

**Date** 12 June 2015

**To** Dennis Simpson, David Chapin, MDTA

**From** Phil Eshelman and Rick Gobeille, JACOBS

**Subject** I-95 ETL T&R – Revised Toll Schedule

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This memorandum provides the revised transaction and toll revenue forecast with the implementation of the lower toll schedules on July 1, 2015 for the I-95 Express Toll Lanes (I-95 ETLs). More detail regarding the traffic and toll revenue analysis from which this discount analysis is derived is provided in the full traffic and toll revenue report for the I-95 ETLs.

The toll decrease lowers the per mile toll by 3 cents per mile. This results in 2 axle E-ZPass toll charges of \$1.54 during the peak period, \$1.19 during the off-peak period and \$0.49 during the night. The toll decrease also lowers the toll multiplier for 3 axle and 4 axle vehicles from 3.0 and 4.5 to 2.0 and 3.0 respectively. The toll multiplier is defined as the multiplier from the 2 axle rate. The estimated impact on toll revenue is shown in the table below by year. Note that this toll schedule was assumed for the ten year period, without the inclusion of congestion management toll rates that are anticipated to be needed in 2019 and beyond.

The tables of toll revenue and transactions are on the following page.

**Table 1: I-95 ETL Gross Toll Revenue Estimates**

| Year         | I-95 ETL Gross Toll Revenue Estimates  |                     |                       |                      |
|--------------|----------------------------------------|---------------------|-----------------------|----------------------|
|              | T&R Model Only - No Existing Data used |                     |                       |                      |
|              | Current Toll Schedule                  | Discount Analysis * | Absolute Revenue Loss | Percent Revenue Loss |
| 2016         | \$6,119,000                            | \$6,009,000         | -\$110,000            | -1.8%                |
| 2017         | \$6,783,000                            | \$6,623,000         | -\$160,000            | -2.4%                |
| 2018         | \$7,139,000                            | \$6,944,000         | -\$195,000            | -2.7%                |
| 2019**       | \$7,474,000                            | \$7,246,000         | -\$228,000            | -3.1%                |
| 2020**       | \$8,212,000                            | \$7,525,000         | -\$687,000            | -8.4%                |
| 2021**       | \$8,730,000                            | \$7,857,000         | -\$873,000            | -10.0%               |
| 2022**       | \$9,571,000                            | \$8,277,000         | -\$1,294,000          | -13.5%               |
| 2023**       | \$10,594,000                           | \$8,628,000         | -\$1,966,000          | -18.6%               |
| 2024**       | \$10,972,000                           | \$8,914,000         | -\$2,058,000          | -18.8%               |
| 2025**       | \$11,537,000                           | \$9,305,000         | -\$2,232,000          | -19.3%               |
| <b>Total</b> | <b>\$87,131,000</b>                    | <b>\$77,328,000</b> | <b>-\$9,803,000</b>   | <b>-11.3%</b>        |

\* Discount Analysis assumes toll is 3 cents per mile less than in the original schedule for 2 axle and revised multipliers apply to 3 (2x) and 4 (3x) axles.

\*\*In 2019 and beyond, it is anticipated that peak periods will require congestion pricing to manage traffic levels, however discount analysis assumes a constant toll schedule throughout the forecast period. The peak period toll is assumed to be \$1.54 for 2 axle E-ZPass but the following are the estimated needed toll rates for that payment class: 2019: \$1.75; 2020:\$1.90; 2021: \$2.05; 2022: \$2.15; 2023+: \$2.45, which is reflected in the current toll schedule forecast.

**Table 2: I-95 ETL Transaction Estimates**

| Year         | I-95 ETL Annual Transaction Estimates  |                     |                           |                          |
|--------------|----------------------------------------|---------------------|---------------------------|--------------------------|
|              | T&R Model Only - No Existing Data used |                     |                           |                          |
|              | Current Toll Schedule                  | Discount Analysis * | Absolute Transaction Gain | Percent Transaction Gain |
| 2016         | 3,629,632                              | 4,388,000           | 758,368                   | 20.9%                    |
| 2017         | 4,018,387                              | 4,586,000           | 567,613                   | 14.1%                    |
| 2018         | 4,223,359                              | 4,799,000           | 575,641                   | 13.6%                    |
| 2019**       | 4,414,051                              | 4,997,000           | 582,949                   | 13.2%                    |
| 2020**       | 4,592,919                              | 5,186,000           | 593,081                   | 12.9%                    |
| 2021**       | 4,654,444                              | 5,409,000           | 754,556                   | 16.2%                    |
| 2022**       | 4,921,078                              | 5,686,000           | 764,922                   | 15.5%                    |
| 2023**       | 4,986,008                              | 5,923,000           | 936,992                   | 18.8%                    |
| 2024**       | 5,165,502                              | 6,119,000           | 953,498                   | 18.5%                    |
| 2025**       | 5,417,274                              | 6,379,000           | 961,726                   | 17.8%                    |
| <b>Total</b> | <b>46,022,654</b>                      | <b>53,472,000</b>   | <b>7,449,346</b>          | <b>16.2%</b>             |

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\*\*In 2019 and beyond, it is anticipated that peak periods will require congestion pricing to manage traffic levels, however discount analysis assumes a constant toll schedule throughout the forecast period. The peak period toll is assumed to be \$1.54 for 2 axle E-ZPass but the following are the estimated needed toll rates for that payment class: 2019: \$1.75; 2020:\$1.90; 2021: \$2.05; 2022: \$2.15; 2023+: \$2.45, which is reflected in the current toll schedule forecast.

**DISCLAIMERS**

It is Jacobs' opinion that the traffic and toll revenue estimates provided herein are reasonable and that they have been prepared in accordance with accepted industry-wide practice. However, given the uncertainties within the current economic climate, it is important to note the following assumptions which, in our opinion, are reasonable:

- This limited synopsis presents the highlighted results of Jacobs' consideration of the information available as of the date hereof and the application of our experience and professional judgment to that information. It is not a guarantee of any future events or trends.
- The traffic and toll revenue estimates will be subject to future economic and social conditions, demographic developments and regional transportation construction activities that cannot be predicted with certainty.
- The estimates contained in this report, while presented with numeric specificity, are based on a number of estimates and assumptions which, though considered reasonable to us, are inherently subject to economic and competitive uncertainties and contingencies, most of which are beyond the control of the MDTA and cannot be predicted with certainty. In many instances, a broad range of alternative assumptions could be considered reasonable. Changes in the assumptions used could result in material differences in estimated outcomes.
- Jacobs' traffic and toll revenue estimations only represent our best judgment and we do not warrant or represent that the actual toll revenues will not vary from our estimates.
- We do not express any opinion on the following items: socioeconomic and demographic forecasts, proposed land use development projects and potential improvements to the regional transportation network.
- The standards of operation and maintenance on all of the system will be maintained as planned within the business rules and practices.
- The general configuration and location of the system and its interchanges will remain as discussed in this report.
- Access to and from the system will remain as discussed in this report.
- No other competing highway projects, tolled or non-tolled are assumed to be constructed or significantly improved in the project corridor during the project period, except those identified within this report.
- Major highway improvements that are currently underway or fully funded will be completed as planned.
- The system will be well maintained, efficiently operated, and effectively signed to encourage maximum usage.

- No reduced growth initiatives or related controls that would significantly inhibit normal development patterns will be introduced during the estimate period.
- There will be no future serious protracted recession during the estimate period.
- There will be no protracted fuel shortage during the estimate period.
- No local, regional, or national emergency will arise that will abnormally restrict the use of motor vehicles.

In Jacobs' opinion, the assumptions underlying the projections provide a reasonable basis for the revenue projections and operating expenses. However, any financial projection is subject to uncertainties. Inevitably, some assumptions used to develop the projections will not be realized, and unanticipated events and circumstances may occur. There are likely to be differences between the projections and actual results, and those differences may be material. Because of these uncertainties, Jacobs makes no guaranty or warranty with respect to the projections disclosed in this Study

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