

RESOLUTION

ITEM NO.: ADM-03-09-16
SUBJECT: Approval of Toll Adjustment
COMMITTEE: Finance, Insurance, Management and
Operations Committee
COMMISSION ACTION DATE: September 26, 2016

The Delaware River Joint Toll Bridge Commission (Commission) is a bi-state regional transportation agency that operates pursuant to a Compact between the Commonwealth of Pennsylvania and the State of New Jersey, and which was first authorized by the United States Congress on August 30, 1935. The Compact was created in accordance with Article 1, Section 10, Clause 3 of the Constitution of the United States of America and has been modified and amended through Supplemental Agreements by the two jurisdictional states and consented on by the United States Congress through Acts approved on August 4, 1947, March 31, 1952 and April 2, 1987 (collectively, the “Compact”).

Among the government functions assigned to the Commission under the Compact are: “The preparation of plans and specification for, and location, acquisition, construction, administration, operation and maintenance of, such additional bridge communications over the Delaware River, at any location north of the boundary line between Bucks County and Philadelphia County in the Commonwealth of Pennsylvania as extended across the Delaware River to the New Jersey shore of said river, as the Commission deems necessary to advance the interests of the state States and to facilitate public travel; and the issuance of bonds and obligations to provide monies sufficient for the acquisition of construction of such bridges; and the collection of tolls, rentals, and charges for the redemption of such bonds and obligations and the payment of interest thereon.” And that, “the Commission may fix, charge and collect tolls, rates, rents, and other charges for the use of any Commission facility or property and in addition to any purpose now or heretofore or hereafter authorized for which the revenues from such tolls, rates, rents or other charges may be applied, the Commission is authorized to apply or expend any such revenue for the management, operation, maintenance, betterment, reconstruction, or replacement (a) of the existing non-toll bridges, formerly toll or otherwise, over the Delaware River between the State of New Jersey and the Commonwealth of Pennsylvania heretofore acquired by the Commission pursuant to the provisions of the act of the State of New Jersey approved April 1, 1912 (Chapter 297), and all supplements and amendments thereto, and the act of the Commonwealth of Pennsylvania approved May 8, 1919 (PL 148) and all supplements and amendments thereto and (b) of all other bridges within the Commission’s jurisdiction and control. Betterment shall include but not be limited to parking areas for public transportation services and all facilities appurtenant to approved projects.”

The Commission’s authority to toll has always been rooted in its Compact, and that authority has been reaffirmed in court decisions and subsequent changes and expansions to the Compact. A specific Compact provision to toll the Commission’s Scudder Falls Bridge was established in 1987.

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The Commission is composed of ten (10) members (collectively, the Commissioners), five (5) from the Commonwealth of Pennsylvania, who are citizens appointed by the Governor of the Commonwealth of Pennsylvania and serve at the pleasure of the Governor of the Commonwealth of Pennsylvania, and five (5) from the State of New Jersey, who are citizens appointed by the Governor of the State of New Jersey with the consent of the State Senate for three (3) year terms.

The Commission was created by the States and the US Congress as a body corporate and politic, for public purposes, operating as a self-sufficient transportation entity; without reliance on tax revenues from the State of New Jersey or the Commonwealth of Pennsylvania, nor funding from the government of the United States. Funding for the operation, maintenance and capital replacement of its bridges and other structures is derived primarily from revenues collected at its toll bridges.

The Commission's toll structure has long consisted of three different rate classifications: passenger vehicles, two-axle non-passenger vehicles, and non-passenger vehicles with three or more axles. Electronic toll collection (E-ZPass) was established at the Commission for the first time in November 2002.

The Commission's current financial structure is the result of a series of tolls schedules enacted over the past 14 years for the express purpose of administering, operating, maintaining and improving the Commission's system of seven toll bridges, 13 toll-supported bridges, and their associated approach/support facilities. This financial structure has enabled the Commission to carry out a comprehensive Capital Improvement Program of numerous projects that have improved the condition, efficiency and safety of the Commission's regional transportation system.

The Commission has now reached the juncture where it needs to carry out its next significant capital initiative – the Scudder Falls Bridge Replacement Project – while continuing to fulfill its core mission of providing for the safe and efficient travel of people and commerce across the Delaware River.

The current Scudder Falls Bridge is a heavily congested, accident-prone commuter crossing that is now classified as “functionally obsolete” due to capacity limitations, poor roadway geometry and safety concerns. The bridge is nearing the end of its useful lifespan. It now carries an average of approximately 59,000 vehicles per day – far more than it was designed to handle.

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The bridge and its flanking interchanges and approach highway segments are a traffic congestion point for traffic between Bucks County, PA and Mercer County, NJ. The highway segment has a high accident rate – especially in the area of the bridge and its interchanges – with more than 100 accidents recorded annually in recent years, some of which have been fatal.

The Commission has now designed a comprehensive project to address the recurring traffic safety and capacity problems at the bridge, its adjoining interchanges and I-95 approaches – a 4.4-mile project area extending from the Route 332/Yardley-Newtown Road exit in Bucks County, PA to the Bear Tavern Road/Route 579 exit in Mercer County, NJ.

The core project elements include:

- Replace the existing four-lane Scudder Falls Bridge with a twin-span structure carrying six lanes of through traffic (three in each direction), and three auxiliary lanes (two northbound, one southbound) for traffic merging on and off the bridge.
- Overhaul the accident-prone Route 29/175 interchange on the New Jersey side. -Reconfigure the Taylorsville Road interchange in Lower Makefield, PA to improve the safety and efficiency of the interchange.
- Make drainage upgrades and other improvements along the approach highway between the Route 29/175 interchange and Bear Tavern Road in New Jersey.
- Widen – to the inside – the Pennsylvania I-95 approach between the Route 332 exit and the bridge by adding an additional lane and full shoulders in each direction.
- Provide a bicycle/pedestrian walkway alongside the main river bridge connecting the recreational canal paths on both sides of the river.
- Construct full inside and outside shoulders on both replacement bridge spans, a current highway standard requirement. (The bridge's inside shoulders will be sized to allow for future bus rapid transit service.)
- Install an all-electronic toll (AET) gantry and related infrastructure in the southbound direction consisting of highway-speed E-ZPass tag readers and high-speed video cameras for license-plate billing.

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- Construct noise-abatement walls along warranted sections of the approach roadways leading to and from the bridge.

Recognizing the estimated costs of carrying out such a far-reaching project, the Commission on December 21, 2009 directed that resulting Scudder Falls Replacement Bridge be operated as a tolled crossing.

The tolling decision since been affirmed on three occasions by the Federal Highway Administration (FHWA) – in a legal opinion conveyed to the Commission in early 2011, in the Finding of No Significant Impact issued in June 2012 and in a letter regarding tolling-agreement status in September 2012.

The Commission has completed an extensive Environmental Assessment process for the project along with Level III Investment Grade Traffic & Revenue Projections and Final Design for the project.

To advance the project to actual construction, the Commission needs to establish a schedule of tolls for the Scudder Falls Replacement Bridge so that it can proceed to finance the Project with a bond issue which the Commission anticipates it will issue in 2017 along with a share of available cash reserves.

Independent of the Scudder Falls Replacement Project, the Commission also desires to make a narrowly defined change in its current toll structure for the Commission's seven existing toll bridges: Trenton-Morrisville (Route 1), New Hope-Lambertville (Route 202), I-78, Easton-Phillipsburg (Route 22), Portland-Columbia, Delaware Water Gap (I-80) and Milford-Montague (Route 206). This adjustment pertains to cash toll transactions involving recreational vehicles (RVs) with a trailer or passenger vehicle in tow, the revenues of which will be used to help fund the continued operation and maintenance of the Commission's existing system of seven toll bridges and 13 toll-supported bridges.

The Commissioners desire to memorialize their mutual understanding with respect to the financial stability and future capital expenditures of the Commission, and have agreed as follows:

WHEREAS: the Commission's administration has advanced two proposed toll adjustments to the Commission's consisting of (1.) a full schedule of tolls to be charged at the Scudder Falls Replacement Bridge upon conversion to a tolled facility with an all-electronic toll

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collection system at a yet-to-be determined date in 2019; and (2.) clarification of the cash toll rate for Recreational Vehicles (RVs) with a car or trailer in tow at the Commission's seven existing toll bridges; and

WHEREAS: public notice of these three proposed toll adjustments were posted on the Commission website on July 8, 2016 and advertised in New Jersey and Pennsylvania newspapers in the same manner in which the Commission's regular monthly meetings are advertised, as stipulated in the Toll Adjustment Public Hearing and Comment Policy adopted by the Commission on July 29, 2013; and

WHEREAS: the website posting and applicable newspaper advertisements appeared at least 10 days prior to each respective hearing date as stipulated in the Commission's 2013 Toll Adjustment Public Hearing and Comment Policy; and

WHEREAS: the proposed toll adjustments have remained on the Commission website until consideration by the Board of Commissioners as stipulated in the Commission's 2013 Toll Adjustment Public Hearing and Comment Policy; and

WHEREAS: six public hearings – with two hearings (one in each of Pennsylvania and New Jersey) in each of the Commission's three districts were conducted with appropriate Commissioner representation as stipulated in the Commission's 2013 Toll Adjustment Public Hearing and Comment Policy; and

WHEREAS: the Commission also accepted public comment via email, web application or mail as stipulated in the Commission's 2013 Toll Adjustment Public Hearing and Comment Policy; and

WHEREAS: a written summary of hearing testimony and other public comments was provided to the Board of Commissioners prior to consideration of this resolution as stipulated in the Commission's 2013 Toll Adjustment Public Hearing and Comment Policy; and

WHEREAS: the Commission has previously determined that the minimum targeted cash balance of the Commission should be the greater of Eighty Million Dollars (\$80,000,000.00) or fifteen (15%) percent

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of the Commission's then current outstanding principal indebtedness (the "Minimum Balance"); and

WHEREAS: after sufficient investigation and study into the matter, the Commission has determined that in order to maintain the Credit Rating, the optimal targeted debt service coverage shall be equal to or greater than 1.50 times annual debt service for each year bonds are outstanding (the "Target Coverage Ratio"); and

WHEREAS: after sufficient investigation and study into the matter, the Commission hereby clarifies that a uniform toll rate will be charged at the Commission's seven existing toll bridges whenever a recreational vehicle has a trailer or vehicle in tow, regardless of whether payment is made electronically through E-ZPass or manually with cash, and reaffirms the rate – established in the Commission's 2011 toll adjustment – is Four Dollars (\$4.00) per axle (the "Truck Tolls") as more particularly set forth in the attached Toll Table (the "Toll Table"); and

WHEREAS: this clarification is intended to ensure that the toll rates currently being applied in electronic toll transactions for RVs with trailers and vehicles in tow also are applied to cash transactions involving the same vehicle combinations; and

WHEREAS: the combined weight of an RV with a trailer or vehicle in tow causes higher levels of stress in a bridge's components; and

WHEREAS: this change also conforms with prevailing tolling industry practices and is in step with the policies of the region's other toll systems such as the Pennsylvania and New Jersey Turnpikes, the Delaware River Port Authority (DRPA), the Delaware River and Bay Authority (DRBA), and the South Jersey Transportation Authority (SJTA), among others; and

WHEREAS: this adjustment in the Commission's current toll schedule shall take effect only upon completion of installation and testing of the next-generation in-lane toll collection system for cash and E-ZPass transactions at the Commission's seven existing toll bridges with the resulting revenues being used to help fund the continued

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operation and maintenance of the Commission's existing system of seven toll bridge and 13 toll-supported bridge; and

WHEREAS: after extensive, deliberate and thorough preparations, the Commission plans to help finance its Scudder Falls Bridge Replacement Project with an additional bond issue that the Commission anticipates to issue in 2017, and

WHEREAS: in order to proceed, the Commission must establish a schedule of tolls to be charged at the Scudder Falls Replacement Bridge, and

WHEREAS: the rates for this new bridge were formulated based on the findings of a Level 3 Investment Grade Traffic and Revenue Study, the cost projections from the project's final design consultant engineers, and other extensive financial analysis; and

WHEREAS: a significant portion of available cash reserves will be used to tamp down the respective toll rates for this replacement bridge as much as possible; and

WHEREAS: after sufficient investigation and study into the matter, the Commission has concluded that the appropriate amount to be charged for each passenger vehicle crossing southbound on the Scudder Falls Replacement Bridge will be One Dollar, Twenty Five Cents (\$1.25) (the "Auto E-ZPass Toll") and Two Dollars Sixty Cents (\$2.60) (the "Auto Toll-by-Plate Toll"), as set forth in the attached Toll Table; and

WHEREAS: the Commission has further determined that the appropriate amount to be charged for light trucks (two-axle trucks, buses and other vehicles eight feet or above in height) crossing southbound on the Scudder Falls Replacement Bridge will be Seven Dollars (\$7.00) (the "Light Truck E-ZPass Toll") and Eight Dollars Thirty Five Cents (\$8.35) (the "Light Truck Toll-by-Plate Toll"), as set forth in the attached Toll Table; and

WHEREAS: the Commission has further determined that the appropriate amount to be charged for heavy trucks, buses and other vehicles with three or more axles per crossing southbound on the Scudder Falls Replacement Bridge will be Four Dollars Twenty Five Cents

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(\$4.25) per axle (the “Heavy Truck E-ZPass Toll”) and Four Dollars Seventy Five Cents (\$4.75) (the “Heavy Truck Toll-by-Plate Toll”), as set forth in the attached Toll Table; and

WHEREAS: the Commission has further determined that its frequent commuter discount program for customers who use a Commission-affiliated E-ZPass passenger-vehicle transponder (a transponder issued by the Commission’s E-ZPass back-office service provider – the New Jersey E-ZPass Group) to pay for passage at Commission toll bridges shall be extended to the Scudder Falls Replacement Bridge; and

WHEREAS: this discount program provides an automatic 40-percent reduction on the E-ZPass toll rate when 16 or more trips are recorded per month on a respective Commission-affiliated E-ZPass transponder, allowing for a 75-cent commuter discount toll at the Scudder Falls Replacement Bridge (the “Auto Commuter Discount”), as set forth in the attached Toll Table; and

WHEREAS: the Commission has further determined that its policy of providing a discount for trucks that use E-ZPass to pay their tolls during off-peak hours (9:01 p.m. to 5:59 a.m. daily) should also be extended to the E-ZPass truck toll rates at the Scudder Falls Replacement Bridge; and

WHEREAS: this discount program provides an automatic 10-percent reduction on the tolls charged to any valid commercial E-ZPass transponder regardless of the issuing agency (the “E-ZPass Off-Peak Commercial Discount”), as set forth in the attached Toll Table; and

WHEREAS: an all-electronic toll (AET) system consisting of an overhead gantry with cameras and E-ZPass transponder readers shall be used to collect tolls from vehicles crossing the bridge at highway speeds in the southbound direction (New Jersey to Pennsylvania) and the aforementioned toll schedule for the Scudder Falls Replacement Bridge shall be charged when the first span of the replacement bridge opens to traffic and the AET system has been successfully implemented, tested, and made operational, currently anticipated to occur sometime in 2019;

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RESOLVED, that the Commission hereby approves the attached Toll Table for the Scudder Falls Replacement Bridge.

FURTHER RESOLVED, that the Commission hereby approves the attached Toll Table of adjustments in the current toll schedule for the Commission’s seven current toll bridges.

FURTHER RESOLVED that in connection with the Commission’s debt service, the Commission’s efforts in order to maintain the Minimum Debt Service Coverage Ratio, the Minimum Balance and the Target Coverage Ratio, be and hereby are ratified, approved and confirmed.

FURTHER RESOLVED, that upon approval by the Executive Director, any cost or expense in connection with the adoption and implementation of the 2016 toll adjustments for cash transactions for recreational vehicles (RVs) with a trailer or vehicle in tow, the Scudder Falls Replacement Bridge toll schedule, the Auto E-ZPass Toll, the Auto Toll-by-Plate Toll, the Light Truck E-ZPass Toll, the Light Truck Pay-by-Plate Toll, the Heavy Truck E-ZPass Toll, the Auto Commuter Discount, the E-ZPass Off-Peak Commercial Discount, the Truck Discount, and the Toll Table shall be paid, as appropriate, from the General Reserve Fund or Operating Fund.

FURTHER RESOLVED, that the officers and authorized agents of the Commission are hereby authorized to take such steps and/or other actions as may be reasonably necessary in connection with the continued implementation of the Capital Program, the maintenance of the Credit Rating, the Minimum Debt Service Coverage Ratio, Target Coverage Ratio and the Minimum Balance.