



U.S. Department
of Transportation
**Federal Highway
Administration**

1200 New Jersey Avenue, SE.
Washington, DC 20590

September 26, 2007

In Reply Refer To: HOTM-1

Mr. Joseph G. Brimmeier
Chief Executive Officer
Pennsylvania Turnpike Commission
700 South Eisenhower Boulevard
Middletown, PA 17057

Dear Mr. Brimmeier:

Thank you for submitting your Expression of Interest dated August 17 to the Federal Highway Administration (FHWA) requesting tolling authority for I-80 through Pennsylvania. We appreciated the discussion Departmental representatives had with Pennsylvania's representatives on August 29. We have reviewed your Expression of Interest in order to consider which of the available tolling and pricing programs, under Federal law, would best meet the goals of this project.

The Department believes that the Interstate System Reconstruction and Rehabilitation Pilot Program, authorized by Section 1216(b) of the Transportation Equity Act for the 21st Century, is the appropriate tolling pilot program to which the State or applicable public authority should apply.

The FHWA point of contact for the Interstate System Reconstruction and Rehabilitation Pilot Program is Mr. Greg Wolf, Highway Engineer in the Office of Infrastructure, 202-366-4655. His e-mail is greg.wolf@fhwa.dot.gov. Please work with Mr. Wolf in developing your application.

Sincerely,

Jeffrey F. Paniati
Associate Administrator for Operations

cc:
P-1
HOA-1
HOA-2
HOA-3
HIPA-10
HDA-PA

MOVING THE
**AMERICAN
ECONOMY**

FHWA:HOTM-1:W.Berman:jmc:x64069:9/21/2007
cc: HOP-1(RSkervavich)
HOTM-1(WBerman)
Reader File Copy, Mail Stop E-84-402
Official File Copy, Mail Stop E-84-402
L:HOTM-1: Response to PennDOT on I-80 Tolling Applications



-If you have any questions completing this form, please contact Wayne Berman at (202) 366-4069. Please complete all applicable information and attach this request via email to TollingandPricingTeam@fhwa.dot.gov or via U.S. mail to:

**Tolling and Pricing Team,
Federal Highway Administration
Office of Operations, Attn: Wayne Berman,
400 Seventh Street, SW, Room 3404,
Washington, DC, 20590**

Please copy your respective FHWA State Division Office

A) What is the requesting agency, authority, or public company? What is the lead office within the requesting agency, authority, or private company?

Name(s): Pennsylvania Turnpike Commission, in cooperation with the Commonwealth of Pennsylvania Department of Transportation.

Project Website (if applicable) or Your Agency/Company Website: www.paturnpike.com

B) Contact Information

Name: Joseph G. Brimmeier
Title: Chief Executive Officer
Address: 700 South Eisenhower Boulevard, Middletown, PA 17057
Phone: 717-986-9604
E-mail: jbrimmei@paturnpike.com

C) What is the requesting agency seeking? (Please mark appropriate box)

Funding ONLY for this project or study (Federal authority already granted or not necessary).

Federal Tolling Authority ONLY for this project or study (no funds requested).

Funding AND tolling authority for this project or study.

Other, not listed.

Please briefly elaborate: The Pennsylvania Turnpike Commission ("PTC") seeks guidance on which FHWA tolling program would be most suitable for the programmatic objectives for Interstate 80 described in this Expression of Interest.

D) Please provide a brief description of the tolling or pricing project or study. Please identify and describe the subject facility or general area to be tolled, priced or studied (i.e. name of project/study, location, length, level of service, problem to be addressed, etc.)?

Interstate 80 is a transcontinental highway extending from New York to San Francisco across eleven states. I-80 presently is tolled within Ohio and Indiana. The Pennsylvania portion (the Zehnder H. Confair Memorial Highway, more familiarly known as the Keystone Shortway) runs 311 miles in an east-west direction across the entire length of Pennsylvania from Ohio to New Jersey. It is a four lane divided highway with 58 interchanges, crossing a number of hilly and mountainous areas, including the Pocono Mountains in Eastern Pennsylvania. I-80 has 425 bridges, including several major spans crossing the Allegheny, Susquehanna, and Delaware Rivers. The highway was opened to traffic in segments between 1960 and 1970. While I-80 runs largely through rural



areas in thirteen counties across north-central Pennsylvania, it has key exits connecting with several other important Interstate highways, including I-380, I-476, I-81, I-180 and I-79. There are no HOV lanes or truck/commercial lanes on the current facility.

I-80 is a critical component of the nation's goods movement system, connecting New York and New England with Midwest population and industrial centers. I-80 is the shortest interstate route from New York to Chicago, and extends westward from Chicago to San Francisco. The entire cross-country route is 2,907 miles in length and connects major economic and population centers throughout the country.

The route's heavy volume of traffic, hilly terrain, and challenging climatic conditions--with multiple freeze-and-thaw cycles over the course of the winter months--place great wear and tear on I-80's pavement surfaces and structures. For a number of years, the Pennsylvania portion of I-80 routinely was rated the "Worst Interstate" route by the trucking magazine *Overdrive* in its Annual Highway Report. Despite substantial rehabilitation efforts by PennDOT in recent years, significant portions of I-80 remain in unsatisfactory condition and require substantial upgrades.

Because of competing needs for highway and bridge improvements throughout the State, PennDOT has been able to devote only an average of \$80 million/year over the past five years to I-80 capital renewal and operations and routine maintenance. Even with the recent passage of Act 44 of 2007 by the General Assembly, the additional funding for highways—approximately \$500 million per year over the next several years—is still inadequate to fully address the statewide funding needs. The Pennsylvania Transportation Funding and Reform Commission in its November 2006 report estimated that an average of \$965 million per year of new resources is required, in addition to the current combined federal and state funding of \$4.8 billion. The latest federal reauthorization act, SAFETEA-LU, gives Pennsylvania the lowest percentage increase in highway and bridge funding among all states. Meanwhile Pennsylvania has more than twice as many structurally deficient bridges as the national average; and the focus of investment on high volume roadways has left insufficient resources to address critical needs on the Commonwealth's 21,000 miles of secondary roads, 35 percent of which are rated "poor". With the passage of time, the funding gap becomes more acute: Over the past two years, highway and bridge construction costs have increased 35 % in Pennsylvania due to inflation.

The tolling program would generate revenues allowing a dramatic increase in capital investment along I-80, with an additional \$1 billion being spent over the next decade, above and beyond PennDOT's historic "baseline" funding levels. Significant investment will be made in pavement reconstruction and rehabilitation, structure rehabilitation and replacement, and improved geometric features at selected interchanges. The plan also calls for enhanced maintenance coverage for winter weather events.

Under authority granted by the Pennsylvania General Assembly under Act 44 of 2007, PennDOT is authorized to lease I-80 to PTC to operate, maintain and improve the highway under a 50-year lease agreement. The highway would be converted to an "open toll" facility, consisting of up to ten gantries equipped for electronic tolling.

E) Which type of facility is proposed to be tolled or studied?

- Interstate
- Non-Interstate
- Project contains both types of facilities
- Project is not specific to any type of facility Explain



F) Does the toll project involve ANY construction?

No Yes (if so, please mark all that apply) Not applicable

New construction Expansion Rehabilitation Reconstruction
 HOV to HOT Conversion Other not listed.

Please briefly elaborate

PTC anticipates spending approximately \$1 billion on rehabilitation and reconstruction improvements over the next decade, plus approximately \$110 million for installing electronic tolling facilities.

G) Does an HOV lane(s) currently exist on the facility?

No Yes Not applicable

H) What is the timetable to enact the tolling or pricing project or study?

PTC's financial plan for I-80 reflects a three year implementation period to secure necessary governmental approvals, complete design work, refine revenue projections and initiate tolling, debt financing and construction. Act 44 directs that PTC and PennDOT enter into a lease agreement for I-80 by October 15, 2007. PTC has retained Wilbur Smith & Associates to undertake an initial "Level 2" tolling study to assess the revenue potential of tolling I-80 and estimate possible traffic diversion. It is assumed that the toll rate per mile on I-80 will be the same as that on the Mainline and Northeast Extension of the current Turnpike (anticipated to be approximately 8 cents per mile by FY2011, when tolled operations would commence). A more thorough and detailed "Level 3" investment grade study would be undertaken after the results of the Level 2 study were assessed, in order to permit long-term debt issuance backed by I-80 projected net revenues.

I) Are there expressions of support from public officials or the public? Have any public meetings been held? If no public meetings or expressions of support are available, please indicate the agency's plans for ensuring adequate public involvement and seeking public support for the toll project or study.

Governor Rendell signed Act 44 on July 18, 2007; this legislation authorizes, among other things, the leasing and tolling of I-80. The status of I-80 and the Mainline Turnpike have been widely discussed over the last eight months in Pennsylvania, and were a major focus of budget deliberations for FY2008. During the spring of 2007, a number of hearings were held by the State Senate and State House Transportation and Appropriations Committees to review the proposal to convert I-80 to a toll facility. Public testimony was invited as part of those proceedings. Last month, the Pennsylvania General Assembly enacted H.B. 1590 (codified as Act 44), and authorized PennDOT to assist PTC in assembling and submitting an application to FHWA to obtain Federal approval of the plan.

Extensive public outreach and meetings would be conducted during the study and environmental evaluation phases.



J) Where known (and if applicable), what is plan for implementing tolls or prices and the strategies to vary toll rates or prices (i.e., the formulae for variable pricing)?

PTC has asked Wilbur Smith as part of its broader tolling study to evaluate the feasibility of variable time-of-day pricing on I-80, as part of their Level 2 tolling study.

K) What is the reason(s) of the toll project or study? Please mark all that apply.

- Financing construction
- Reducing congestion
- Improving air quality
- Other not listed.

Please briefly elaborate:

Tolling of I-80 will enable sufficient revenues to be generated to undertake much-needed improvements on I-80 and free up federal and state resources for other Interstate and local highways throughout the state. Converting I-80 to a toll facility will also enhance statewide traffic management by placing the two major east-west highways in Pennsylvania (I-80 and I-76/Pennsylvania Turnpike) under an integrated management and pricing plan.

L) Please provide a description of the public and/or private agency that will be responsible for operation, maintenance, and/or enforcement for the toll project or study?

Act 44 charges PTC with the responsibility for undertaking the necessary studies and seeking the required approvals for tolling I-80 and operating, maintaining and improving it once tolls are instituted. PTC was established by the General Assembly in 1937 to construct the nation's first turnpike superhighway. The initial 160-mile segment from Middlesex to Irwin, PA opened in 1940. Today, nearly seven decades later, PTC comprises a 530 mile system, with the major components being the east-west "Mainline", the Northeast Extension running from suburban Philadelphia to near Scranton, and several smaller western extensions. The system carried 188 million vehicles last year, making it one of the nation's busiest toll facilities. Among other things, Act 44 allows PTC to enter into a lease agreement with PennDOT to operate and maintain the facility.

M) Please provide a description of how, if at all, any private entities are involved in the up-front costs, or will share in project responsibilities, debt retirement, or revenues?

PTC will seek opportunities to take advantage of private sector expertise and resources. It has utilized public-private partnerships for various activities in the past, including design-build contracting of the Bedford County and Butler Valley bridge replacement projects and the outsourcing of the EZ-Pass electronic toll collection system. Further analysis is needed to determine where private participation will be most beneficial on the I-80 effort.



N) Please provide any additional information you feel is necessary.

PTC and PennDOT believe that I-80 is well-positioned to be implemented as a tolling pilot program. A number of critical steps are already underway or have been completed: The General Assembly, by passing Act 44, has adopted the necessary state enabling legislation for the project. PTC and its financial and legal advisors have developed a comprehensive financial plan to provide sufficient funding to reconstruct and operate I-80 as a toll facility. The initial traffic and revenue study is presently underway, and lease terms presently are being jointly developed by PennDOT and PTC, with a target execution date of October 15, 2007.