

## RIDOT SETTING OF TOLL RATES FOR TOLL LOCATIONS 1 & 2

**PUBLIC NOTICE DATE:** JANUARY 2, 2018

**END OF COMMENT PERIOD:** FEBRUARY 1, 2018

**COMMENTS INVITED:**

All interested parties are invited to submit written comments concerning the proposed regulations by **FEBRUARY 1, 2018** to the addresses listed below.

**ADDRESSES FOR PUBLIC COMMENT SUBMISSIONS:**

**Mailing Address:**

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Date Tolling To Commence: On or about February, 2018

<b>Toll Location</b>	<b>Toll Rate</b>	<b>Annual Revenue (B)</b>	<b>Annual Cost (C) (Implementation, O&amp;M, and RITBA)*</b>	<b>Benefit to Cost Ratio (B/C)</b>
1	\$3.25	\$3,406,000	\$433,900	7.85
2	\$3.50	\$3,778,000	\$454,800	8.31
<b>Total</b>	<b>\$3.38 (avg)</b>	<b>\$7,184,000</b>	<b>\$888,701</b>	<b>8.08 (avg)</b>

**Description of Analysis**

A Cost-Benefit analysis was performed to determine whether the proposed toll rates within the RhodeWorks Tolling Project – Locations 1 and 2 (Project) generate adequate revenue to pay back the cost of the Project and yield additional funds for bridge reconstruction. This analysis was conducted pursuant to R.I. Gen. Laws §42-13.1-4.

## **Methodology**

To arrive at a cost-benefit ratio for the Project, annual revenue was predicted using proposed toll rates and truck toll traffic estimates\*. This annual revenue represents the Project Benefit (B) at each tolling location. The cost was calculated at each tolling location by combining the cost of the toll infrastructure, tolling system, operations and maintenance (O&M) costs as well as the tolling processing and invoicing costs. The infrastructure, tolling system and O&M costs are based on the contracted agreement with Kapsch TrafficCom Inc. to provide Design, Build, Operate, and Maintain services at 14 proposed tolling locations. While infrastructure costs are included in the contract per location, the tolling system and operational costs were common to all 14 locations. Therefore, the tolling system and operational costs were divided by 14 to yield a cost per location. The processing and invoicing costs are based off an agreement with Rhode Island Turnpike and Bridge Authority (RITBA) to provide these services at all 14 proposed locations and includes startup costs. The total cost paid to RITBA was divided by 14 to yield a cost per location and added to each location's total cost. The total cost at each location was then divided by 20 years (the expected service life of the steel gantries) to yield the annual Project Cost (C) per location. The final benefit to cost ratio for each location was calculated by dividing the Benefit (Annual Revenue) by the Cost.

## **Conclusion**

Tolling Locations 1 and 2 yield a positive Cost-Benefit ratio, with a ratio of 7.85 at Location 1 and 8.31 at Location 2. The average Cost-Benefit ratio for these locations is 8.08. A project with a Cost-Benefit ratio above 1.0 shows that the benefits outweigh the costs and the project is profitable. Therefore, the proposed toll rates within the Project generate adequate revenue to pay back the cost of the Project. Additional toll revenue, beyond the funds needed for the Project, would be available for deposit into the Rhode Island bridge replacement, reconstruction, and maintenance fund. This revenue would be used for purposes outlined in RIGL § 42-13.1 and compliant with 23 U.S.C. § 129.