

**WEST VIRGINIA PARKWAYS AUTHORITY RESOLUTION IN SUPPORT OF THE  
CONTINUATION OF TOLLS ON THE WEST VIRGINIA TURNPIKE ONCE  
EXISTING BONDS ARE PAID IN FULL OR DEFEASED**

WHEREAS, the West Virginia Turnpike was constructed by a public corporation and state agency then known as the West Virginia Turnpike Commission and runs 88 miles from its intersection at Route 460 near Princeton, West Virginia to the north side of the Yeager Bridge over the Kanawha River, Kanawha County, West Virginia; and

WHEREAS, in order to accomplish the construction and operation of what is known as the West Virginia Turnpike, the West Virginia Legislature through an Enabling Act created the West Virginia Turnpike Commission under the Acts of the Legislature 1947; and

WHEREAS, the West Virginia Turnpike Commission had various powers, duties, and functions among which was the power to construct, reconstruct, improve, maintain, repair and operate the West Virginia Turnpike and to issue revenue bonds, payable solely from toll revenues, for the purpose of paying all or part of the cost of constructing the West Virginia Turnpike and for projects related thereto; and authority to issue Parkways Revenue Refunding Bonds to be paid solely from toll revenues to refund previous bonds that had been issued and (added in the Acts of the Legislature 1989) to repay the state all or any part of state funds used to upgrade the West Virginia Turnpike to federal interstate standards; and thereafter to fix or revise tolls for transit over the West Virginia Turnpike; and

WHEREAS, the West Virginia Turnpike was constructed between 1948 and 1952 in various sections which were thereafter upgraded by the West Virginia Department of Highways (“WVDOH” now the West Virginia Division of Highways) in participation with the Federal

Highway Administration (“FHWA”) on a matching funds (10% WVDOH, 90% FHWA) basis to meet interstate standards; and

WHEREAS, by Memorandum of Agreement between the West Virginia Department of Highways, the West Virginia Turnpike Commission and the Federal Highway Administration, U.S. Department of Transportation, a “Tri-partite” agreement was reached dated June 17, 1971 recognizing that as of June 30, 1968 a portion of Interstate 77 extending from Princeton to Charleston in the State of West Virginia was a two (2) lane toll road, the financing of the toll road and facilities having been accomplished through the issuance of Revenue Bonds; that the Federal Highway Administrator had determined that it was in the public interest and the National Transportation Goals and Objectives to bring the Turnpike Commission’s two (2) lane toll road (“The West Virginia Turnpike”) up to the geometric and construction standards consistent with the National System of Interstate and Defense Highways in order to provide for the safe use of such highway as part of the interstate system; and based upon the Tri-partite Agreement, the Department of Highways had requested participation in the reconstruction and improvement of the West Virginia Turnpike pursuant to Title 23, United States Code, Subsection 129(e) which had been enacted in Section 133 of the Federal Highway Act of 1970; and

WHEREAS, the Tri-partite Agreement allowed the West Virginia Turnpike to be upgraded, reconstructed and improved on the same basis and in the same manner as in the construction and maintenance of free interstate highway systems under Chapter I of Title 23, United States Code, but that the tolls could remain until all the bonds issued by the Turnpike Commission or any of its successor agencies had been paid; also limiting the use of tolls and other revenues received from the operation of the toll road, less the actual cost of operation and maintenance, to be applied solely to the repayment of only those bonds outstanding in 1970; and

WHEREAS, by Memorandum of Supplemental Agreement between the West Virginia Department of Highways, the West Virginia Turnpike Commission and the Federal Highway Administration, U.S. Department of Transportation, dated December 13, 1988, the original Tri-partite Agreement, dated June 17, 1971, was voided by the Secretary of Transportation and the Memorandum of Supplemental Agreement dated December 13, 1988 was substituted in its place. The provision that required that the Turnpike should become free to the public upon collection of tolls sufficient to liquidate all the outstanding bonds that had been in existence on the date of the 1971 Tri-partite Agreement was voided, substituting therefore language whereupon all parties agreed that any bonds issued or any cost incurred under the 1988 Memorandum of Supplemental Agreement would not cause tolls to be increased to an unreasonable amount; and

WHEREAS, the original series of bonds issued by the West Virginia Turnpike Commission were due in 1989 at which time \$45 million of bonds were still outstanding and only \$25 million of revenue sources were immediately available to pay such bonds as they came due; and

WHEREAS, in 1989 the West Virginia Parkways Economic Development and Tourism Authority became the successor to the West Virginia Turnpike Commission, (Acts of the Legislature 1989). It issued new bonds in the amount of \$143 million with those bonds to mature in 2019. Of the \$143 million in new bonds that were authorized and subsequently issued, funds amounting to \$45.196 million were used to pay off the existing bonds that matured in 1989. Funds amounting to \$49 million were set aside to repay the State of West Virginia for its ten percent (10%) share of the cost of upgrading the West Virginia Turnpike to interstate standards and with that \$34 million of additional funds that existed at the time of the refinance of the original bonds were used to create a Special Highway Fund for Southern West Virginia

(funds restricted to use in projects that were on roads that connected to and were within 75 air miles of the Turnpike). A substantial part of the \$83 million in the Special Highway Fund was used for the following projects (the excess funds expended represented the earnings on the initial amount of the fund):

- (A) Upgrading parts of U.S. Route 19 from the North Beckley exit on the Turnpike to its intersection with I-79 - \$43.648 million;
- (B) Southern West Virginia Roads - \$25.105 million;
- (C) Chelyan Bridge - \$10.210 million;
- (D) Beckley/Sophia 4-Lane Highway, Route 16 - \$3.185 million;
- (E) Princeton Welcome Center - \$3.496 million; and

WHEREAS, the West Virginia Parkways Economic Development and Tourism Authority became the West Virginia Parkways Authority (Acts 2010, eff. July 1, 2010) and its mission was limited to operation of the West Virginia Turnpike, its Service Plazas and rest areas and further development of Tamarack and the property surrounding Tamarack ; and

WHEREAS, as it is currently configured, the West Virginia Turnpike represents a \$1 billion asset owned by the West Virginia Parkways Authority. That asset consists of 88 miles of the West Virginia Turnpike representing 426 lane miles of roadway, 116 bridges, 18 interchanges, 4 toll plazas, 3 travel plazas, 1 welcome center, 2 rest areas, 300,000 square feet of facilities, 6,248 culverts, 4,070 signs, 900 roadway lights, 595 acres of area mowed within the right-of-way; and

WHEREAS, the Parkways Authority receives no funding whatsoever from the State of West Virginia or from the Federal Government for any maintenance, operation or capital repairs needed by the West Virginia Turnpike. Tolls (“User Fees”) provide all the funds for the

maintenance, operations and capital repairs needed and performed on the West Virginia Turnpike. This permits the use of other revenue and state tax dollars by the WVDOH for all the other highways and bridges in West Virginia. Each year, the West Virginia Department of Transportation applies for and receives funds for the maintenance and upkeep of its interstate highway system, as do all other states that have interstate highways serving their taxpayers. The West Virginia Department of Transportation (“WVDOT”) is allowed to count the 426 lane miles maintained by the West Virginia Parkways Authority within its application to the FHWA for yearly maintenance and repair funds, although none of those funds received by WVDOT are allocated to the maintenance of the West Virginia Turnpike. This formula allows WVDOT to maximize the use of such funding on the portions of the interstate system in West Virginia that are not subject to user fees. Removing tolls from the West Virginia Turnpike will not serve to increase the amount of the funds received by WVDOT from FHWA; and

WHEREAS, there are approximately 360 full and part-time Parkways Authority employees who receive state benefits and a living wage from their employment. Of those employees, 160 represent employees of the Toll Division of the Parkways Authority (132 full time; 28 part-time); and

WHEREAS, Seventy-Six Percent (76%) of all toll revenues collected by the Parkways Authority come from out-of-state passenger and commercial vehicles representing a sum of approximately \$64.5 million annually; Commercial traffic accounts for Forty-Eight Percent (48%) of toll revenues representing \$40.8 million annually; 35.9 million toll transactions occurred with patrons on the West Virginia Turnpike in Fiscal Year 2015; an average of 98,000 transactions occur daily of which 77,000 are privately owned vehicles and 21,000 are

commercial vehicles; only Sixteen Percent (16%) of toll revenues come from West Virginia passenger cars and only Eight Percent (8%) from West Virginia commercial vehicles; and

WHEREAS, elimination of tolls would result in the voluntary surrender of approximately \$85 million of yearly revenue that could have been collected from the use of the West Virginia Turnpike and utilized for certain permitted purposes once the existing bonds are paid or defeased; and

WHEREAS, existing Turnpike bonds are the direct and general obligations only of the West Virginia Parkways Authority and payable solely from toll revenues; none of the bond debt is the debt of the State of West Virginia; final payment on these bonds is scheduled for May 15, 2019; and

WHEREAS, of the operating revenues collected (Fiscal Year 2016 Budgeted Highway Operations) in the amount of \$84.8 million, \$30.7 million will go to operating expenses that include maintenance, toll collection and customer service; \$3.8 million will repay the State Police for the operation of Troop 7 and its operation center on the West Virginia Turnpike; \$5.3 million will go toward administration, tourist information center operations, insurance, professional engineering and other non-specific departmental expenses; and \$34.2 million will be allocated to capital expenditures for roadway, bridges and facilities; and

WHEREAS, when the bonds are paid in full in 2019 or defeased, if the Turnpike is in good condition and repair to the satisfaction of the Commissioner of the state Division of Highways, it shall be transferred to the state Division of Highways and shall thereafter be maintained by the WVDOH free of tolls (West Virginia Code Chapter 17, Article 16A, Section 18); and

WHEREAS, there are anticipated additional impacts to state revenues with the removal of tolls after 2019 and costs which otherwise would have been paid from Turnpike toll revenues as follows:

The extensive painting of the Yeager and Bluestone bridges estimated to be \$53 million; Dismantling and removing the toll plazas at a cost of \$23 million which includes the estimated cost of realignment of the roadway at the toll Barrier C location to improve line of site and to insure safety and drivability of the Turnpike; Cost of maintaining Troop 7 to patrol and enforce the law on the Turnpike (including vehicles and equipment and full funding of a 31 member State Police Troop) at a cost of \$4.3 million per year; Providing tourist information services on the West Virginia Turnpike and at the Princeton Welcome Center and other travel plaza locations at a cost of \$1.3 million per year; The widening project deemed necessary from the I-64 split to the North Beckley Exit, US Route 19, which is essential to keeping the level of service through that area from falling below an acceptable level at an estimated cost of \$60 million; The loss of employment for approximately 360 full and part-time Parkways Authority employees who receive state benefits and a living wage from their employment. Of those employees, 160 represent employees of the Toll Division of the Parkways Authority (132 full time; 28 part-time). None of these employees are currently in the classified service of West Virginia, all of them being "at will" employees; and

WHEREAS, over a thirty (30) year period at current toll rates, tolls are expected to generate \$2.5 billion in revenue for West Virginia and over \$2 billion of that would come from out-of-state users; and

WHEREAS, if the West Virginia Parkways Authority is abolished, and the tolls are eliminated from the West Virginia Turnpike, the state will have lost an important independent

bonding authority that can issue bonds for various authorized purposes that do not represent obligations of the State of West Virginia (and do not require balloting for approval) ; and

WHEREAS, without tolls, alternate sources of revenue may have to be created or increased in order to maintain the West Virginia Turnpike and its \$60 million per year costs; The future of Travel Plaza operations (currently operated by fuel and restaurant concessionaires) at the three (3) Service Plaza locations that generate significant non-toll revenue from operations is currently undecided and the loss of those Travel Plazas would be a significant reduction in private sector jobs and in the level of services provided by the West Virginia Turnpike as well as a significant loss of approximately \$3 million of non-toll revenue yearly; and

WHEREAS, current unfunded pension obligations for current and former Parkways Authority employees is estimated at \$3.925 million and other post-employment benefits (OPEB) such as healthcare are calculated to be in the range of \$10.293 million; the future payment of those obligations is unclear without the ability to collect toll revenue; and

WHEREAS, the West Virginia Parkways Authority has endeavored to provide West Virginia E-ZPass discounts, available by applying for an E-ZPass account at the West Virginia Turnpike Customer Service Center, of up to Ninety Percent (90%) savings for high frequency users of the Turnpike and a Thirty-Five Percent (35%) savings for more infrequent users of the West Virginia Turnpike. Additionally, there is a Twenty Percent (20%) discount for West Virginia E-ZPass commercial customers and a Thirteen (13%) discount for out-of-state E-ZPass commercial customers. All the discount programs represent efforts to minimize the impact of tolls on Parkways E-ZPass patrons; and

WHEREAS, without the toll revenue, the entire cost of operating the West Virginia Turnpike would shift directly or indirectly to the taxpayers of West Virginia. In addition to

losing the \$85 million in annual toll revenue, there would be an immediate loss of over 160 jobs related to tolling and uncertainty for the remaining 200 maintenance and other jobs, all of this coming at a time of rising job losses associated with the reduction of coal related jobs in West Virginia; and

WHEREAS, the West Virginia Blue Ribbon Commission on Highways in its May 2015 report concluded that West Virginia needs an additional \$750 million a year simply to preserve and improve its other roads and bridges. Another \$380 million a year is needed to provide for needed expansion of the existing system. It appears from the report that the annual shortfall with which the WVDOH is currently contending exceeds \$1.13 billion; and

WHEREAS, following the first toll increase in 28 years in 2009, a ten year paving program began to address essential deferred maintenance and capital improvements. This program included \$242 million for paving needs; and

WHEREAS, of the 116 bridges on the West Virginia Turnpike, it is estimated that Eighty Percent (80%) of its bridge decks will need to be replaced over the next thirty (30) years with the first bridge deck replacement taking place in the spring of 2016. By 2020, the average bridge deck age will be thirty-eight (38) years, Twenty-Three Percent (23%) of the bridges will exceed their expected deck life of forty (40) years and Ninety-Four Percent (94%) of the bridges will be over thirty-five (35) years old. At the end of the thirty (30) year planning period, if no further bridge decks are replaced, Eighty-One Percent (81%) of the Turnpike bridge decks will be over sixty (60) years old. That tremendous cost adds significantly to the current deferred maintenance amount facing the West Virginia Division of Highways; and

WHEREAS, tolls can represent a vital funding source for transportation in West Virginia. The removal of tolls from the existing toll facilities is the exception rather than the rule on a

national basis. Tolls continue to help fund transportation needs across the country. In 2012, Ohio renamed its turnpike the Ohio Turnpike and Infrastructure Commission and issued \$1.0 billion in bonds backed by future tolls (specifying that 90% would be spent on projects north of U.S. Route 30) which provide the state with up to \$3 billion for new projects by taking advantage of additional bonding and federal and local matching funds. Connecticut removed tolls from its Turnpike in 1985 and is currently discussing how to reinstate them. The FHWA may require the State of Connecticut to repay \$2.6 billion in federal highway funds that Connecticut received for its Turnpike construction projects following the abolition of tolls in order for the reinstatement of tolls to be considered; and

WHEREAS, toll roads are primarily self-financed and do not rely on taxes, the toll patron is not paying twice for the facility; and

WHEREAS, in 2013 the West Virginia Legislative Auditor's Performance Evaluation and Research Division (PERD) provided a performance review report to the Parkways Authority. In that report there were findings that concluded with the loss of tolls an estimated \$9 million of local economic impact would be felt associated with the loss of up to 231 Parkways jobs, the impact of the loss of funding for State Police Troop 7, an estimated \$23 million for the cost of dismantling the Toll Plazas and its attendant highway reconstruction, lack of funding for courtesy patrols and loss of funding for Tamarack. The estimates included in the report (2013) and the Parkways Authority's response set out a detailed estimate of maintenance and costs that range between \$30 million and \$59 million per year. PERD used a methodology not based on how much will be needed as determined by the Parkways Authority, but rather on a cost derived from what the WVDOH has indicated its costs are for the interstates it currently maintains. At the time of the report, the Authority concluded that it will cost \$59 million per year based upon

engineering analysis which reflects proactive and needs-based maintenance in order to maximize full life-cycle benefits of the highway and bridge assets. This proactive approach obviously saves money in the long term due to extending the life of the bridges and road surfaces rather than having to replace them before the end of their life-cycle. The \$30 million cost identified by PERD and the WVDOH is based more on a “funds available” criteria. Based on the current report, WVDOH would only have available to it approximately one-half (½) of what is currently being spent on maintenance of the Turnpike in the event tolls are removed and the Parkways Authority is abolished; and

WHEREAS, tolls do not hinder the growth of economic development and commerce. Total toll transactions in Fiscal Year 2015 were 35.9 million which eclipsed the previous peak of toll transactions in 2005 prior to the “recession” experienced in this country. This represents a resurgence of traffic, primarily commercial traffic, indicating that the effective tolling is not regressive and does not hamper commercial traffic and retail and commercial development along toll roads; and

WHEREAS, all of the information contained in this resolution is accurate, and depicts a scenario whereby removal of tolls is not in the best interest of the State of West Virginia and its citizens, and abolishing the West Virginia Parkways Authority is not in the best interest of the citizenry of the State of West Virginia either; and

WHEREAS, the West Virginia Legislature should amend the existing legislation requiring the cessation of tolls when the existing Turnpike Bonds are paid or defeased to allow tolls to remain on the West Virginia Turnpike.

THEREFORE, be it resolved, that for all of the reasons set forth in this resolution, the West Virginia Parkways Authority, a corporate body and an agency of the State of West

Virginia, by its vote on this the 7<sup>th</sup> day of January, 2016, does hereby adopt this resolution in support of the continuation of tolls on the West Virginia Turnpike once existing bonds are paid in full or defeased and the continuation of the West Virginia Parkways Authority as a public body corporate and agency of the State of West Virginia to continue to operate the West Virginia Turnpike as a toll road.

**CERTIFICATION OF ADOPTION OF RESOLUTION**

I, Thomas Mainella, the duly elected and presently serving Secretary of the West Virginia Parkways Authority, do hereby certify that the foregoing WEST VIRGINIA PARKWAYS AUTHORITY RESOLUTION IN SUPPORT OF THE CONTINUATION OF TOLLS ON THE WEST VIRGINIA TURNPIKE ONCE EXISTING BONDS ARE PAID IN FULL OR DEFEASED was duly and lawfully adopted at a regular monthly meeting of the West Virginia Parkways Authority held at its headquarters at Port Amherst, Kanawha County, West Virginia, on January 7, 2016 after due lawful notice, upon an affirmative vote of the members of the Authority.

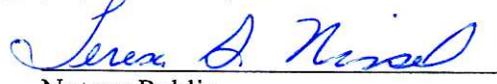
Certified this the 7<sup>th</sup> day of January, 2016.

  
THOMAS MAINELLA, SECRETARY

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

Subscribed and sworn to before me this the 7<sup>th</sup> day of January, 2016.

  
Notary Public

My commission expires on: June 3, 2022

