

**APPLICATION TO THE FEDERAL HIGHWAY ADMINISTRATION
FOR TOLLING INTERSTATE 80
under the
INTERSTATE SYSTEM RECONSTRUCTION
AND REHABILITATION PILOT PROGRAM**

PHASE I



**Keystone Shortway
Zehnder H. Confair Memorial Highway**

October 13, 2007

**Pennsylvania
Turnpike Commission**



**Pennsylvania
Department of Transportation**



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Pennsylvania
Department of Transportation



Keystone Building
400 North Street
Harrisburg, PA 17120



Pennsylvania
Turnpike Commission



700 Eisenhower Blvd.
Middletown, PA 17057

Mr. James A. Cheatham, Division Administrator
Federal Highway Administration
228 Walnut Street, Room 558
Harrisburg, PA 17101-1720

October 13, 2007

Dear Mr. Cheatham:

On behalf of the Pennsylvania Turnpike Commission and the Pennsylvania Department of Transportation, we are pleased to submit this joint Phase I Application for tolling Interstate 80 within the Commonwealth (I-80), under the Interstate System Reconstruction and Rehabilitation Pilot Program.

On July 18, 2007, Governor Edward G. Rendell signed H.B. 1590 (Act 44) authorizing the Pennsylvania Department of Transportation (PennDOT) and the Pennsylvania Turnpike Commission (PTC) to seek approval from the Federal Highway Administration (FHWA) to convert I-80 to a tolled facility. The PTC, in cooperation with PennDOT, submitted an Expression of Interest to FHWA on August 17, 2007, describing the purpose and proposed structure of the conversion, and subsequently met with FHWA on August 29, 2007. The FHWA responded to the Expression of Interest on September 26, 2007, advising that the Interstate System Reconstruction and Rehabilitation Pilot Program is the federal tolling initiative that would best meet the goals of our proposal.

The tolling of I-80 will provide the additional funding needed to make critical improvements to the facility that cannot be funded with available PennDOT resources. The initial work under this proposal will include safety enhancements, reconstruction of deficient bridges, pavement upgrades and other capital investment in I-80. Over the longer term, tolling can provide the resources needed to expand I-80's capacity and fully reconstruct segments of the highway as they reach physical obsolescence.

Act 44 authorizes PennDOT, as owner of I-80, to lease the facility to the PTC for a period of 50 years, and requires the PTC, as operator, to make rent payments to PennDOT in return for the right to manage, operate and maintain the facility and collect

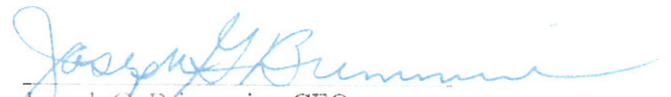
tolls. PennDOT will use the rent payments in accordance with the provisions of title 23, United States Code, section 156 and the Lease Agreement.

We appreciate the assistance of FHWA and U.S. Department of Transportation officials in so promptly reviewing our Expression of Interest and in considering this Application. We look forward to working with your office in advancing this important project and are available to discuss the Application and any other aspects of our proposal.

Sincerely,



Allen D. Biehler, P.E., Secretary
Pennsylvania Department of Transportation



Joseph G. Brinmeier, CEO
Pennsylvania Turnpike Commission

cc. Edward G. Rendell, Governor

**APPLICATION TO THE FEDERAL HIGHWAY ADMINISTRATION
FOR TOLLING INTERSTATE 80
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I. INTRODUCTION

A. Purpose of the Application

By this joint application, the Pennsylvania Turnpike Commission (PTC) and the Pennsylvania Department of Transportation (PennDOT) are requesting approval from the Federal Highway Administration (FHWA) to toll Interstate 80 (I-80) in Pennsylvania. This request is based on the authority provided by section 1216(b) of the 1998 Transportation Equity Act for the 21st Century. This section establishes the Interstate System Reconstruction and Rehabilitation Pilot Program, allowing approved states to place tolls on Interstate routes that currently are not tolled.

The PTC has been designated by the Pennsylvania General Assembly pursuant to Act 44 of 2007, P.L. 169 (Act 44) as the public authority responsible for operating the tolled facility, and recognizes the requirements of section 1216(b). Of particular importance are the limitations on the use of revenues. Consistent with statutory requirements, all toll revenues derived from I-80 will be used only for debt service, improvements, operating and maintenance costs of I-80, recognizing that operating costs include annual lease rentals payable by PTC, as operator, to PennDOT, the owner of the facility. As a public agency, PTC will not use toll revenues for a return on its investment.

In accordance with FHWA procedures, this application relates to Phase I of the application process. As such, some data required by section 1216(b) is not yet available but will be included in the Phase II application.

B. Pennsylvania Act 44

On July 18, 2007, Pennsylvania Governor Edward G. Rendell signed into law Act 44, creating a “public-public” partnership between the PTC and PennDOT to provide funding for roads, bridges and public transportation throughout the Commonwealth. Under Act 44, a 50-year Lease and Funding Agreement (Lease Agreement) is required to be signed by October 15, 2007. Many of the terms of Act 44 set forth below have been incorporated as covenants in the Lease Agreement.

Act 44 grants the PTC the option to convert I-80 to a toll road and assume legal, financial and operational responsibility at any time in the next three years. The three-year period during which the PTC may elect conversion to a toll facility (Conversion Period) may be

extended unilaterally by the PTC for three additional one-year periods. Under Act 44, the PTC may give PennDOT notice of the PTC's intent to exercise its option to convert I-80 to a toll road at any time prior to the expiration of the Conversion Period.

Act 44 authorizes the PTC, with the cooperation of PennDOT, to apply to FHWA under one of its tolling pilot programs for the right to operate and toll I-80. Act 44 authorizes an open tolling system with no more than ten toll collection points. The PTC may contract with PennDOT for any portion of the maintenance of I-80 at cost levels agreed to by both parties. Service plazas are not permitted in the right-of-way along I-80.

Act 44 sets forth certain rules for the PTC relating to governance and accountability, including, but not limited to:

- filing an annual financial plan of the PTC with the Secretary of the Budget for the Commonwealth;
- providing quarterly updates to the Chairman and Minority Chairman of the House and Senate Transportation Committees regarding the conversion of I-80;
- conducting traffic studies to quantify diversion of traffic from I-80 to other roadways as a result of the Conversion; and
- providing for an audit by the Auditor General every four years.

Act 44 requires the PTC to make annual transfer payments to PennDOT commencing in FY 2008 derived from toll revenues of the existing Pennsylvania Turnpike System, and ultimately including rent payments from I-80 as well. PennDOT will apply the rents in accordance with the provisions of title 23, United States Code, section 156 and the Lease Agreement.

C. Expression of Interest and Meetings with U.S. DOT and FHWA

An Expression of Interest was submitted by the PTC and PennDOT to FHWA on August 17, 2007. The Expression of Interest provided FHWA with a description of the facility and the objectives for using tolls to assist FHWA in determining which federal program is best suited for the project.

Officials from the PTC and PennDOT met with U.S. DOT and FHWA officials on August 29, 2007, including the Assistant Secretary for Transportation Policy, to brief them on the proposal and answer questions.

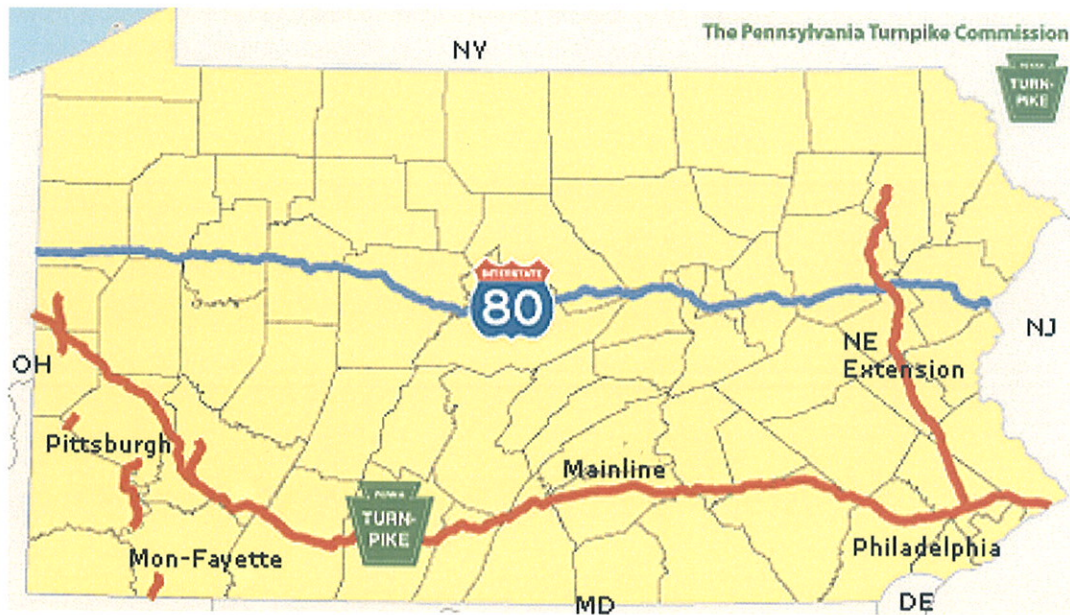
The FHWA responded to the Expression of Interest on September 26, 2007, advising that it had determined that the Interstate System Reconstruction and Rehabilitation Pilot Program authorized under section 1216(b) of the 1998 Transportation Equity Act for the 21st Century is the program best suited to the PTC's programmatic objectives.

II. DESCRIPTION OF THE FACILITY

A. Location and Economic Importance of I-80

I-80 is a transcontinental highway extending from New York to San Francisco across eleven states. Within Pennsylvania, I-80 is a four-lane divided highway and includes 59 interchanges, two maintenance areas and 17 roadside rest areas/weigh stations. It runs 311 miles from the Ohio state line near Sharon to the Delaware Water Gap Toll Bridge over the Delaware River into New Jersey, generally paralleling the mainline Pennsylvania Turnpike.

I-80 is the shortest route between the major metropolitan areas of Chicago and New York. It is a vital link from the Midwest to the population centers of the eastern United States for commercial and passenger traffic. Major north-south routes that connect with I-80 are PA-60, I-79, US 219, I-99, US 15, I-81, I-476, I-380 and PA-33/US 209.



B. History of I-80

The idea of a toll highway on the I-80 corridor dates back to the original planning of the Pennsylvania Turnpike in the 1930's. The "Keystone Shortway" was first proposed in 1938 as a toll road along the future I-80 corridor. Following delays caused by World War II, the Pennsylvania Legislature authorized the Shortway Turnpike from Stroudsburg to Sharon in 1954. With the passage of the Federal Aid Highway Act of 1956, the FHWA designated the Shortway as Interstate 80 and federal and state funds were used to commence construction in 1960. Construction of the entire facility from New Jersey to Ohio was completed in 1970.



I-80 Opening at the Milesburg Interchange
(Federal Highway Administration)

In addition to its designation as the "Keystone Shortway," I-80 is more formally known as the Zehnder H. Confair Memorial Highway, after the state senator who championed the highway.

Because of continual challenges in identifying sufficient resources to adequately maintain I-80, numerous administrations in Pennsylvania have explored the possibility of tolling: Governor Milton Shapp in the 1970's; Governor Richard Thornburgh in the 1980's when the Turnpike Organization, Extension and Toll Road Conversion Act (Act 61) was enacted; and Governor Tom Ridge in 1994 based on a draft report entitled "Feasibility of Implementing Tolls on Interstate Highways in Pennsylvania."

In March 1996, Governor Ridge specifically called for placing tolls on I-80 as part of a proposed financial plan to assist Pennsylvania in meeting its highway construction, reconstruction, and maintenance obligations. However, no state legislative action was adopted, in part because of a lack of federal enabling legislation authorizing tolling.

C. Traffic Volume and Composition

The Pennsylvania portion of I-80 today is a heavily-traveled corridor with a high percentage of commercial vehicles. Along most of its length, trucks—mostly larger tractor-trailers--comprise 25-46% of the vehicle count. The percentage of truck traffic is

heaviest in the central and western segments of I-80. As part of the future Phase II application, the traffic consulting firm of Wilbur Smith Associates is currently developing a preliminary traffic and revenue projection, and should have initial forecasts completed by early 2008.

Interstate 80 Traffic Volume – 1982 - 2006

Location			1982	1986	1994	2000	2002	2006	Percent Growth 1982-2006	Truck/Non-Truck Split for 2006
NJ State Line to I-380	Trucks	ADTT	6,104	6,500	8,100	10,200	11,000	9,874	67.9%	20.0%
	Non-Trucks	AADT	23,291	24,800	28,215	35,261	39,141	39,494		
	Total		29,395	31,300	36,315	45,461	50,141	49,368		
I-380 to I-81	Trucks	ADTT	3,411	4,000	5,000	7,100	7,400	8,259	171.3%	27.5%
	Non-Trucks	AADT	7,674	9,000	10,118	13,657	15,037	21,813		
	Total		11,085	13,000	15,118	20,757	22,437	30,072		
I-81 to I-180	Trucks	ADTT	4,575	4,600	5,700	8,400	9,400	8,778	119.4%	25.0%
	Non-Trucks	AADT	11,436	11,500	12,918	20,402	22,753	26,346		
	Total		16,011	16,100	18,618	28,802	32,153	35,124		
I-180 to PA 26	Trucks	ADTT	3,874	4,600	5,700	7,400	8,200	11,611	138.3%	43.5%
	Non-Trucks	AADT	7,328	8,700	9,676	13,941	15,340	15,085		
	Total		11,202	13,300	15,376	21,341	23,540	26,696		
PA 26 to US 219	Trucks	ADTT	4,211	5,000	6,200	9,300	10,000	11,121	92.3%	46.1%
	Non-Trucks	AADT	8,337	9,900	11,086	13,749	14,572	13,013		
	Total		12,548	14,900	17,286	23,049	24,572	24,134		
US 219 to I-79	Trucks	ADTT	4,662	5,200	6,400	9,100	9,700	8,672	122.4%	30.0%
	Non-Trucks	AADT	8,338	9,300	10,375	15,127	15,466	20,235		
	Total		13,000	14,500	16,775	24,227	25,166	28,907		
I-79 to PA 60	Trucks	ADTT	5,221	6,300	7,800	9,000	11,400	13,154	118.3%	40.2%
	Non-Trucks	AADT	9,779	11,800	13,180	14,573	16,558	19,593		
	Total		15,000	18,100	20,980	23,573	27,958	32,747		
PA 60 to Ohio State Line	Trucks	ADTT	5,250	6,300	7,800	11,000	11,500	10,742	84.8%	37.5%
	Non-Trucks	AADT	10,250	12,300	13,794	15,354	18,633	17,909		
	Total		15,500	18,600	21,594	26,354	30,133	28,651		

ADTT = Average Daily Truck Traffic; AADT = Average Annual Daily Traffic.

III. EXISTING OPERATIONAL AND FINANCIAL STATUS

A. Pennsylvania's Interstate System

PennDOT is responsible for operating and maintaining over 44,000 miles of state-owned highways—the fifth-highest mileage of any state in the nation, including 1,229 miles of tax-supported Interstate highways on 22 separate routes. In September, 2007, PennDOT released a “State of the Interstate” report to identify needs and long term maintenance and reconstruction efforts on Pennsylvania’s Interstate highways. This report identified an average investment level of **\$1.04 billion** per year required for pavement and bridge needs on the entire statewide Interstate system. Available PennDOT resources (not taking into account Act 44) are estimated to be only **\$380 million** per year, consisting of Interstate Maintenance federal-aid apportionments and state matching funds. This results in a shortfall of over **\$620 million** per year.

B. State Resources Available for I-80

In recent years, PennDOT has spent an average of **\$80 million** per year in operating and maintaining I-80, comprised of approximately \$50 million in capital improvements and \$30 million in maintenance (a capital vs. operating ratio of 62.5 percent to 37.5 percent).

PennDOT has determined that I-80 will require a continual annual investment averaging **\$136 million/year** to meet the targeted bridge, maintenance and pavement work required. The “State of the Interstate” report clearly identifies a gap between the continued need for investment in the statewide Interstate system and the available funding. Although PennDOT has allocated a relatively high level of investment in I-80 in recent years, it is clear that this level of spending on I-80 cannot be sustained in view of urgent needs on other Interstate routes. Moreover, this figure does not include improving ramp geometrics, adding climbing lanes, and making other needed improvements to I-80. This leaves a significant gap that must be bridged by some method of additional revenue.

Fuel taxes are the primary revenue source for funding highway and bridge improvements. Pennsylvania has the fourth highest fuel tax rate in the United States—31.2 cents per gallon—and it is considerably higher than those in neighboring Ohio and New Jersey. A significant increase in fuel taxes (perhaps 13 cents per gallon) would be required to meet Pennsylvania’s transportation needs and is, therefore, not considered a viable option to tolling.

C. Current Needs of I-80

I-80’s heavy volume of commercial traffic, hilly terrain, and challenging climatic conditions—with multiple freeze-and-thaw cycles over the course of the winter months—

place enormous wear and tear on the highway's pavement and structures. In recent years, PennDOT has made significant investments in improving I-80.

However, despite the improvements to date, significant investment will continue to be needed on I-80 to operate and maintain it in a condition acceptable to the traveling public. The current condition of I-80 is summarized in the "State of Interstate 80" report published by PennDOT in September, 2007. This report documents the extensive work that PennDOT has done to bring the IRI (International Roughness Index) down to an average of 63 across I-80 from 102 in 1995. Significant reconstruction, pavement preservation, and maintenance activities have occurred to address a deteriorating facility along the entire 311 miles.

PennDOT's investments have brought the current condition of much of I-80 into a fair to good condition. However, significant additional work is still necessary to address current unmet rehabilitation needs along I-80, as summarized below:

- **PAVEMENT** – I-80 currently has a backlog of pavement that needs to be replaced. Fifty percent of the I-80 pavement structure exceeds 35 years. Using PennDOT's standard cycle charts for pavement types, 20 percent of the highway pavement and 64 percent of the ramp pavement is "out of cycle." Nineteen percent of the pavement has a ride quality of less than good, with four percent being classified as poor. Six and a half percent of the pavement has medium to high severity rutting.
- **BRIDGES** – Eight percent of the bridges are structurally deficient and another 15 percent are functionally obsolete (measured by square feet of deck area). Another eight percent of I-80 bridge deck area is on weak link bridges, which is four times the percentage for other Interstate deck areas within Pennsylvania. ("Weak link" bridges are those that have a load carrying capacity within 10 percent of requiring posting.) PennDOT's goal is to have no increase in weak link bridges, which totals about 240,000 square feet for I-80 in aggregate. Thirteen bridges are fracture-critical, meaning that the failure of a critical member would cause collapse. Eleven overhead bridges have substandard vertical clearance along the facility. These structural deficiencies are a safety concern both for oversized vehicles using I-80 as well as other motorists using the facility. In the eastern section of I-80, several bridges have substandard vertical clearance requiring permit loads to use local Route 611 for rerouting. When using Route 611, bucket trucks have to lift traffic signals so that the permit loads can clear traffic signals along the corridor. One of these bridges is currently on the Transportation Improvement Program (TIP) for construction and the other is on the TIP for environmental and design phases but not funded for construction.
- **INTERCHANGES** - Of the 59 interchanges, 37 (63 percent) have one or more ramps with deficient acceleration and deceleration lanes. There are also numerous other deficient geometric elements at various interchanges.

- TRUCK CLIMBING LANES - Along the 311 route miles of I-80, several areas have been identified as potential locations to install truck climbing lanes. These locations consist of long stretches of vertical grades that reduce capacity and have poor operational characteristics. The lack of truck climbing lanes contributes to safety concerns along the corridor and results in significant speed differentials between trucks and other vehicles.
- INTELLIGENT TRANSPORTATION SYSTEMS (ITS) - While PennDOT has in place ITS technologies along the I-80 corridor, a great deal of additional ITS development has been recently identified through the development of Regional Operation Plans (ROP) that lay out the strategic transportation operations program for the region. For example, the current needs would include the replacement of portable variable message signs with permanent variable message signs that have greater visibility and reliability. Investment in these projects will improve mobility and safety along the corridor.

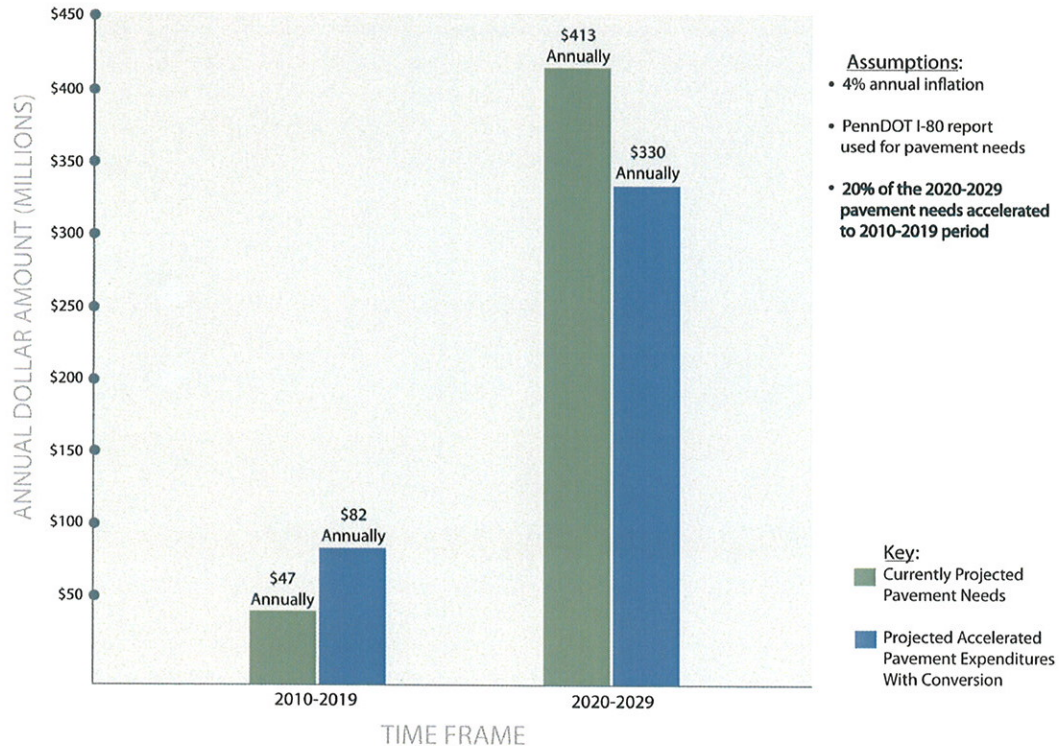
To meet these current needs, new sources of revenue, such as tolls, are needed.

D. Future Needs of I-80

The previous section described the current status of I-80, and the pavement resurfacing and bridge improvement projects that need to be immediately addressed. In the coming decade, as the highway approaches its 50th year in service, it will become necessary to undertake major reconstruction to replace physically obsolete pavement and bridge structures. This large “bubble” of projected re-investment is similar to the multi-billion dollar capital program that the PTC is currently pursuing along the length of the mainline turnpike, which opened 15-20 years prior to I-80.

- PAVEMENT STRUCTURE - PennDOT’s “State of Interstate 80” report describes the condition of bridges and pavement along I-80 and outlines PennDOT’s enhancement strategy within conventional funding constraints. PennDOT plans to perform a considerable amount of pavement *preservation* in the 2011 – 2019 period, but little pavement *rehabilitation* or *reconstruction*. A crisis looms in terms of the massive need for rehabilitation or reconstruction in the following decade. By then, over two-thirds of the facility will need much more expensive rehabilitation or complete reconstruction work. As a general rule, rehabilitation and reconstruction costs are *ten to fifteen times greater* than routine pavement preservation costs. As noted above, over 50 percent of I-80 today has a pavement structure age of greater than 35 years. If no additional reconstruction work is done by 2020, nearly 50 percent of the pavement structure will be 50 years old. It is projected that the pavement needs alone will average over \$400 million per year in the 2020 – 2029 time frame. Tolling revenue will allow pavement rehabilitation and reconstruction work to begin in the 2010 decade to avoid the “bubble” impact that would occur in the following decade.

Projected I-80 Pavement Needs & Effect of Conversion



The goal is to avoid this crisis by accelerating pavement rehabilitation and reconstruction work from the 2020-2029 timeframe to the 2010-2019 decade.

- **BRIDGE STRUCTURES** - PennDOT estimates the annual bridge resurfacing needs at \$25 million per year. But a much larger additional investment will be needed to further address the aging bridge needs such as:
 - Reducing the backlog of weak link bridges.
 - Addressing the fracture critical and functionally obsolete bridges.
 - Addressing the bridges with substandard vertical clearances.
 - Widening or replacing bridges that are needed to implement ramp improvement or truck climbing lane projects.
- **ITS** - As noted earlier, PennDOT has plans for additional ITS facilities along the I-80 corridor. Additional ITS requirements include evacuation routes such as at the Berwick Nuclear Facility and enhanced ITS to support incident management and safety.

- CAPACITY - Average annual daily traffic east of Interstate 380 is nearing 50,000 vehicles per day. It is evident that as traffic growth continues and commuter traffic between the Pocono region and New York City increases, additional capacity and operational improvements may become necessary. Current and future capacity concerns will be evaluated to determine strategies to address the issue. Consultation with the New Jersey Department of Transportation and the Delaware River Joint Toll Bridge Commission will be maintained to ensure a coordinated plan for capacity adding projects through the corridor.

The following summarizes the existing operational and financial status of I-80:

- PennDOT has made a significant investment to improve the IRI and pavement and structural conditions along I-80.
- There is a current backlog of unmet I-80 needs that have not yet been addressed by the previous investments, including fracture-critical bridges, structurally deficient bridges, substandard vertical clearance bridges, substandard acceleration and deceleration lanes and inadequate truck climbing lanes.
- There is a lack of adequate resources to fund future maintenance and reconstruction needs for Pennsylvania's Interstate system, including I-80, of approximately \$620 million per year.
- Tolls will ensure that I-80 improvements and reconstruction investments are continued and can accelerate the schedule for commencing major reconstruction projects.
- A significant additional benefit will be recognized by PennDOT through freeing up approximately \$80 million in Motor License Fund resources currently applied to I-80 for application to other unmet highway and bridge needs in Pennsylvania.

IV. PROPOSED PHASE 1 IMPROVEMENTS

A. Proposed Improvements (the Project)

Based upon current estimates, the initial program will entail a **\$2.1 billion ten-year** spending program consisting of safety and operational improvements and toll plazas plus ongoing maintenance. The PTC, as the operator of I-80, intends to use toll revenues and proceeds of bonds backed by I-80 toll revenues to *more than double the average level of annual expenditure on I-80, from approximately \$80 million per year presently, to \$200 million per year*. These new revenues will fund the following activities being proposed in connection with this Application (the Project):

- *Safety and operational projects to improve traveling conditions for users.* This includes the installation of truck climbing lanes where service conditions are “C” or lower; extension of acceleration and deceleration lanes that presently are deficient; replacement of up to one dozen bridges that are either structurally deficient or have substandard vertical overhead clearance; expanded ITS services for motorists; and other capital improvements. The precise scope, timing and location of these investments will be determined more precisely through a detailed engineering assessment that will occur as part of the Phase 2 application. It is the intent of the PTC to develop a professional management plan in consultation with PennDOT and FHWA to identify project selections. A hierarchy of priorities based upon IRI, bridge sufficiency ratings, overhead structure clearances, safety, ITS and capacity will be developed and used to prioritize and select projects.
- *Toll collection facilities:* Installation of up to ten toll plazas that will include high speed EZ-PASS lanes with overhead gantries for electronic toll collection (as well as conventional cash lanes) and associated building and infrastructure necessary to support the facilities.

Once I-80 has experienced several years of financial performance as a tolled facility, the PTC will give consideration to undertaking larger, more extensive capacity enhancement projects.

B. Timing and Phasing

It is expected that selected operational improvements and installation of the toll plazas will be the initial construction activities. It is the intent of the PTC to initiate construction activities so that the tolls can be collected commencing in July, 2010. The first construction contracts will be let for high priority operational improvements prior to the imposition of tolls. Toll plazas and collection facilities will be built in advance and remain non-operational until a significant portion of the construction program has commenced. In this way, it will be evident to motorists that the tolls are funding improvements to the facility, consistent with the toll pilot program guidance from FHWA.

C. Toll and Implementation Plan

The PTC, an autonomous agency separate and independent from PennDOT, will be the toll operator/collector for I-80 as set forth in Act 44. The PTC will use toll collection technology similar to the current technology used on its existing system, but with an emphasis on express high-speed toll collection systems.

PTC Credentials as an Operator - Section 1216(b) states that preference should be given to a qualified public toll agency to operate and maintain the converted Interstate facilities, and the PTC is the logical entity to take charge of this process. The PTC has earned AA- credit ratings from Moody's, Standard and Poor's and Fitch Ratings -- among the highest of any toll road in the United States. Moody's and Fitch Ratings have ranked the PTC as the third most efficient and creditworthy toll agency in the nation. A Fitch Ratings credit report issued in 2006 stated, "the PTC's solid financial performance is a significant credit strength." In September, 2007 Fitch issued an updated credit report noting that the PTC's strategy for meeting its new payment obligations under Act 44 was a more prudent plan than incurring huge amounts of upfront debt, as would be the case under a long-term private concession agreement. As a result of its high ratings and favorable credit reports, the PTC is able to borrow funds at a lower rate and thus provide more funding for its capital projects.

Operation and Maintenance - The PTC will implement the operations and maintenance strategies and techniques that have proven to be successful on the existing Turnpike. Regarding operations, the PTC works constantly not only to minimize the frequency of incidents, but also to address them promptly and safely when they do occur. The PTC maintains a 24-hour a day, 365 days a year Operation Center that monitors all Turnpike activities and is the focal point for all Turnpike construction and incident management activities. In addition, the PTC has implemented Unified Incident Command focusing on combining the knowledge, abilities, and resources of all responding agencies in the most effective manner. The intent of the PTC is to implement these techniques on the I-80 corridor. In terms of maintaining roadways and bridges, the PTC maintains a number of systems, surveys, and management processes to maintain the existing Turnpike system. They include:

- Annual automated pavement testing for IRI, rutting and friction.
- Rock slope and embankment condition surveys.
- A pavement surface quality committee that focuses on actions to ensure ride quality.
- The use of the Service Order Management System (SOMS) that includes maintenance planning, prioritization, work order execution, scheduling, and production monitoring.
- PTC Bridge Log, which is similar to PennDOT's Bridge Management System.

- PTC Bridge Inspection Electronic Data Collectors that support a bridge inspection program consistent with federal requirements.

The high level goals of maintaining the Turnpike roadway and bridges include bridge preservation and replacement, systematic roadway reconstruction, and close coordination between the roadway and bridge programs. But the preeminent goal is the safety and security of the traveling public. These same goals will be implemented on the I-80 corridor.

Open Tolling Systems with Cash Capabilities - The intent of the PTC is to provide an open tolling system with high speed EZ-PASS collection. In addition, cash capabilities will be provided at the toll plazas. The exact number of cash lanes and how they will be established is yet to be determined.

Outsourcing of Services—Act 44 authorizes the PTC to contract with PennDOT to perform maintenance services along I-80, and the PTC will make a determination prior to the end of the Conversion Period concerning whether it or PennDOT will be responsible for maintenance. The PTC has outsourced various services on the existing Mainline in recent months. For example, the PTC's EZPass electronic tolling system, introduced in 2000, is provided and managed by an outside vendor. The PTC has utilized design-build procurement for the complex Butler Valley and Bedford County bridge projects. And in October, 2006, the PTC entered into a 30-year concession for the lease and operation of its 18 service areas with HMSHost Corp.

D. Traffic and Revenue Study on I-80

Wilbur Smith Associates is conducting a Level 1 Traffic and Revenue Study that is expected to be completed in early 2008. Upon completion and acceptance of this report by the PTC, toll plaza locations will be finalized and a Level 2 Investment Grade Study will be completed prior to issuance of bonds in 2009. The traffic and revenue study will identify toll plaza locations, potential diversion routes, and traffic attractions and diversions based on expected use and any special requirements for traffic along the I-80 corridor.

E. Traffic Impact on Other Highways

Wilbur Smith Associates will identify diversion routes and expected traffic volume increases resulting from the installation of tolls on I-80. In addition, due to the parallel mainline turnpike system, Wilbur Smith will also identify potential diversion routes and traffic volume increases resulting from the increase of tolls on the existing turnpike system. It is expected that the toll rates will be approximately equal when comparing per mile charges for I-80 and the mainline Turnpike. Therefore, it is expected that some diversion of traffic will occur back to the Turnpike mainline as a result of installation of tolls on I-80. This effect will be identified within the traffic and revenue study.

F. NEPA Process and Other Required Permits

As provided in Act 44, up to ten mainline toll plazas would be constructed on the 311 miles of I-80 as part of the conversion to a toll facility. In addition, other improvements would be made to enhance the safety and operating efficiency of I-80. It is noteworthy that *the majority of the toll plaza construction and roadway improvement activities are anticipated to be contained within the existing right-of-way (ROW) of I-80 or will be immediately adjacent to the existing ROW.* Most of I-80 has a fairly wide ROW and median that may be able to be used for the improvement activities and toll plaza siting. In addition, an “express” version of electronic toll collection has been proposed for toll collection that will allow for 65 mph speeds through the toll plazas and reduce the number of cash lanes needed and the overall footprint of the toll plazas. Where appropriate, existing rest areas may be used to facilitate the construction of cash lanes and further minimize the footprint of the toll conversion activities. Use of existing rest areas is desirable, since these areas already possess needed utilities, access and facilities.

The effect of this undertaking on the natural, cultural and socioeconomic environment will be assessed in accordance with the National Environmental Policy Act (NEPA), CEQ and FHWA implementing regulations for NEPA (40 CFR 1500-1508 and 23 CFR 771, respectively), and all other applicable state and federal regulations pertaining to transportation projects. It is anticipated that beyond the initial NEPA document for the toll conversion, additional environmental evaluation documents for independent improvement and rehabilitation projects will be identified as priorities are set and funds become available.

At this early stage in the process, detailed assessment of environmental impacts is not possible; however, the proposed plan is developed enough to identify the key environmental issues to be addressed, and the methodology for evaluating these key issues can be discussed.

As part of the initial scoping for the project, the Pennsylvania Spatial Data Access (PASDA) database was used to prepare preliminary environmental mapping for the toll conversion project. As toll plaza locations and improvements are identified for consideration, this mapping will be used to identify potential environmental impacts. Where multiple options are available, this data will be used to assist in determining the option that provides the best transportation improvement while minimizing the effects on the environment. Once toll plaza locations and safety improvements have been narrowed down, more detailed field work will be conducted to pinpoint the actual impacts.

As part of the analyses for the toll conversion, the traffic engineers will be assessing possible diversion routes that might be used by those that seek to avoid paying tolls. Where possible diversion routes are identified in the traffic analysis, the environmental effects on sensitive resources associated with or adjacent to the diversion route will be evaluated. These sensitive resources may include such things as schools, churches,

historic sites, residential areas, parks, and other resources that could be affected by increases in traffic.

The anticipated effects on various environmental resources are summarized below:

- **Current or planned land uses** – As stated above, construction of toll facilities and initial safety/operational improvements would be almost exclusively within existing I-80 limited access ROW or immediately adjacent to the ROW and then contained within all future limited access ROW. As a result, current and planned land uses would be largely unaffected. Current and planned land uses will be taken into account in siting toll plazas to minimize effects.
- **Historic, cultural, natural or recreational resources** – Because of construction activities being concentrated in, or immediately adjacent to, existing ROW areas, the effects on historic, cultural, natural, and recreational resources is anticipated to be minimal. Effects would be limited to those resources that occur within the existing I-80 ROW or immediately adjacent to the ROW. Where important features/resources exist either within the ROW or immediately adjacent, these resources will be taken into account in siting the toll plazas and conducting other safety/operational improvements.

Where improvements will be implemented in proximity to historic sites determined to be eligible for listing on the National Register of Historic Places, effect determinations will be made in accordance with Section 106 of the National Historic Preservation Act and coordinated with the Pennsylvania Historic Preservation Office, the Pennsylvania Historical and Museum Commission, and the Advisory Council on Historic Preservation. It should be noted that I-80 itself is exempted from consideration under Section 106 in accordance with the final list of Nationally and Exceptionally Significant Features of the Federal Interstate Highway System published in the Federal Register on December 19, 2006.

There are streams that cross the existing I-80 ROW or run parallel to I-80, and wetlands exist in association with many of these streams. As a result, it is anticipated that some impacts to streams and wetlands will be necessary. Stream impacts will generally involve extension of existing culverts; new impacts to streams not already affected in some capacity by the existing Interstate are not anticipated. It is expected that a joint Chapter 105/Section 404 permit will be needed for the toll conversion project. An NPDES permit is also likely to be needed and will be coordinated with the Pennsylvania Department of Environmental Protection and the County Conservation Districts.

Coordination will be undertaken early in project development to identify potential federal and state threatened and endangered species conflicts. Where federal or state threatened or endangered species may be an issue, appropriate field studies will be conducted, and toll plaza siting and other improvements will be planned so

as to minimize any conflicts and ensure compliance with Section 7 of the Endangered Species Act as well as applicable state laws.

- **Economic or community resources** – While the levying of tolls on a previously non-tolled Interstate will have some impact economically on those traveling the road and paying the tolls, the economic impact of not having adequate funds to maintain I-80 and more generally improve the Commonwealth’s transportation infrastructure as a whole would be even greater.

I-80 will be an open tolling system, with a maximum of ten toll plazas situated along the 311 route miles and 59 interchanges of I-80. This equates to an average of one toll plaza for every six existing interchanges, and means that local trips between some interchanges will be free. It will be an open system, and although provision will be made for cash collections, it is anticipated that most tolls will be collected electronically by vehicles with transponders passing under gantries at highway speeds.

The additional investment in I-80 will also provide short term economic benefits resulting from construction jobs. A \$2 billion investment in capital and maintenance spending over a ten year period – more than double what would have been spent by PennDOT – will be a significant benefit to some economically depressed areas of the state.

Act 44 also bans service plazas on the facility, consistent with federal law. This protects existing local commercial activities from undue competition.

The long term economic impact of a reliable, safe and efficient Interstate route cannot be overstated. Without tolling, I-80 will likely deteriorate at an accelerated rate as described earlier in this application. A visible and sustainable commitment to long term maintenance and improvement of I-80 with a predictable toll rate structure is designed to retain existing business in Pennsylvania and ultimately attract businesses to locate in the state.

- **Safety and livability** – Safety and operations improvements are planned as part of the toll conversion and may include lengthening of acceleration/deceleration lanes at specific interchanges, addition of truck climbing lanes, replacement of deficient bridges, and other similar operational features. Additional safety and improvement projects will be planned for future years and funded with toll revenues.

The conversion of I-80 to a toll road and the types of operational improvements being explored as part of the initial toll conversion project would not increase, to any substantial degree, the footprint or ROW of the existing Interstate.

- **Ambient light, noise and air quality levels** – Assuming that the toll plazas are constructed using an “express” EZ Pass system, the toll conversion will not

substantially change traffic speeds, except for those vehicles still using the cash lanes. If the number of cash lanes can be minimized, then noise and air quality impacts are not anticipated to be a substantial issue. Some need for lighting of the toll plazas is anticipated. Where these plazas are sited near communities, efforts will be made to minimize the intrusion through use of low-level lighting as opposed to high mast lighting, use of shields on light fixtures, or reduction in the amount of lighting provided. Berms and landscaping will also be used where appropriate.

- **Sensitive receptors** – In evaluating and determining where to site toll plazas, sensitive receptors in close proximity to I-80 such as homes, churches, schools, hospitals, libraries, historic sites, parks/recreational facilities, etc., will be taken into account. Where possible, efforts will be made to locate the facilities where effects on sensitive receptors will be minimal.
- **Minority and low-income populations** – Because of the limited number of toll plazas, many local trips will remain “untolled” (an average of one plaza for every 6 interchanges). As part of the more detailed project analysis, minority and low-income populations in the vicinity of I-80 will be identified. The PTC will meet with community leaders and engage minority and low-income populations in the project development process. The PTC will take into consideration the effect of toll plaza locations on minority and low-income populations as sites for toll collection are identified.

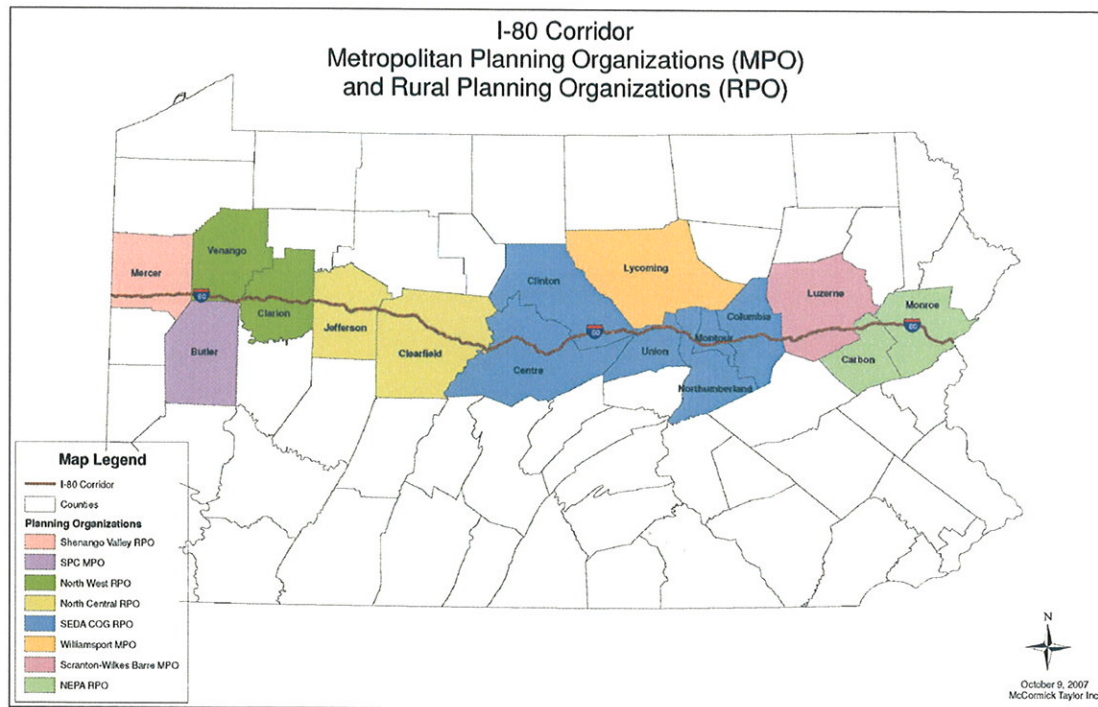
G. Financial Plan

Although I-80 operations will be managed by the PTC staff, it is contemplated that the highway will be financed on a “stand-alone” basis, legally and financially distinct from the existing mainline turnpike system. The PTC and its professional advisors have performed preliminary financial modeling, assuming the same level of service and toll rate structure as is being used on the current turnpike system. Based on the PTC’s scheduled 25% toll increase in 2009, the initial toll rate for I-80 and the corresponding rate for the mainline would be approximately 8 cents per mile for passenger vehicles and 30 cents per mile for five-axle commercial vehicles. This is anticipated to be sufficient to pay annual operating and maintenance expenses, including the lease rentals payable to PennDOT for the PTC’s use of the facility.

The plan of finance contemplates funding the improvements to I-80 (including the toll collection system) through the issuance of \$1.1 billion of toll revenue bonds backed solely by I-80 net revenues. The current plan entails bonds being issued in two series: \$610 million in 2009, and \$500 million being issued in 2014. Based on current traffic levels and an allowance for some trip diversion, and projected operating expenses, the PTC believes there should be ample cash flow coverage of annual debt service, and it is anticipated that the I-80 bonds will receive bond ratings in the mid-investment grade category.

H. Consultation Strategy with Metropolitan and Rural Planning Agencies

The I-80 corridor starting from the Ohio border traverses the counties (proceeding west to east) of Mercer, Venango, Butler, Clarion, Jefferson, Clearfield, Centre, Clinton, Union, Northumberland, Montour, Columbia, Luzerne, Carbon and Monroe. There are four metropolitan areas within or close to I-80. The four affected Metropolitan Planning Organizations (MPOs) are the Shenango Valley MPO in Mercer County, the Southwestern Pennsylvania Commission for Butler County, the Centre Region MPO in Centre County, and the Scranton/Wilkes Barre MPO in Luzerne County. All other counties are within the jurisdiction of Rural Planning Organizations (RPOs). These include the Northwest RPO for Venango and Clarion Counties, the North Central RPO for Jefferson and Clearfield Counties, the SEDA COG RPO for Clinton, Union, Northumberland, Montour and Columbia Counties, and the Northeastern Pennsylvania RPO for Carbon and Monroe Counties.



In the process of developing Act 44, there was much discussion throughout the Commonwealth, including legislative hearings, regarding the best mechanism for funding Pennsylvania's transportation infrastructure. The MPOs and RPOs throughout the state were involved in many of the discussions regarding development of H.B 1590/Act 44. Therefore, the conversion of I-80 to a toll facility is known to all MPOs and RPOs within the I-80 corridor.

As described in the Public Outreach discussion below, the PTC and PennDOT intend to proactively involve all project stakeholders in the efforts to convert I-80 to a toll road including the MPOs and RPOs. A special agenda item was added to an October 3, 2007, PennDOT meeting in Altoona with MPOs and RPOs to enable representatives of the PTC and PennDOT to meet with planning organizations that adjoin or cross the I-80 corridor and discuss preliminary information related to the conversion of I-80 to a toll facility.

I. Public Outreach

The PTC and PennDOT recognize that a proactive Public Outreach Program is a critical component of the project development process for the I-80 Toll Conversion Project. As a partner with PennDOT and new neighbor to the I-80 corridor community, the PTC looks forward to building relationships with local stakeholders, including emergency service providers, public officials, community leaders, businesses, MPOs/RPOs, resource agencies, motorists, the trucking industry, the general public, and others. As a result, the PTC and PennDOT have developed a Public Outreach Plan that provides many opportunities for the public and other stakeholders to get involved as plans are developed to convert I-80 to a toll road.

The PTC and PennDOT officials have heard the concerns of the communities since the passage of Act 44 and are fully committed to meeting with the communities and continuing the dialogue every step of the way. By reaching out with public surveys and public meetings, a meaningful two-way dialogue with motorists and residents in communities along the corridor can be established, and concerns can be addressed.

The public involvement tools and techniques that are currently being used, or will be initiated include, but are not limited to:

- A Project Website (www.paturnpike.com/I-80) – information and opportunity to comment (over 175,000 “hits” to date),
- Individual meetings of senior management with local newspapers and television stations in communities adjoining the I-80 corridor (ten thus far), chambers of commerce, and civic organizations (four to date),
- Quarterly briefing of the chairs of the Pennsylvania House and Senate Transportation Committees as required by Act 44 (initial report to be delivered in late October),
- One-on-one meetings with State Senators and Representatives whose districts adjoin I-80 (20 held or arranged to date),
- Public Meetings – at key locations along the corridor – to provide information and solicit input,
- Rest Area Information Stations,
- County/Municipal Information Stations,
- Legislative Advisory Committee – consists of federal and state House and Senate members whose districts are adjacent to or crossed by I-80,

- I-80 Speakers Panel – speakers can be requested by visiting the project website,
- Newsletters,
- Community Events,
- Press Releases,
- Fact Sheets – for distribution and/or posting on the project website, and
- Frequently Asked Questions and Answers – for distribution or posting on the project website.

As part of the public outreach efforts, documentation will be prepared identifying how the plan for converting I-80 to a toll facility has taken into account the interests of local, regional and interstate travelers. The PTC and PennDOT's goal is to help communities understand and manage this fundamental change in how users pay for maintaining and improving the Commonwealth's transportation facilities, and how transportation funding is being secured for the long term.

J. Timetable

The following is a list of the actual/target dates of the key actions involved in tolling I-80:

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| • Act 44 Signed Into Law | July 18, 2007 |
| • Expression of Interest Submitted | August 17, 2007 |
| • Phase I Application Submitted | October 13, 2007 |
| • Lease Agreement To Be Signed | October 15, 2007 |
| • Evaluate Toll Plaza Locations/Conduct Traffic Analyses/NEPA decision | August 2008 |
| • Final Design of Toll Plazas and Other Improvements for Toll Conversion | August 2009 |
| • Issuance of I-80 Toll Revenue Bonds | Summer, 2009 |
| • Construction and Toll Collection Begins | August 2009-July 2010 |

V. SUMMARY

While PennDOT has focused on improving I-80, current and future funds will not be sufficient to reconstruct and rehabilitate the facility to meet the needs of the users without an additional source of revenue. The legislature and the administration debated a number of options to address the transportation needs of the Commonwealth and agreed, as indicated with the signing into law of Act 44, that the most desirable solution is to toll I-80. The PTC is a highly qualified public tolling agency, and will operate the facility and make the needed investments to reconstruct and rehabilitate I-80. The PTC will undertake the project in cooperation with PennDOT and FHWA, with input from local, regional and interstate travelers and interest groups. Specifically, tolling I-80 will:

- Increase funding for the facility during the first ten years from \$80 million annually to an average of \$200 million.
- Allow much needed improvements to be completed in the first ten years that will avoid a major reconstruction effort in the 2020 decade.
- Provide a continuing revenue source for the facility for five decades.
- Provide a high quality, safe facility that meets the needs of travelers and commerce.