen Middle School</li> <li>• September 19 – Severn River Middle School</li> </ul>
<p><b>October 3</b></p>	<p>Comment period closes</p>
<p><b>September/October</b></p>	<p>Collect and document comments</p>
<p><b>October 31</b></p>	<p>Based on public input received present recommendation on the proposal to the Board Members by MDTA staff and to the public via the MDTA website</p>
<p><b>November 1 - 14</b></p>	<p>10-day public comment period on MDTA staff recommendations</p>
<p><b>November 21</b></p>	<p>Final recommendation vote at MDTA Board Meeting</p>

## VI. Schedule

July 25, 2019	MDTA Board Presentation and elected official notification
August 1, 2019 (Tentative)	Public hearings notification and comment collection period begins
September 3-19, 2019	Nine public hearings with quorum of MDTA Board
October 31, 2019	Based on public input received present recommendation on the proposal to the Board Members by MDTA staff and to the public via the MDTA website
November 1 – 14, 2019	10-day public comment period on MDTA staff recommendation
November 21, 2019	Final Recommendation vote at MDTA Board Meeting
Winter 2019	Extensive public outreach and educational campaign
Second quarter calendar year 2020	Establish New Payment Option (Pay-by-Plate)
Third quarter calendar year 2020	Expanded and New Vehicle Classifications
Fourth quarter calendar year 2020	Video Toll Early Payment Discount (Pay-by-Invoice)

## VII. Approval to Advertise Staff's Proposal to Begin the Toll Setting Process

The Electronic Toll Collection Third Generation (ETC3G) project will reshape the MDTA toll collection practices by modernizing the delivery of tolling services to our customers. The modernization includes the opportunity to:

- I. Expanded and New Vehicle Classifications:
  - Provides MDTA the ability to expand and create vehicle classifications for motorcycles, 3-wheeled cars, passenger vehicles towing trailers and campers, 3- and 4- axle recreational vehicles, and 2-axle recreational vehicles and tow trucks towing vehicles.
  - Staff proposes the toll rates for these vehicles to be reduced by 17% to 50% (50% for motorcycles and small vehicles; 25% for 3-axle vehicles (3A "light" classification); 17% for 4-axle vehicles (4A "light" classification)).
- II. Establish New Payment Option (Pay-by-Plate):
  - A new payment method would be created for infrequent customers and those that do not want an *E-ZPass* account. This payment method allows customers to pay as they go by registering their license plate and credit card and eliminates the need to maintain a prepaid balance. The toll rates paid will mirror the cash and non-Maryland *E-ZPass* rates for the legacy facilities and be 25% higher than the *E-ZPass* rate on the Intercounty Connector (ICC) and I-95 Express Toll Lanes (ETL).
- III. Video Toll Early Payment Discount (Pay-by-Invoice)
  - The MDTA proposes the introduction of an early payment discount structure, which would allow customers who pay their notice of toll due within a pre-determined timeframe and prior to the mailing of the notice, to receive a 15% discount off of the video toll rate. Currently, customers have 45 days from the date notice is mailed to pay the video toll amount due without any penalty.

Seizing these opportunities will save customers an estimated \$28.1 million over the next five years, while also improving the fairness of toll rates for certain vehicle classifications and resolving long-standing customer feedback that previously couldn't be resolved due to technology limitations.

We are seeking the Board's approval to proceed with public hearing for the changes noted above.