

Rhode Island Turnpike and Bridge
Authority
Management Study

August 2011



RIPEC

DISCLAIMER:

RIPEC used data provided by Jacobs Engineering Firm; Lefkowitz, Garfinkel, Champi & DeRienzo P.C. (LGC&D) an accounting firm; Parsons Engineering; First Southwest; the State Department of Transportation; and the Authority itself. This information was used both to provide a comprehensive picture of the organization, and to develop a forecasting model that RITBA can use to evaluate the effects of change to the organization's structure or needs including changes to personnel/staffing and construction costs. Please note this report is not an audit of the Authority's financial records. RIPEC did not independently verify the data given to us.

TABLE OF CONTENTS

I.	Forward	1
II.	Introduction	2
III.	Overview	4
	• Brief History	
	• The Authority Today	
IV.	Operational Review	6
	• Department Organization	
	• Authority Employees	
	• Issues for Consideration	
	• Additional Recommendations	
V.	Toll Structure and Collection	18
	• Current Toll Rates	
	• Overview of E-ZPass	
	• Tolls and Discounted Rates: Comparison to Other Authorities	
	• Toll Plaza Structure	
	• Issues for Consideration	
	• Additional Recommendations	
VI.	Financial Review	25
	• Budget Overview	
	• Expenditures	
	• Projections: an Interactive Tool	
	• Future Considerations	
	• Additional Recommendations	
VII.	State Relations	39
	• RITBA Expansion	
	• Consolidation/Merger with Rhode Island Transportation Agencies	
VIII.	Appendix	42
	• Toll Scenarios	
	• E-ZPass Customer Service Center	
	• RITBA Operations and Maintenance Budget FY 2011	
	• RITBA Cash and Investments Summary as of March 31, 2011	
	• 2011 Enacted Legislation by Governor Chafee -- HB 6285 and SB 1063	

I. Forward

The Rhode Island Turnpike and Bridge Authority (The Authority/RITBA) approached the Rhode Island Public Expenditure Council (RIPEC) to undertake a management and financial analysis of the Authority's operations and financial structure. The Authority requested RIPEC examine the Authority to provide options for improvements, comparisons to other institutions that would help frame future discussions and to look at the long-term financial status of the Authority.

RIPEC is an independent, nonprofit and nonpartisan public policy research and education organization dedicated to the advancement of effective, efficient and equitable government in Rhode Island.

Through in-depth research, program monitoring, advocacy and public information activities, RIPEC:

- Suggests approaches to help improve the effectiveness and efficiency of government agencies;
- Promotes fiscal responsibility and sound management practices;
- Assists elected officials and their staffs in the development of sound policies and programs;
- Enhances understanding between the private sector and state and local governments;
- Provides objective information and conducts educational programs for the benefit of Council members, public officials, and the general public;
- Builds coalitions with other community groups to promote sound public policies; and
- Promotes a public policy agenda to foster a climate for economic opportunity.

This report is intended to respond to the Authority's request by providing information and data regarding the Authority's operation and financial structure looking at both the short-term operational structure and the long-term financial capacity of the Authority. The report is intended to give the Authority additional options to run an effective and modern quasi-public organization through streamlining costs and planning for large-scale, high-cost endeavors.

RIPEC wishes to thank the Authority's Board of Directors, Executive Director, staff and consultants for their assistance. The report would not have been possible without their cooperation and their willingness to share their thoughts and information.

II. Introduction

The Rhode Island Bridge and Turnpike Authority (the Authority/RITBA) was created by legislation in 1954 and is the responsible agency for the Newport/Pell and Mount Hope bridges within the State of Rhode Island. The agency ensures the safety and well-being for the hundreds of thousands of visitors to Aquidneck Island every year. As a quasi-public agency, the Authority supports its operations through toll collections, foregoing state and federal revenues. This provides RITBA with considerable autonomy in their operations and management.

The ongoing effects of the current recession have affected state agencies and organizations throughout Rhode Island; however, budget cuts and the depressed economy do not appear to have impacted traffic patterns on the bridges, nor have they affected the agency's ability to generate revenues. The recent toll increases and bond issuance have been sufficient to support current operations and provide the Authority with capacity to meet predicted increased maintenance and support.

As a part of ensuring their continued fiscal health and their willingness to have their operation reviewed for continued effort for efficiency and effectiveness, the Authority asked the Rhode Island Public Expenditure Council (RIPEC) to undertake a management and finance review of the organization. The recommendations made by RIPEC are intended to streamline operations, explore new practices and ensure long-term planning capacity based on accurate data. More specifically, the recommendations listed throughout the report serve as direct ways for the Authority to take action whereas the considerations listed require additional study or raise questions about current practices. The report will analyze the current structure and capacity, fiscal condition, and examine the potential for future growth, including the potential tolling of the Mount Hope Bridge or expansion of operations to management or tolling of additional bridges or roads. Identifying potential deficiencies, both financially and administratively now, will provide the Authority the capability to meet future funding or administrative challenges.

Since the Authority must take multiple stakeholders into consideration, an analysis of operational, structural and fiscal components will allow for greater understanding of the agency's operations. This report gives the Authority's Executive Board the information necessary to make informed decisions in a fiscally sound manner. In addition, the analysis will provide information to policymakers outside of the agency to use as they evaluate legislation that will have an effect on RITBA's operations.

RIPEC used data provided by Jacobs Engineering Firm; Lefkowitz, Garfinkel, Champi & DeRienzo P.C. (LGC&D) an accounting firm; Parsons Engineering; First Southwest; the State Department of Transportation; and the Authority itself. This information was used both to provide a comprehensive picture of the organization, and to develop a forecasting model that RITBA can use to evaluate the effects of change to the organization's structure or needs including changes to personnel/staffing and construction costs.

In addition to this introduction, the report is divided into six sections:

- Overview – provides a brief history and summary of the modern Authority;

- Operational Review – examines the structure of the organization, including a summary of the departments and their responsibilities. This section also includes information on scheduling, staffing, and employee pay and benefits.
- Toll Structure and Collection – includes an overview of the current tolling structure of the Newport/Pell Bridge, an overview of the recently-implemented E-ZPass system, a comparison of how the Authority’s tolling structure compares to other agencies, and an overview of the toll plaza structure.
- Financial Review – summarizes the Authority’s budget and fund structure, and provides an overview of the organization’s bond history and debt service, investments, and toll revenues. Also included in this section is a projection of future revenues under multiple tolling scenarios provided by Jacobs Engineering. The financial review also includes an overview of the organization’s operating, maintenance, renewal and replacement expenditures, and develops a forecast that combines the above into one model the Authority can use to evaluate the impact staffing, maintenance, tolling, or other decisions will have on their future fiscal health.
- State Relations – looks at specific state-related issues that will have an impact on RITBA’s future operations including proposed legislation to study expansion of tolling elsewhere in the state, transfer of the new Sakonnet River Bridge to the Authority, and banning of tolling on either the Mount Hope or Sakonnet bridges. In addition, this section briefly looks at the issue of creating a transportation secretariat or umbrella organization.
- Appendix – includes supplemental information and tables.

III. Overview

Brief History

In 1954, the Rhode Island General Assembly created the Rhode Island Turnpike and Bridge Authority (the Authority or RITBA), a quasi-public agency, to construct, maintain, and operate bridge projects across the state in addition to proposing a turnpike from the Connecticut to Massachusetts border (RIGL § 24-12-5). Even though the Authority has not constructed the proposed turnpike, it retains legislative authority to do so in the future. Additionally, the Authority has the ability to toll other bridge structures throughout the state. Currently, the Authority is responsible for managing and determining toll rates for the Claiborne Pell Bridge and the Mount Hope Bridge. The Authority operates with a budget separate from the Department of Transportation; it receives its revenue through toll revenues and investment returns without assistance from federal, state or local taxes for debt service or bridge operations.

The Mount Hope Bridge was designed in 1927 by Robinson and Steinman, and built in the following two years. The bridge connects the Towns of Bristol and Portsmouth over Mount Hope Bay. The bridge spans 1,200 feet and was once the longest suspension bridge in New England. The State of Rhode Island purchased the Bridge in 1955 from the privately owned Mount Hope Bridge Company. In 1964, the Rhode Island Turnpike and Bridge Authority acquired responsibility over the Mount Hope Bridge. Tolls were removed from the Mount Hope Bridge in 1998.

In the 1940's, a Jamestown-Newport civic commission was formed to urge the General Assembly to create an agency to finance and construct a bridge connecting the Town of Jamestown on Conanicut Island to the City of Newport on Aquidneck Island. Although the first proposal in 1950 was rejected by residents, a final bridge plan was developed by the engineering firm of Parsons, Brinckerhoff, Quade & Douglas and construction began once the bond measure passed in 1965. The four-lane bridge is the only toll facility in Rhode Island and one of three bridges that connects Aquidneck Island to the mainland.

The Jamestown Bridge, in operation from 1940 to 1992, connected North Kingstown to Conanicut Island. The bridge was constructed for \$3.0 million, which was paid for by tolls. Motorists were initially tolled \$0.90 from the North Kingstown toll booths. In later years the toll amount decreased to \$0.35 and ultimately to \$0.25. Toll collection on the Jamestown Bridge ended in 1969 when the Newport/Pell Bridge opened to the public. Administration and maintenance of the Jamestown Bridge was transferred to the Department of Transportation when the toll was removed.

The Authority Today

Currently, the Authority is overseen by a five member Board of Directors, including the Rhode Island Director of Transportation as an ex-officio member and four individuals appointed by the Governor. Each appointed member of the Authority serves a four-year term beginning on the first day of April. Directors may be reappointed to successive terms. Daily operations are overseen by an Executive Director who is appointed by the Board. The Executive Director

manages the organization and coordinates work among the five departments: Finance, Maintenance, Toll Plaza Operations, E-ZPass, and Engineering. Department directors are responsible for managing employees in their respective departments.

The Authority is charged with maintenance and operations on the Newport/Pell and Mount Hope Bridges. Currently, only the Newport/Pell Bridge is tolled; however, the Authority has been examining the potential of tolling the Mount Hope Bridge to ensure that ongoing revenues are available to meet ongoing costs and that they are able to fulfill their mission to maintain the bridges in sound operational condition.

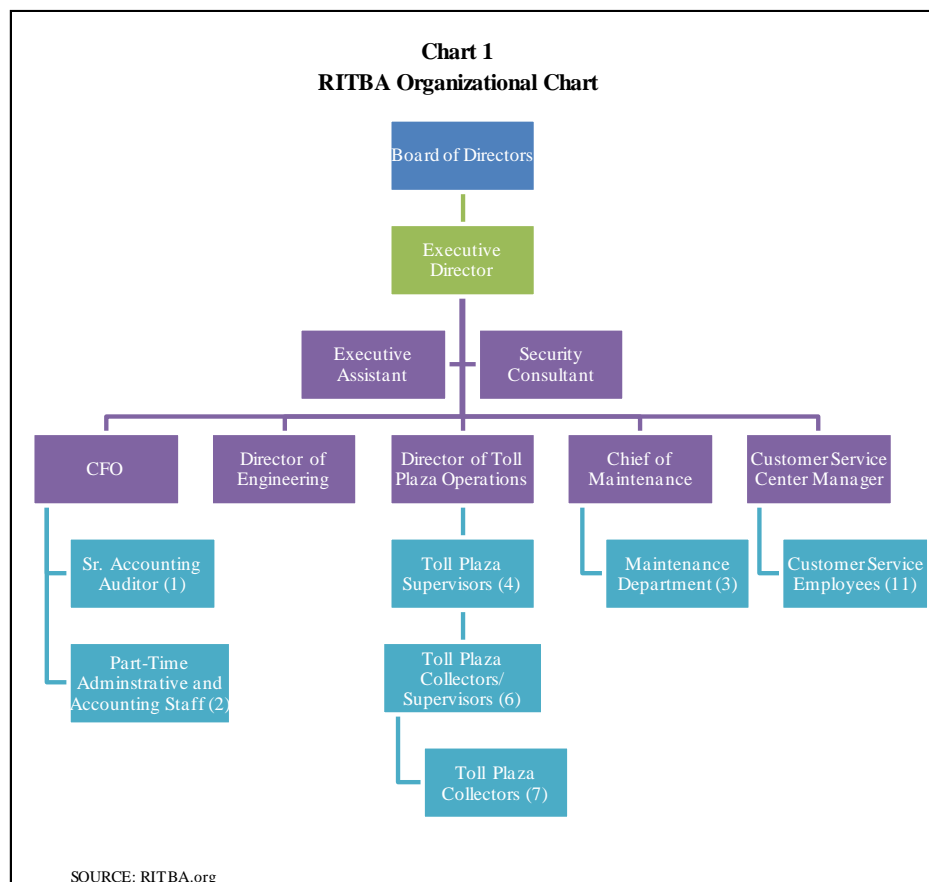
The bridges act as a major force for Rhode Island's economy. For residents of Aquidneck Island, the bridges allow for convenient access to the mainland. For visitors and tourists, the bridges allow access to beaches and the historic City of Newport, and the many other amenities and tourist destinations on the Island. The Authority ensures motorist safety and, thus, access to these state assets by providing ongoing maintenance and repairs to the structures, intensive inspections by engineers, and daily administration of tolls that support the agency's mission.

IV. Operational Review

A significant portion of RITBA's budget relates to the operational aspect of the Authority. Departmental organization, personnel costs, staffing levels and overall management of the Authority impact their ability to not only realize their mission, but to ensure that the services are provided in the most cost-effective and efficient way possible. In order to provide the Authority tools to evaluate how well they are meeting these goals, RIPEC conducted an operational review and identified a number of areas that the Authority should examine or address. The following section examines how RITBA is organized, along with select personnel issues in order to provide context to the overall discussion and to help pinpoint areas for change.

Department Organization

The Authority is organized along functional lines and is overseen by the Executive Director. The Authority's documents indicate that there are seven people who report directly to the Director, including the Executive Assistant and security consultant. The Chief Financial Officer, Director of Engineering, Director of Toll Plaza Operations, Customer Service Center Manager, and Chief of Maintenance are responsible for overseeing the rest of the staff.



RIPEC interviewed employees from each department within the Authority to understand how the organization operates on a daily basis. The interviews focused on staffing, shifts, salaries and benefits, and union contracts allowing RIPEC to assess the current structure and evaluate whether and where changes should be made.

E-ZPass Customer Service Center

The E-ZPass Customer Service center employs a total of 12 employees who are non-union employees of the Authority. In addition to the Customer Service Supervisor, the center has a part-time, non-permanent employee with some supervisory responsibilities, and 10 other part-time employees who work approximately three eight-hour shifts per week. Part-time employees earn \$12.00 per hour while those with supervisory functions earn \$15.00 per hour. All employees are cross-trained to handle walk-in clients and call center operations, providing for greater flexibility in scheduling.

The E-ZPass Customer Service facility administers a call center for phone inquiries and provides customer support for walk-in clients. Originally established to sell E-ZPass transponders to new clients after the Newport/Pell Bridge switched from tokens to the electronic tolling system, the center now primarily provides customer service and support to existing clients. It is open Monday through Friday from 8:00 AM to 6:00 PM (9:00 AM to 6:00 PM for the call center) and on Saturday from 8:00 AM to 2:00 PM.

Table 1
E-ZPass Customer Service Center Volume

	Calls*	Walk-ins	Total
2010			
July	4,228	4,132	8,360
August	4,635	3,768	8,403
September	4,242	3,301	7,543
October	3,233	2,992	6,225
November	3,051	2,898	5,949
December	2,704	2,750	5,454
2011			
January	2,480	2,400	4,880
February	2,350	2,249	4,599
Change	-1,878	-1,883	-3,761
%	-44.4%	-45.6%	-45.0%

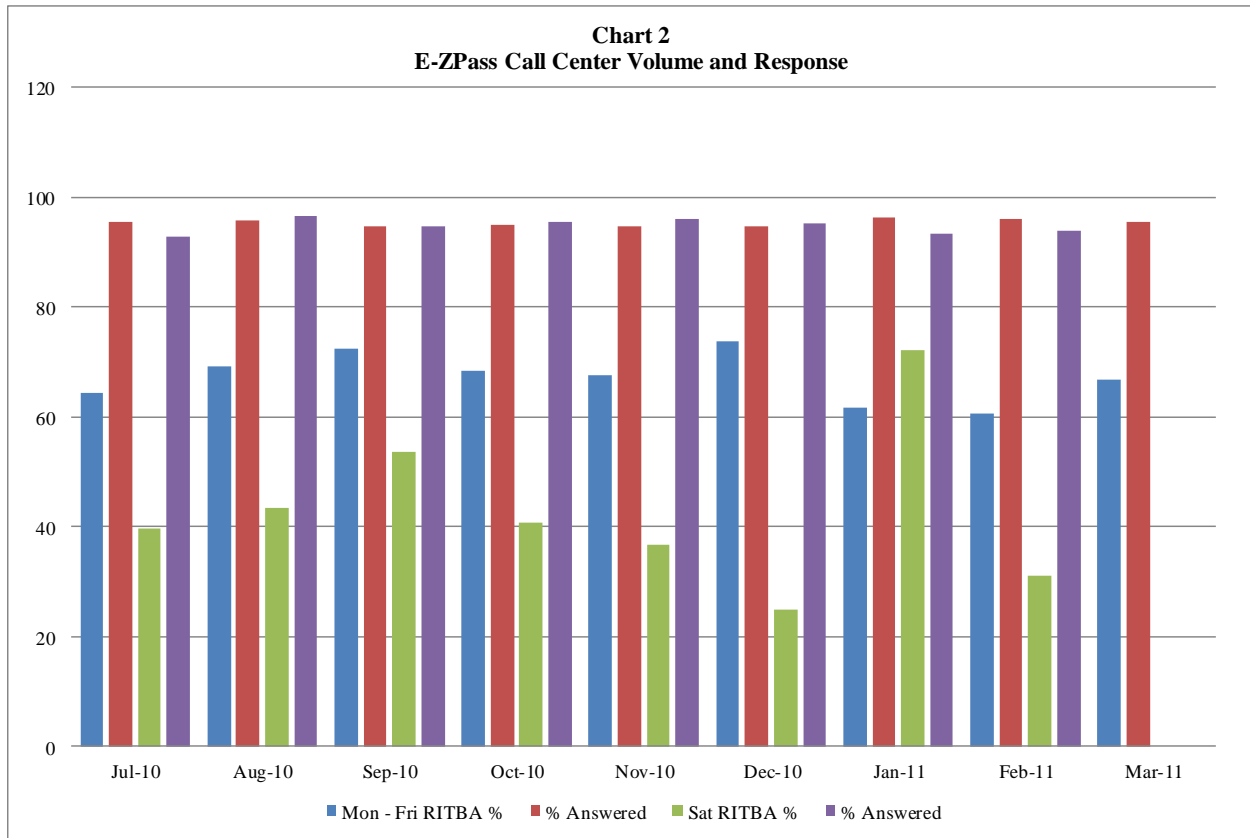
*Calls answered by RITBA employees.
SOURCE: RITBA

Over time, the number of walk-ins and calls has declined. From July 2010 to February 2011, both the number of call-ins and walk-ins have declined by approximately 50.0 percent as shown in Table 1. However, it should be noted that call center volume generally mirrors toll and traffic patterns and the Authority has indicated that their call volume has started to increase as the peak travel season approaches.

The busiest times for client walk-ins are between 8:00 AM and 9:00 AM, and 5:00 PM to 6:00 PM. The call center was receiving between 7,000 to 8,000 calls per month with the greatest volume of calls coming on Mondays and weekdays from 9:00 AM to 11:00 AM and 4:00 PM to 6:00 PM. Since the facility is open for ten hours on weekdays, two overlapping shifts ranging between six and eight hours are required to adequately staff the facility without regular overtime. Incoming calls are handled through a call system designed by Affiliated Computer Services, Inc. (ACS). If the caller does not need to speak with an individual, then the caller follows the automated message. Otherwise, the caller speaks with an Authority customer service employee to resolve their issue.

A review of the schedule of employees from October 18, 2010 to December 4, 2010 indicated that the majority of employees are scheduled between 9:30 AM and 4:00 PM to handle the

volume of calls and walk-ins. According to material supplied through the phone system records, beginning in November 2010 the center has been able to handle over 90.0 percent of incoming calls without a call being dropped.



Engineering

The Director of Engineering is responsible for overseeing the engineering consulting firms and contractors that perform major construction and renovation projects undertaken at the Newport/Pell Bridge and the Mount Hope Bridge. The Director of Engineering is the Authority's only full-time engineering employee. The Authority uses the services of two engineers for construction inspection work on a per diem basis. These employees report to the Director of Engineering.

For each bridge, the Authority has one Engineer of Record and one Inspection Engineer. Dividing the two functions is intended to provide greater objectivity and ensure higher quality service. Parsons Brinkerhoff is the Engineer of Record, and WSP Sells is the Inspecting Engineer for the Newport/Pell Bridge. Amman Whitney is the Engineer of Record and Modjeski & Masters is the Inspecting Engineer for the Mount Hope Bridge. The Authority maintains an agreement with Keville Enterprises for specialized engineering construction and inspection services, such as welding and painting projects. Consulting, engineering and inspection contracts have a two-year duration with two one-year options to renew.

The Authority has on-call construction contracts for smaller maintenance projects that cannot be performed by RITBA staff. A four-year contract with Aetna Bridge pre-specifies the amount

paid for each service (e.g., patching one square yard of asphalt), and the Authority's design specifications are included in the contract. Coastal Electric provides on-call services for electrical repair on the bridges. Sanding and plowing services are provided by the Rhode Island Department of Transportation.

The engineering and construction needs of the Authority are set forth in the ten-year capital plan, as approved by the Board of Directors. Updated every two years, the capital plan reviews the progress achieved since the previous plan's enactment, reprioritizes projects required at both the Newport/Pell and Mount Hope Bridges, and updates cost estimates. The capital plan preparation process begins with a needs assessment from an engineering perspective and is then modified to smooth capital expenditures from year-to-year.

Maintenance

The Chief of Maintenance oversees a staff of three full-time employees in the off-season and four full-time staff plus an additional 12 part-time/seasonal employees during the summer to accommodate summer grounds maintenance. The maintenance staff conducts preventative maintenance for the two bridges and performs landscaping and litter collection near the Newport/Pell and Mount Hope Bridges in addition to a portion of Route 138 between the Newport/Pell and Jamestown Bridges equaling a total of 25 acres. Preventative maintenance allows for the life span of the bridge structures to be extended. Without continuous maintenance of the structures, the bridges would require more costly repairs in the long run. For example, patching roadways on the bridges is less costly than completely re-paving the entire surface.

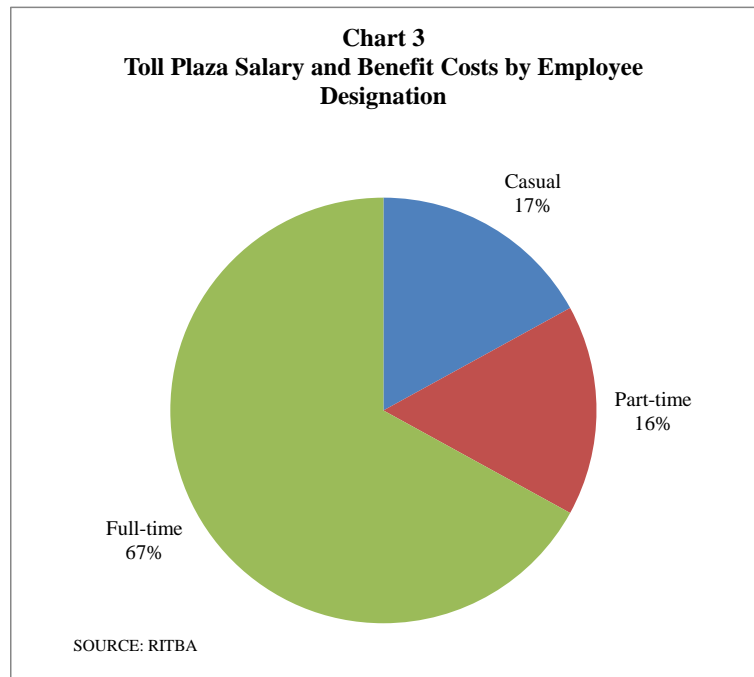
In the event of an accident, the maintenance crew is responsible for securing an area until emergency responders arrive. The staff also receives ongoing safety training on topics such as hazardous waste incident response as well as custodial duties at the Authority's headquarters building and customer service trailer. A separate contractor is used for plumbing, electrical, and HVAC services in the buildings. According to the Chief of Maintenance, approximately 20.0 percent of the maintenance crew's time is spent on the bridge undertaking preventative maintenance and light repair projects, while 80.0 percent is spent on landscaping and trash collection, custodial efforts, and other projects as needed.

The majority of the full-time staff have worked for RITBA for more than ten years and seasonal employees tend to return each year. Maintenance staff work staggered shifts from 6:00 AM to 6:00 PM with most scheduling done on an informal basis based on individual availability and preference. Work required outside normal business hours is assigned according to seniority and employee preferences.

Toll Plaza Operations

The Toll Plaza at the Newport/Pell Bridge operates 24 hours a day, seven days a week with staffing levels dependent on the time of day and season. At any given time, the toll plaza has at least two toll collectors for both the eastbound and westbound cash-only lanes and one supervisor to address any problems, including issues with E-ZPass. An average staffing schedule includes three shifts with staggered start and end times. It has been a policy of the Authority to ensure that traffic moves quickly and there are no delays at the toll booths and staffing has been set accordingly.

In FY 2010, there were four Toll Plaza Supervisors, six Toll Plaza Collectors/Supervisors, and four full-time toll collectors. Full-time employees work eight-hour shifts, five days per week. The Director of Toll Plaza Operations determines the staffing needs for a given period, and workers bid on their preferred shifts. Employees choose their shifts based on seniority; full-time workers are given first priority to bid. Though the resulting schedule is complicated, workers note that they appreciate being involved in the decision-making process and enjoy the flexibility. All full-time employees are members of a union and receive benefits including sick and vacation time, health care, and 401(k) matching contributions.



Part-time employees may work either eight-hour shifts or partial shifts depending on the Toll Plaza need. All part-time employees are also union members and have sick and vacation time, but no health benefits. They may qualify for 401(k) matching contributions after working 1,000 hours. Part-time toll collectors receive different rates of pay depending on the number of hours they work; those who work fewer than 24 hours per week receive the lower rate. Casual employees do not receive benefits. Chart 3 outlines personnel costs at the toll plaza by employee designation.

**Table 2
Sample Toll Plaza Schedule
Fall/Winter 2010-2011**

<u>Shift</u>	<u>Start Time</u>	<u>End Time</u>
Day	7:00 AM	3:00 PM
	8:00 AM	4:00 PM
	10:00 AM	6:00 PM
Evening	3:00 PM	11:00 PM
Night	11:00 PM	7:00 AM

SOURCE: RITBA

Partial shifts of less than eight hours may be scheduled to accommodate breaks or to manage high-volume periods. The Authority increases staff during the summer, for special events and on holidays to minimize wait time and reduce traffic queues. At the end of FY 2010, there were 16 casual workers who filled these shifts. There is one monitor on the 6:00 AM to 2:00 PM shift, and one monitor from 2:00 PM to 10:00 PM, Monday-Friday, to address any problems in the E-ZPass lanes. There are no monitors on from 10:00 PM to 6:00 AM. On Saturday, Sunday and holidays there is one monitor from 7:00 AM to 3:00 PM and 3:00 PM to 11:00 PM, there are no monitors on from 11:00 PM to 7:00 AM. In addition to addressing issues in the E-ZPass lanes, monitors collect overweight fees in the designated eastbound over-wide and overweight traffic lane, cover for breaks and address traffic issues as needed.

Toll collectors receive one week of training before they begin work in the booth with an emphasis on understanding the mechanics of cash and E-ZPass transactions and identifying classes of vehicles to determine the appropriate toll rate. An automated, touch screen system in the booths has reduced the likelihood of transaction errors.

Finance

The Chief Financial Officer (CFO) is responsible for keeping accurate records of the Authority's revenue and operating expenses and other requirements including the terms and conditions as established in the various bonds issued by the Authority. The CFO oversees the Senior Accounting Auditor, and two part-time Administrative and Accounting staff. The Authority has just recently hired a new CFO.

The department's primary responsibility is accurate accounting and management of the Authority's resources and revenues. Payroll, accounts payable and other functions are handled through this department. In addition, the department has the responsibility for managing human resources functions. Lastly, the department is ensured that disclosure requirements for reporting and compliance with bond documents are met.

As per RIPEC's recommendations concerning the department's current accounting software, the department is reviewing its current accounting software requirements to determine if an upgrade or a new system is necessary. The software upgrade will allow the Authority to better manage its day-to-day payroll and accounting operations, as well as potentially allow for upgraded budgeting practices.

Security

The Authority uses a security consultant who is charged with overseeing emergency operations and planning efforts to ensure the protection of the two bridges, considered high profile targets by the State because of their importance to transportation and commerce. Ongoing initiatives include increasing the presence of surveillance cameras on campus and on the bridges, and utilizing the Incident Command System to integrate the Authority's emergency response efforts with law enforcement agencies at the state and local levels. In addition, the security consultant focuses on employee safety and traffic concerns.

Other than the security consultant, who is under contract, the Authority does not have security personnel. Authority employees are trained in first aid techniques and serve as liaisons with state and local law enforcement when the security consultant is off-site. Rhode Island State Police have jurisdiction over incident responses at the Authority.

Authority Employees

The number of employees at the Authority fluctuates throughout the year depending on seasonal needs. According to the Authority's records, there are 65 employees: 27 permanent full and 38 part-time workers. There are generally 10 casual workers who are employed during peak time including the summer months. In addition to the above, there are also two contract personnel. Total of salaries and benefits amounted to \$2.8 million in FY 2010 and are anticipated to total \$2.9 million in FY 2011.

United Service and Allied Workers of Rhode Island represent a total of 24 maintenance and operations employees. The three-year agreement, from July 1, 2008 to June 30, 2011, outlines the terms and conditions of employment provided by the Authority with its Union members. It has been the practice of the Authority to provide non-union employees similar terms and conditions as union staff. The current labor contract has specific requirements for normal work hours, standard shifts where appropriate, work week and other terms and conditions. Flexibility in scheduling and time-off rests with management to make changes when they are in the best interest of the Authority.

Wages and Paid Leave

Table 3
Hourly Rates for Unionized Workers - FY 2008 - FY 2011

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2008-FY 2011 Change %	
Plaza supervisor	\$22.04	\$22.38	\$22.94	\$23.63	\$1.59	7.2%
Maintenance employee	22.04	22.38	22.94	23.63	1.59	7.2%
Collector/Supervisor	20.91	21.23	21.76	22.41	1.50	7.2%
Full-time collector	20.43	20.74	21.26	21.90	1.47	7.2%
Part-time collector	18.19	18.47	18.93	19.50	1.31	7.2%

SOURCE: RITBA contract with United Service and Allied Workers

Hourly rates for unionized members are shown on Table 3. The wage rates as shown reflect negotiated pay increases of 1.5 percent, 2.5 percent and 3.0 percent in FY 2009, 2010 and 2011, respectively. The contract expires on June 30, 2011. The Authority does not have a system for automatic step pay increases or longevity pay benefits.

Full-time employees, that are members of the union, are eligible for overtime pay if they work more than eight hours per day or over 40 hours per week, receiving time and one-half their wage. Moreover, overtime opportunities are offered on a basis of seniority and availability.

All employees receive pay for eight federal holidays over the course of the year. For those employees who are union members, if a holiday falls on an employee's day off, they will receive pay for that day. Additionally, if an employee is scheduled to work on one of the observed holidays, the individual will be paid at a rate of time and one-half their hourly rate. Full-time employees also receive paid leave for a death in the family or if selected for jury duty.

Benefits

The Authority provides fringe benefits (non-wage compensations) in addition to normal wages, to employees and their families. There are three different medical coverage plans: individual, married couple, and family. The Authority is required to offer health benefits as per the labor union contract. Specific part-time employees can opt in to purchase the Authority's health care insurance or 401 (k) contributions.

Table 4
Health Care Insurance Payroll Deductions

Type	First Year	Second Year	Third Year
Individual Coverage	8.00%	9.25%	11.75%
Individual/Spouse Coverage	6.75%	8.00%	10.50%
Family Coverage	6.75%	8.00%	10.50%

SOURCE: RITBA

Health care, dental insurance and vision insurance plans are offered to all full-time employees and their eligible dependents. Part-time employees are not entitled to benefits, but are allowed to participate in the health insurance program at their own expense. Employees contribute to plans through payroll deductions that go toward the annualized total premium, which includes deductible amounts paid by the Authority according to the negotiated health care plan. This is also referred to as the “working rate”. Under the labor agreement, premium sharing increases result only from changes in the working rate rather than an increase in the percentage of the premium. Increase in the sharing percentage is capped at 10.0 percent or a maximum of \$2,000 annually. Payroll deductions on the health care plans are shown on Table 4. The Authority and the Union have agreed to include wellness and prevention incentives into the group health care program. This includes credits toward employee premium contributions or cash incentives designed to decrease illness and promote good health practices.

**Table 5
Employee Salary and Benefits**

Employee	FY 2010 Wages/ Salaries	FICA/ Unemploy.	Medical / Dental/ Vision	Health Benefit co- pay	Life Insurance (A)	401(k) Contribut. (B)	Discretion Contribut. (C)	TOTAL
A	\$47,716	\$4,300	\$18,498	(\$1,153)	\$745	\$2,328	\$1,583	\$73,689
B	\$45,270	\$4,081	\$8,456	(\$2,253)	\$707	\$2,208	\$1,502	\$61,442
C	\$45,315	\$4,085	\$23,329	(\$2,846)	\$707	\$2,211	\$1,503	\$75,284

(A) 1.6 percent in FY 2010; (B) 5.0 percent in FY 2010; (C) 3.4 percent in FY 2010
SOURCE: RITBA

In addition to health and dental benefits, the Authority matches employee contributions to the retirement plan plus a discretionary amount determined each year. Additionally, full-time employees are eligible to receive life insurance in an amount equal to twice their annual wage rate at the time of death, in effect as long as the individual is employed at the Authority.

In order to provide an accurate look at the structure and cost of benefits at the Authority, RIPEC selected three employees to determine the cost per employee as shown in Table 5. The individuals selected for the comparison roughly have similar earnings, but their medical coverage varies significantly; the primary difference between employee costs is providing health care and the difference between the costs for individual coverage versus two individual plans versus family coverage. Currently there are eleven individual plans, nine employees with three individual plans and three employees with family coverage.

Issues for Consideration

Based on the above review of the Authority’s operations, RIPEC has identified four specific areas that the Authority should examine: employee benefits; technology; size and composition of the workforce; and retirements.

Employee Benefits

While the Authority has managed to control personnel costs over the years due, in part, to their reliance on part-time employees who do not receive benefits, benefit costs represent an increasing challenge to the organization as they move forward. Growth in health insurance costs, in particular, is projected to outpace growth in most other areas and will put increased pressure on the Authority in the future. As the Authority moves forward they should consider the following questions:

- Does the current health care plan and benefit structure adequately cover employees?
- Is the current benefit structure sustainable by the Authority over time?
- How does the current benefit structure compare to both private and public sectors?

Technology

As technology continues to advance, the Authority needs to examine ways to increase operational efficiency and cost effectiveness; the Authority should use available technology to provide accurate data, which will help management and the Board of Directors make informed decisions. The two main examples of this are the E-ZPass and tolling operations. As E-ZPass continues to attract more users, evident by transponder sales, the need for employees to collect cash or to handle issues at the tolls will diminish. A continuing cost-benefit analysis will help the Authority decide whether to expand its technological operations to include open-road tolling, which may increase cost efficiency at the toll plaza. Similarly, accurate reporting of call center usage, effectiveness and need will enable the Authority to better determine appropriate staffing levels.

The use of technology by the Authority for operational and administrative purposes needs to be continually reviewed. How RITBA uses technology will impact the current operational structure such as the implementation of open-road toll collection or an electronic collection process. The Authority's capacity to stay abreast of such changes and to take advantage of these efficiencies needs to be constantly reviewed. At the same time, the internal administrative process can also take advantage of technological assistance. For instance an integrated financial and human resource application can provide needed information and efficiency. The management of technology can be examined on a case-by-case basis or could be approached on a more strategic level through the use of a technology consultant.

Number and Status of Employees

The Authority uses several types of work schedules to meet its staffing needs in the Toll Plaza and the Customer Service facility. As noted in the previous section, demand on the Customer Service Center has been shrinking over the past year, but varies with seasonal traffic patterns. Similarly, as E-ZPass expands and the Authority considers expanding its use of technology (e.g., moving to a fully automated tolling system, or exploring open-road tolling), the number of toll collectors may be able to be reduced. As such, the Authority should consider whether they have the correct staffing levels in the Customer Service Center and at the Toll Plaza or whether the level of employees at either location should be reduced. In considering whether to modify the number of workers, the Authority should consider:

- Whether the Authority should employ more part-time workers rather than fill full-time positions;

- How seasonal traffic patterns affect demand for customer service and toll workers;
- How personnel cuts or increases will impact overall expenditures; and
- Whether the necessary infrastructure is in place to support cuts in personnel.

Retirement and Replacements

RIPEC's review indicated that there are a number of long-term employees at the Authority who will be retiring in the next few years. In light of this, RIPEC recommends that the Authority consider the following questions:

- What are current expectations regarding the number of retirees?
- What are anticipated costs related to retirement (e.g., accrued sick leave, vacation)?
- How will retirements affect the Authority's ability to maintain or grow operations?

In addition, RIPEC recognizes that Authority employees hold a wealth of institutional knowledge that has been accumulated over the years and the Authority must make strategic decisions regarding how these employees will be replaced. There are three primary considerations as the Authority moves forward:

- The first consideration for the Authority is how job functions, and the knowledge to perform certain jobs, have changed. For example, financial reporting requirements have become more complex over the years. Moreover, they continue to evolve. The Authority should take time to assess each position and determine the required skill set for each job as it exists today before filling the position to ensure that there is an appropriate job/skill match.
- Second, the Authority needs to examine whether the current compensation plan for full- and part-time employees is sufficient enough to attract and retain quality employees.
- Finally, the Authority also needs to document the institutional knowledge that exists among its long-term employees. How work was done and why work was done should be analyzed to ensure that best practices are followed and that ineffective processes are eliminated.

Recommendations

1. The Authority should review the possibility of using one Engineer of Record and one Inspecting Engineer. Currently, the Authority uses separate Engineers of Record and Inspecting Engineers for each bridge. This could lead to some duplication of effort and higher contract costs. Instead of four separate contractors, RIPEC recommends that the Authority examine the possibility of having two contractors. The duties of the Engineer of Record and the Inspecting Engineer would be separate to maintain the bridges' safety requirements. As part of the regular selection process the Authority may seek through a request for proposal (RFP) the concept of combining the services.

Additionally, the Authority should examine the feasibility and costs of contracting ongoing engineering inspection services during construction to insure compliance to specifications and quality. Using engineering consulting services on an as needed basis may provide economies of scale. Utilizing these professional services only during construction as opposed to hiring personnel may provide quality services at a controlled price. With unprecedented construction projects in the Authority's immediate future, the

Authority should examine whether their current approach toward administering and overseeing this work is being done in the most efficient and cost effective manner.

2. As the Authority expands its workforce and modernizes its facilities, maintenance and monitoring of human resource records will become more important in daily operations. Currently, hiring is done by individual departments, while physical human resources files (payroll, health insurance, official forms) are kept in the CFOs office. To ensure compliance, consistency and attention to employee needs, it is recommended that an employee or an outside contractor be designated to manage and coordinate employee benefits. This individual should maintain accurate human resources records (number of hours worked, benefits, wages, accrued time) for all employees.

In addition, the Human Resource Coordinator, in conjunction with the Executive Director, can assist in the review and development of staff evaluation methods, performance standards, and incentive programs for current employees. For example, they would review vacation policy and determine whether or not the individual employee is being treated fairly and receiving the time appropriately. The Authority and Human Resource Coordinator and Executive Director should update the employee handbook that serves as a guideline to maintain flexibility while protecting workers. This handbook should discuss labor laws and rights, wages and benefits (overtime), and definition of FTE/PTE/occasional workers. The employee handbook should also include the Customer Service Center and E-ZPass system operations.

3. The seasonal nature of the Authority's operations has resulted in a flexible workplace environment, allowing the organization to rely on part-time, seasonal, contract and casual employees. In many cases, such decisions are warranted. However, given the lack of centralized human resources recordkeeping, the Authority should examine whether such employment terms are consistent with federal and state labor laws. The Executive Director, in conjunction with the person assigned to human resources oversight, should conduct an ongoing and thorough review of all seasonal, contract and casual employees to ensure compliance. RIPEC recommends that the Authority determine which functions conducted by employees are considered integral to daily operations with the expectation that employees with high-priority duties will be given appropriate employment status and appropriate benefits.
4. Over time a decentralized scheduling regime has been used by the various departments. The long tenure of many Authority employees, and the nature of the work performed has supported the decentralized scheduling system based on individuals' seniority, availability and personal preference. This approach, while complicated, has the benefit of being supported by the employees and the union. Though the Authority may be able to reduce personnel costs through more efficient scheduling, particularly in the area of toll plaza operations, major changes may result in loss of employee buy-in and reduced morale. At this point, RIPEC does not recommend significant modifications to the current scheduling system. However, if scheduling responsibilities become an increasingly large part of the department director's time, or if the Authority expands its

operations to require additional employees or work responsibilities, a more centralized and stricter scheduling system may be warranted.

5. The maintenance crew spends approximately 20.0 percent of its time performing bridge maintenance and repair. The Authority should review all minor bridge maintenance and repair work to see whether any contracted operations could be performed by the current maintenance staff in a more cost-effective fashion. As natural staffing changes occur, the Authority should consider hiring technical or licensed support for these operations such as an electrical engineer.
6. With the additional requirements for expanding human resources that include operational issues, RIPEC suggests that the Authority should consider inclusion of an additional administrative assistance to aid the Executive Director and Chief Financial Officer to complete the new HR duties. The new position should additionally analyze and collect data on Authority employee work load and shift schedules in addition to monitoring staff needs in accordance with requirements.
7. The Authority should consider the potential of centralizing operational aspects of the organization, such as merging oversight of the toll and E-ZPass systems, including personnel management and exchange. Cross-training of these personnel may allow for increased flexibility in staffing, but would require joint oversight. In considering this, the Authority should take into account the effect on collective bargaining agreements.
8. The Authority should consider the use of a technology consultant to review the current operational use of technology, potential replacement of systems or implementation of new systems. This review should also include an assessment of implementing a financial reporting system that has modules to help manage human resource issues.
9. The Authority should consider a more permanent facility for the E-ZPass Customer Service Center. There are several options to consider as it might be more feasible to add on to the existing building or to construct a stand-alone facility with the capability to expand, especially if additional services are added to the Authority's responsibility. In any event, consolidation of personnel in one facility may provide for better management control and monitoring.

V. Toll Structure and Collection

The tolls collected from the Newport/Pell Bridge provide the funds to operate the Authority's personnel and maintenance projects on the two bridges. Until January 2009, the Authority accepted tokens in lieu of cash on the Newport/Pell Bridge. Tokens were replaced by the E-ZPass system due to changes in technology, primarily the lack of maintenance providers to fix the token machines and the growing popularity and ease of use of transponder-based systems. ACS, a business process and information technology company, manages back room operation of the E-ZPass collections.

Current Toll Rates

Tolls on the Newport/Pell Bridge did not increase from when the bridge opened in 1969 until September 2009 when they doubled to \$2.00 per axle. Currently, the \$2.00 per axle rate is for cash customers and out-of-state E-ZPass holders. Rhode Island E-ZPass holders, who provide proof of Rhode Island residency, are eligible for reduced toll rates of \$0.83 per crossing. The Authority currently has two additional discount

	Cost	Eligibility/Restrictions
Cash	\$2.00/axle	N/A
Non-RITBA E-Zpass	\$2.00/axle	N/A
Resident (RIR)*	\$0.83	Rhode Island residents only; must show proof of residency
Unlimited (RIUNL)*	\$40.00/30 days	Unlimited travel restricted to Newport/Pell Bridge; automatically renewed every 30 days; transponder specific
Frequent user (RI6TRIP)*	\$0.91	Cost shown is for 6 trips in a 30-day period; automatically renewed every 30 days; unused trips are charged at end of the cycle

* Requires RITBA E-Zpass
SOURCE: RITBA

plans: RIUNL, which allows for unlimited travel across the Newport/Pell Bridge and costs \$40.00 every 30 days with automatic renewal, and RI6TRIP, which costs \$5.46 for six trips within a 30-day period (\$0.91 per trip). RITBA E-ZPass customers who neither have proof of residency nor sign up for one of the discount plans are charged \$2.00 per axle.

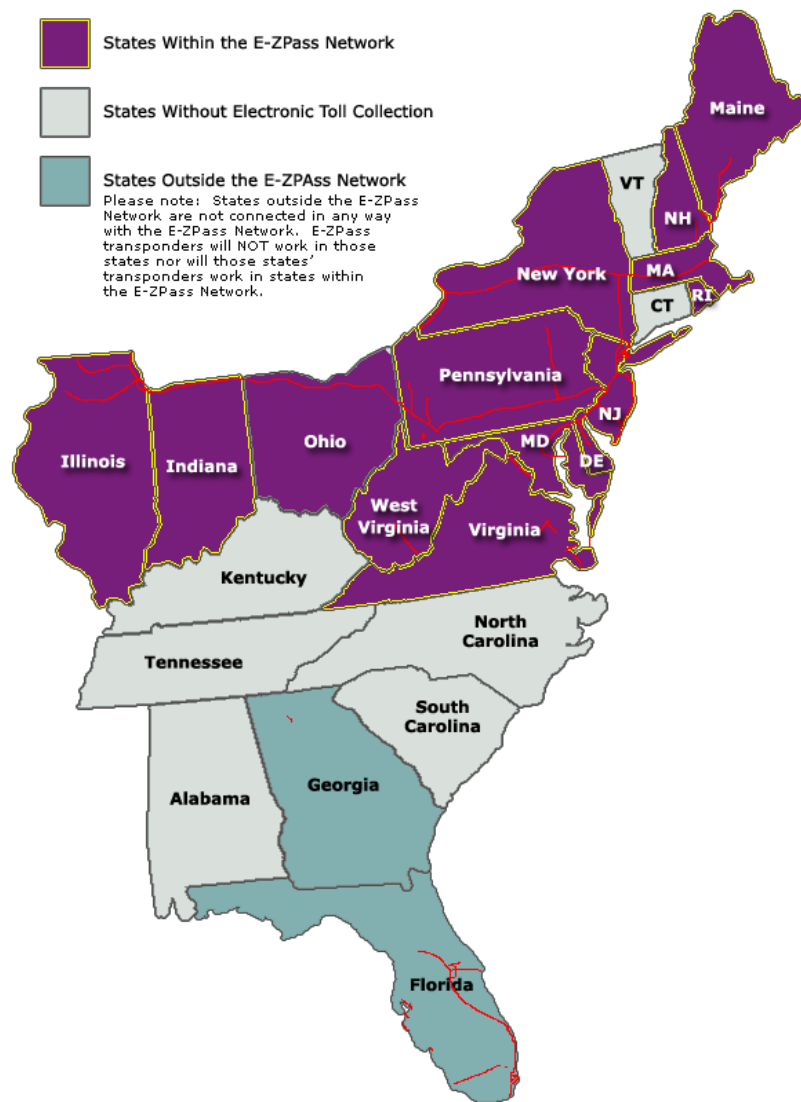
Overview of E-ZPass

The E-ZPass Interagency Group (IAG) began with seven members across three states in 1993 and has grown to encompass 24 members across 14 states. New Jersey, Pennsylvania and New York originally adopted the E-ZPass system to ease congestion during rush-hour commutes in metropolitan areas. The E-ZPass system allows for tolls that are collected via an electronic transponder mounted inside the vehicle. All E-ZPass members use the same technology allowing travelers to use the same transponder throughout the IAG network. Tolls are automatically deducted from the transponder-holder's E-ZPass account, which is connected to a bank account or credit card.

Implementation of the E-ZPass system is attractive to transportation authorities due to its ability to reduce congestion at toll plazas. The E-ZPass group estimates that, overall, 250 to 300 percent more vehicles are processed per lane, which helps to reduce congestion, auto emissions and fuel consumption. Additionally, the system provides detailed statements of toll usage for record keeping purposes.

Tolling rates and discounts vary by the individual member states in the E-ZPass network. Some member states offer reduced rates to commuters across state lines, e.g., New Jersey and Pennsylvania. Other authorities discount tolls by specific residency, such as the discount that Staten Island residents receive when they cross the Verrazano Bridge with an E-ZPass transponder.

Figure 1: E-ZPass Website, 2011



Tolls and Discounted Rates: Comparison to Other Authorities

Due to the small size of Rhode Island, the limited scope of the Authority and the types of waterways that the bridges span makes comparison to other turnpike and bridge authorities' locations in other states difficult. However, after examining selected bridge authorities in the Northeast, RIPEC noted similarities in terms of administration and toll collection, specifically with expansion of E-ZPass that allow for a relevant comparison that may help RITBA as it expands its operations.

Verrazano-Narrows Bridge and New York Thruway: State and Local Resident Discounts

Not all bridge authorities offer reduced commuter/E-ZPass rates like the Newport/Pell Bridge, but many do offer discounted rates for commuters, frequent users, or state residents. The Verrazano-Narrows Bridge, which connects Staten Island to Brooklyn, uses various rates depending on form of payment (cash or E-ZPass) and residency. Commuters of the Verrazano-Narrows Bridge are charged \$9.60 with an E-ZPass transponder¹ whereas 2-axle passenger vehicles that pay with cash are charged \$13.00. Staten Island residents who can show proof of residency are eligible for the \$5.76 E-ZPass rate, saving \$7.24 per trip if they had paid in cash, or \$3.84 with the New York E-ZPass rate. Staten Island residents have few alternatives when leaving the Island, especially for commuters to Manhattan or other parts of the New York City metropolitan region. There are several bridges linking New Jersey to Staten Island and a free ferry administered through the NYC Department of Transportation, but these options are time consuming. The Verrazano-Narrows Bridge, similar to the Newport/Pell Bridge, allows residents to access the rest of the State and region with greater convenience.

Throughout New York, residents and commuters are eligible for discounts if they use E-ZPass, but discounts do not necessarily apply to all New York State residents. For example, the Tappan Zee Bridge, overseen by the New York Thruway Authority, charges commuters the same rate regardless of state residency: \$60.00 per month if they make 20 trips, \$3.00 per trip compared to the full toll rate of \$5.00 per trip. If commuters have three or more occupants in the vehicle the rate is \$0.50 per trip for 20 trips.

Delaware River Joint Toll Bridge Commission: Dual State Cooperation

The Delaware River Joint Toll Bridge Commission (DRJTBC) is another bridge authority that offers a discount plan for frequent commuters who use E-ZPass in addition to truckers who travel during off-peak periods using E-ZPass. The DRJTBC operates and maintains 20 bridges between New Jersey and Pennsylvania along the Delaware River. Seven of the bridges collect tolls and these bridges generate revenue for the entire system. Similar to the Rhode Island Turnpike and Bridge Authority, DRJTBC does not receive state support from Pennsylvania or New Jersey. Non-commercial vehicles E-ZPass tag holders receive an automatic 40.0 percent discount when they complete 20 trips through a Commission toll plaza during a 35-day period. The discounted toll is extended to all E-ZPass tags issued by any of the 24 toll agencies in the E-

¹ E-ZPass rates apply only to tags issued by New York E-ZPass Customer Service Center (this includes: MTA Bridges and Tunnels, Port Authority of New York and New Jersey, New York State Thruway Authority and New York State Bridge Authority). Other E-ZPass tags will record the cash rate to cross MTA facilities. Anyone, regardless of residency, can apply for a New York Customer Service Center-issued E-ZPass.

ZPass Group once they register the transponder as a companion account with the DRJTBC.² Commercial vehicles with E-ZPass qualify for automatic discounts of up to ten percent during the off-peak periods from 9:01 PM to 5:59 AM.

Newport/Pell Comparison

Toll rates for residents or frequent customers of the Newport/Pell Bridge are in the middle when compared to similarly-tolled bridges in the Mid-Atlantic and New England regions that use E-ZPass. The Newport/Pell E-ZPass reduced rate for non-commercial residents, as noted earlier, is \$0.83 per crossing and \$0.91 for frequent customers, compared to the cash rate of \$2.00 per crossing. Round-trip, residents and commuters save significantly more than motorists using cash; residents pay \$1.66 and commuters pay \$1.82 whereas the toll for motorists paying with cash totals \$8.00.

State	Location		Rates				
	Name	Authority	Cash	2 axle (E-Zpass AWAY)	2 axle (E-ZPASS Commuter/Resident)	Trucks (CASH)	Trucks (E-Zpass)
DE	Delaware Memorial Bridge	DRBA	\$3.00	\$3.00	\$20.00/20 trips	\$4.00/axle	\$4.00/axle
MA	Tobin Bridge	MA Port Authority	\$3.00	\$2.50	\$2.50	\$4.50 to 9.00	\$4.00 to 8.50
MD	Baltimore Harbor Tunnel/Francis Scott Key Bridge	Maryland Transportation Authority	\$2.00	\$2.00	\$0.40	\$6.00 to 15.00	\$6.00 to 15.01
MD	Nice Memorial Bridge	MTA	\$3.00	\$3.00	\$0.60	\$9.00 to \$18.00	10% discount MD customers 100 trips/month
NJ/PA	Ben Franklin Bridge	Delaware River Crossing (DRPA)	\$4.00	\$4.00	\$6.00/18 trips	\$7.00+ \$3.00 each additional axle; +7,000 lbs \$6.00/axle	\$7.00+ \$3.00 each additional axle; +7,000 lbs \$6.00/axle
NJ/PA	Delaware Water Gap Toll Bridge	Delaware River Crossing (DRJTBC)	\$0.75	\$0.75	\$0.45/per trip (20 or more trips)	\$5.00 to 22.75	\$4.50 to 20.48***
NY	Verrazano-Narrows Bridge**	MTA	\$13.00	\$9.60	\$7.72/\$5.76/\$2.68	\$26.00 to 100.00	\$17.32 to 66.16
NY	Thousand Islands Bridge	Thousand Islands Bridge Authority	\$2.50	n/a	\$15.00/16 trips	\$6.00 to 13.50	n/a
RI	Newport/Pell Bridge*	RITBA	\$4.00	\$4.00	\$0.91/\$0.83	\$2.00/axle	\$2.00/axle
VA	Chesapeake Bay Bridge Tunnel	Virginia Department of Transportation	\$12.00	\$12.00	\$5.00 (return trip within 24 hrs)	\$16.00 to \$30.00	\$16.00 to \$30.01

* Denotes tolling in both directions
 ** Staten Island Token/E-Zpass Resident/Carpool
 *** E-Z Pass- Off Peak Rates

SOURCE: E-Zpass Group, Rhode Island Bridge and Turnpike Authority, Delaware River Port Authority, Delaware River and Bay Authority, Massachusetts Port Authority MTA Bridges and Tunnels, Thousand Islands Bridge Authority, Virginia Department of Transportation

² The E-ZPass Group includes the DRJTBC, the New Jersey Turnpike, Pennsylvania Turnpike and other E-ZPass issuing agencies in the Northeast. The commuter discount applies to automobiles, pickup trucks, vans, SUVs, and motorcycles. These are Class 1, Class 11 and Class 12 vehicles.

Toll Plaza Structure

E-ZPass usage has been shown to reduce traffic congestion at toll plazas. Several transportation authorities have moved to increase efficiency and reduce transaction time by implementing “open-road” E-ZPass toll collection. The DRJTBC operates several Express E-ZPass/Open Tolling lanes on I-78 and I-80. The Commission financed the open-road tolling system on roadways with the highest traffic volume; I-78 is considered one of the busiest truck corridors on the east coast and handles over two million westbound trucks a year.³ Construction of the Express E-ZPass Toll Plaza, which included new signage and reconfiguration of the previous seven-lane barrier toll plaza to four collection lanes, took less than five months to be completed in May 2010 at a cost of \$5.6 million.

The two Express E-ZPass lanes on I-78 allow motorists with an E-ZPass transponder to pay the toll while traveling at highway speeds. In addition to the two Express E-ZPass lanes, there are four mixed-mode toll lanes (cash and E-ZPass). Cash customers who mistakenly use the Express E-ZPass lanes can resolve their violation through contacting the E-ZPass Customer Service Center.



Figure 2: I-78 Express E-ZPass Toll Plaza (DRJTBC website)

The DRJTBC open-road toll system consists of a two-lane Express E-ZPass gantry of cameras and tag readers with near-infra-red lights. Cash and E-ZPass transactions occur in the four-lane barrier toll plaza located to the right of the Express lanes. The new lanes are able to handle all E-ZPass-equipped vehicles, which include cars, trucks, motorcycles and buses.

The open-road toll plaza on I-78 has the capability of processing 2,000 vehicles per hour/per lane whereas cash toll lanes can only process up to 400 cars per hour. In the immediate future the DRJTBC anticipates that the Express lanes will reduce traffic congestion. The Commission also estimates that traffic will increase over the decade due to increased shipments to the Northeast Seaboard port locations, such as Elizabeth and Newark, as a result of larger container ships being able to pass through a widened Panama Canal by 2015. The new structure on I-78 will aid in reducing traffic delays and decreasing overall travel time.

Issues for Consideration

As the Authority works to adjust their tolling structure, RIPEC has identified a number of issues for consideration including the potential of open-road tolling, the anticipated effect on varying

³ I-78 Express E-ZPass Project Receives Engineers’ Award; Feb. 15 2011, Press Release <http://www.drjtbc.org/default.aspx?pageid=1817>

economic sectors of Aquidneck Island, and the feasibility of reintroducing tolling on the Mount Hope Bridge.

The Authority should examine the potential revenues and costs that would result from implementing an open-road tolling structure on the Newport/Pell and Mount Hope bridges. Specifically, the Authority should examine whether the potential for cost-savings through a reduction in personnel needs is offset by the necessary infrastructure investment. Further, open-road tolling may result in a loss of revenue by opening up the potential for abuse by individuals who do not remit payment. Currently, the Authority has the ability to enforce toll collection within Rhode Island; however, there are few interstate agreements with regard to collections across state lines. RIPEC has learned that the Authority is working with other New England and Northeast turnpike authorities to create reciprocity agreements.

As tolls are increased on the Newport/Pell Bridge, or reinstated on the Mount Hope Bridge, the Authority should be aware of the competitive advantages or disadvantages of tolling on the various sectors of the economy that use the bridges to come and go from Aquidneck Island. For example, a construction company that may need to cross the bridge(s) several times a day may be at a competitive disadvantage with companies that are not located on the Island. As RITBA considers toll increases or whether to toll on other bridges, the following should be used as a guideline. Will the proposed tolls and tolling mechanisms:

- Produce revenue in a reliable manner;
- Treat individuals equitably and minimize regressivity;
- Facilitate compliance;
- Affect traffic patterns;
- Promote efficient and effective administration;
- Respond to interstate economic competition; and
- Have minimal involvement in travel and transportation decisions?

Jacobs has completed a study on potential revenue and expenditures associated with tolling on the Mount Hope Bridge. As noted above, tolling on this bridge would provide an additional revenue stream that may offset a portion of toll increases on the Newport/Pell Bridge. However, introducing tolling requires an additional infrastructure investment. How the investment would be financed needs to be considered in the context of the Authority's financial structure and fiscal capacity.

Recommendations

1. Examine possible regional rates for Rhode Island- and Massachusetts-purchased transponders. Pennsylvania, New Jersey and New York authorities have some reciprocity and offer commuter/resident rates. Questions the Authority should consider include:
 - Would regionalization of E-ZPass affect traffic patterns; and
 - What kind of complications would arise with toll collection?
2. Introduce toll payment by credit card at the toll booths. The payment system at the Providence Place Mall garage, for instance, prefers that customers pay by credit or debit

cards inside the Mall to validate the parking pass. However, customers have the option of paying their parking pass at the toll gate with a credit card.

3. Re-examine the toll rate for heavy vehicles. The Newport/Pell Bridge limits trucks to a maximum of 40 tons to use the bridge. Frequent exposure to heavy vehicles weakens and creates cracks in the bridge structure. Most of these cracks are discovered during mandated inspections of bridges. Commercial trucks create more damage than smaller 2-axle vehicles. The Authority should examine toll increases for heavy vehicles and possibly reducing the toll rate for non-commercial vehicles by creating a sliding scale.
4. Review options for tiered E-ZPass toll rates regardless of state residency. Additional studies on implementation of a flat toll rate and off-peak rates should be examined in greater depth to determine the benefits for commuters and residents.
5. Explore expansion of E-ZPass transponder sale locations to include places such as AAA. The Authority should examine whether or not additional sale locations would be cost efficient and beneficial to customers.

VI. Financial Review

Analysis and review of the Authority's current revenues and expenditures can allow for long-term financial planning based on current and accurate data. RIPEC used data collected by Parsons, Jacobs Engineering, LGC&D, and the Authority to forecast operating costs and revenues. The analysis examines potential revenue streams, and opportunities for the Authority to reduce its operating expenditures. Estimates are based on numerous factors including traffic patterns, inflation rates, bond issuance, toll revenue, employee benefits and maintenance of current structures. The forecast is meant to act as a guide for the Authority in developing budgets that consider previous trends and inflation while anticipating costs from unplanned events.

Budget Overview

The basic FY 2010 financial statements audited by LGC&D cover the Authority's financial records from July 1, 2009 to June 30, 2010, with comparison to previous fiscal years. The audit serves as a record for the actual financial activity and aids in creating a sustainable budget for the future. LGC&D reported that the Authority's total net assets equaled \$96.0 million, an increase from 2009 of \$5.9 million, or 6.6 percent. Total gross assets, the combination of capital assets, investments, and cash/cash equivalents, increased by 45.0 percent, or \$53.5 million between FY 2009 and FY 2010. Total liabilities (bonds payable) increased by \$47.5 million. The majority of the \$5.9 million change in net assets – \$5.7 million – was related to an increase in net operating income.

According to the LGC&D Audit, the Authority collected nearly \$18.0 million in operating revenues (the total of tolls and other revenues collected from ownership of the Newport/Pell Bridge) in FY 2010. This increase reflects a 37.2 percent increase in toll revenues as a result of a fare increase on the Newport/Pell Bridge in September 2009, coupled with a slight decline in revenues from transponder sales. Although 2,260 fewer cars crossed the Newport/Pell Bridge during 2010, a decline attributed to the toll

Table 8
RITBA Balance Sheet, FY 2009 & FY 2010
(\$ thousands)

	FY 2009	FY 2010
Operating Revenue		
Tolls	\$12,547	\$17,218
Transponder sales	742	718
Statement and bank fees	0	27
<i>Total: Operating Revenue</i>	\$13,289	\$17,963
Operating Expenditures		
Personnel	\$2,548	\$2,687
Insurance	1,254	1,270
Repair and maintenance	2,134	1,686
Transponder expenses	1,290	698
Environmental remediation	(491)	27
Depreciation	3,419	3,758
Other	1,485	2,120
<i>Total: Operating Expenditures</i>	\$11,639	\$12,246
Net Operating Income	\$1,650	\$5,717
Non-operating Revenues	\$418	\$209
Total assets	\$2,068	\$5,926
Net assets, beginning of year	\$88,035	\$90,103
Net assets, end of year	90,103	96,029
Change in net assets	\$2,068	\$5,926

SOURCE: LGC&D P.C.

increase and slow economy, toll revenue increased by \$4.7 million. The conversion to electronic toll collection has not affected total amount of vehicle volume.

Total FY 2010 operating expenses, the amount spent on personnel and maintenance, equaled \$12.2 million, an increase of five percent from FY 2009. Changes from FY 2009 to FY 2010 include a decrease in transponder-related expenses from \$1.3 million to \$698,000, and a decline in expenditures for repairs and maintenance from \$2.1 million to \$1.7 million. Personnel expenditures in FY 2010 were \$2.7 million, a slight increase from \$2.5 million the previous year. Insurance costs increased slightly (1.3 percent). Depreciation accounted for \$0.3 million of the total change between FY 2009 and FY 2010. Together, total assets, capital and other, totaled \$173.1 million in FY 2010. Of this amount, \$16.6 million were investments and \$59.9 million were restricted funds.

FY 2012 Proposed Budget

Table 9
RITBA Budget - FY 2009 to FY 2012 (\$ millions)

	FY 2009	FY 2010	FY 2011	FY 2012
	Actual	Actual	Revised	Rec
Revenue				
Tolls	\$12.5	\$13.5	\$18.9	\$18.0
Interest Income	1.2	0.8	-	0.1
Miscellaneous	0.8	0.0	0.0	0.3
<i>Total Revenue</i>	<i>\$14.6</i>	<i>\$14.3</i>	\$18.9	\$18.3
Expenses				
Salaries and Wages	\$2.5	\$2.8	\$2.9	\$3.1
Bond Interest	1.2	1.1	3.7	3.3
Maintenance & Supplies	0.3	0.5	0.8	0.5
Insurance	1.3	1.0	0.9	0.9
Professional	1.1	0.3	0.4	0.2
All Other	1.3	1.2	1.7	1.9
<i>Total Expenses</i>	<i>\$7.7</i>	<i>\$6.8</i>	<i>\$10.4</i>	<i>\$10.0</i>
Debt Service and Reserves				
Bond Principal Account	\$2.1	\$2.2	\$2.3	\$2.4
Renewal and Replacement Fund (1)	5.3	4.4	6.2	6.0
Insurance Reserve Fund	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0
<i>Total Debt Service and Reserves</i>	<i>\$7.5</i>	<i>\$6.6</i>	\$8.5	\$8.4
Total Expenses and Funding	\$15.2	\$13.5	\$19.0	\$18.4
Change in Net Assets	-\$0.6	\$0.9	-\$0.1	-\$0.1

(1) The Renewal and Replacement Fund is used for capital improvements included in the ten-year plan approved by the Board of Trustees and certain maintenance costs of the Authority's two bridges and related buildings and grounds. Amounts in this fund are pledged to bondholders.

Any difference from other tables reflects different reporting formats and revisions.

SOURCE: RITBA, RIPEC calculations

Table 9 shows the Authority's budgets from FY 2009 through the FY 2012 budget as proposed. During this time period, total revenues increased by 25.3 percent, from \$14.6 million to \$18.3 million. The largest increase in revenues was related to toll revenue, which grew by 43.5 percent. Additionally from FY 2009 to FY 2012 expenses increased by 12.9 percent, while debt service and reserves increased by 12.2 percent. The proposed FY 2012 budget ends with a positive asset balance of \$1.2 million, compared to FY 2009 when the budget closed with net assets of -\$0.6 million.

Fund Overview

The Authority has a number of funds that support the organization. The flow chart below shows how revenues are directed to the Authority's accounts.

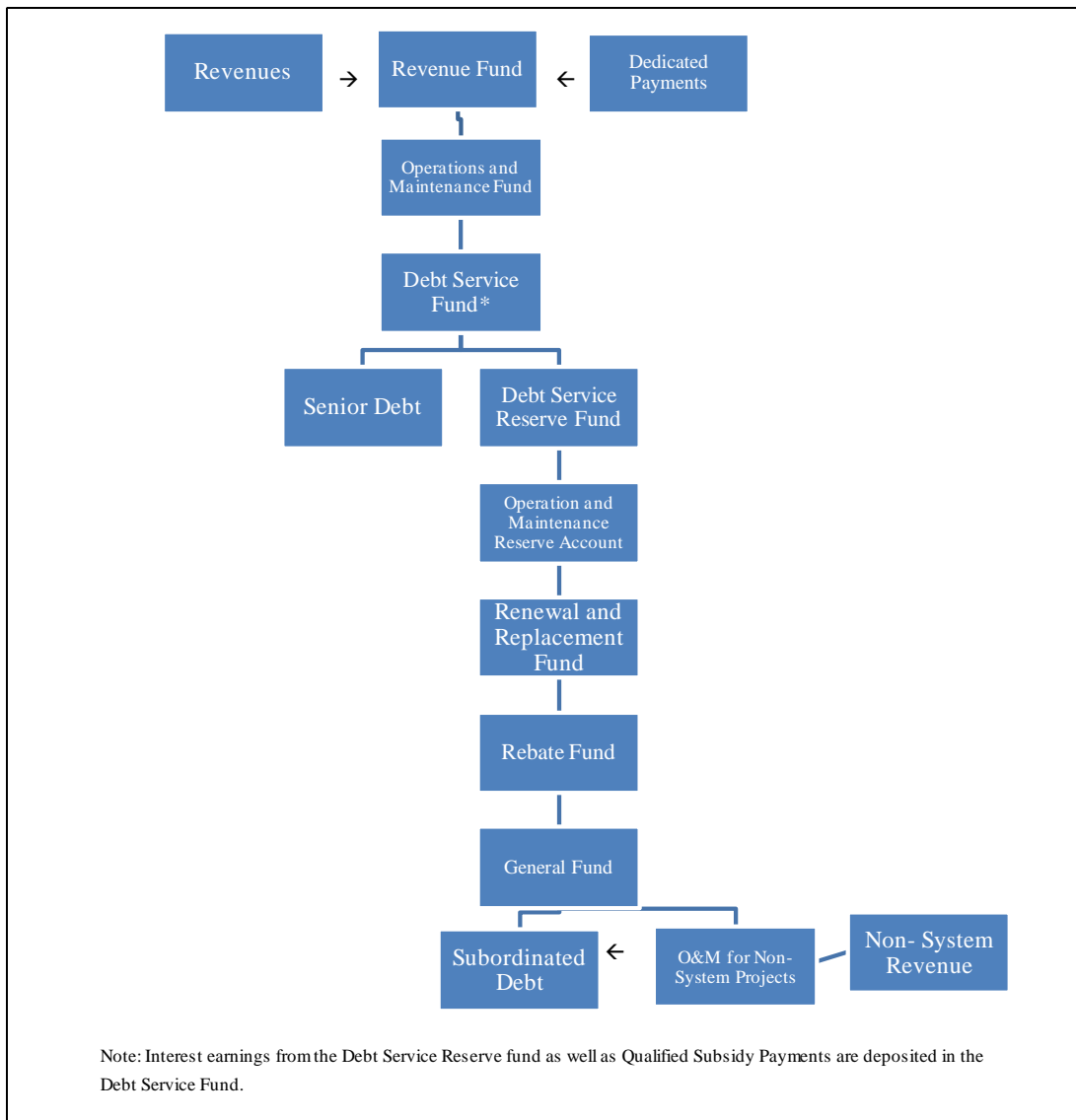


Figure 3: Series 2010 A Bond Official Statement

Bond History and Debt Service

The Authority uses bond issuance to help finance its large construction projects. A bond is a debt security where the authorized issuer owes the holders a debt and is obliged to pay interest. The maturity date refers to the final payment date of the principal. Bonds are effectively a loan, where the issuer is the borrower (debtor) and the holder is the lender (creditor). Debt service on the bond issuance is the amount of money required for the repayment of interest and principal on the debt.

Since the Authority was created, the Board has approved four bond issuances in 1965, 1997, 2003, and 2010. In July 2003, the Authority issued \$35.8 million of Series 2003A Taxable Refunding Revenue Bonds to refund the Series 1997 Bonds. The Series 2003A Bonds are fixed-rate bonds bearing interest at rates ranging from 1.15 to 5.23 percent, payable semi-annually on December 1 and June 1. Principal repayments of the bonds are due annually and the final payment is due on December 1, 2017.

The proceeds from the Series 2010A Bonds generated \$50.0 million, of which \$45.5 million has been deposited to the 2010A Project Account, and \$3.7 million was deposited in the Debt Service Reserve Account. The balance was used to cover the costs of issuance. Proceeds from the Series 2010A bonds are used to finance the renovation, renewal, repair, rehabilitation, retrofitting, upgrading and improvement of the Newport/Pell Bridge currently under contract.

Long-term debt increased from \$23.7 million in 2009 to \$70.7 million in 2010 due to the most recent bond issuance. As of June 30, 2010, 94.0 percent of the Authority's liabilities were debt service obligations in the form of these two bonds. Until the Series 2003A bonds reach maturity in 2017, principal payments are due annually and interest payments semiannually. Debt service on the Series 2010A bonds consist of interest only until the Series 2003A bonds reach maturity.

Investments

Investment policy is set by the board and investment advisory services are chosen by RFP. Funds that are invested include Insurance, Operations & Maintenance Reserve, Renewal & Replacement, and Debt Service. As of June 30, 2010, the Authority had \$71.2 million in total investments. Investments compose approximately 40.0 percent of the Authority's assets, including the proceeds from the bond sale. A majority of the Authority's investments are in the form of Money Market Mutual funds, accounting for \$51.0 million, or 71.2 percent, of total investments. The remaining 28.8 percent of investments are in U.S. Treasury obligations, U.S. Government sponsored asset-backed securities, and corporate bonds.

Toll Collection

The majority of the Authority's revenues – 95.9 percent in FY 2010 – are generated through tolls. As noted earlier, the Authority currently does not receive any state support, nor are they eligible for the majority of federal transportation grants due to their ability to generate revenue through tolling. As noted earlier, tolls on the Newport/Pell Bridge did not increase from when the bridge opened in 1969 until September 2009 when they doubled to \$2.00 per axle. Currently, the \$2.00 per axle rate is for cash customers and non-RITBA E-ZPass holders. The Authority has established three additional agency E-ZPass discounted rates as outlined in the previous section.

Future Toll Revenues

At the request of the Authority, Jacobs Engineering conducted two studies that developed a range of tolling scenarios and revenue projections for the Newport/Pell Bridge and the Mount Hope Bridge, which has not been tolled since May 1998. The toll revenue forecasts were developed using toll elasticity estimates, which reflect a factor that quantifies how traffic reacts to a change in tolls. An upside scenario used a toll elasticity cutting the elasticity estimate in half and the downside scenario doubled the toll elasticity estimate.

The Newport/Pell Bridge tolling study developed two scenarios:

- A “base case” in which there is no toll increase from the current \$2.00 per axle; and
- Toll increases every third year.

Five different toll rate scenarios were developed for Mount Hope Bridge (NOTE: all five scenarios assume toll increases every third year):

- Tolling based on the previous Mount Hope schedule and rates;
- Tolling based on the current Newport/Pell schedule and rates; and
- Three schedules that represent a range of options between the two.

In addition, the Mount Hope study included cost estimates based on two models of collection:

- Mixed mode, referring to both electronic and cash collections; and
- All-electronic tolling (AET).

Twenty revenue scenarios were created by combining the ten scenarios from Mount Hope Bridge with the two scenarios for the Newport/Pell Bridge and are included in the appendix of this report, along with the tolling schedules as modeled by Jacobs for both bridges. In developing its forecast for the Authority, RIPEC examined the following four scenarios that show an estimated upper and lower-bound for revenue collection options in order to provide the Authority with a range:

- Newport/Pell base case and no tolling on Mount Hope (S1);
- Newport/Pell toll increase and no tolling on Mount Hope (S2);
- Newport/Pell base case and current Newport/Pell schedule on Mount Hope (S3); and
- Newport/Pell increase and current Newport/Pell schedule on Mount Hope (S4).

	Newport/Pell Baseline	Newport/Pell Increase	Mt Hope @ Newport/Pell	Transponder Revenue
2010	\$17.2	\$17.2	\$0.0	\$0.8
2011	18.1	18.1	0.0	0.5
2012	18.3	18.3	5.5	0.3
2013	18.7	20.7	6.3	0.3
2014	18.9	21.5	6.4	0.3
2015	19.1	21.7	6.4	0.3
2016	19.2	24.3	7.5	0.3
2017	19.4	25.2	7.6	1.6
2018	19.5	25.5	7.6	0.9
2019	19.7	28.2	8.7	0.6
Change	\$2.5	\$11.0	\$8.7	-\$0.2
%	14.3%	63.6%	100.0%	-25.0%

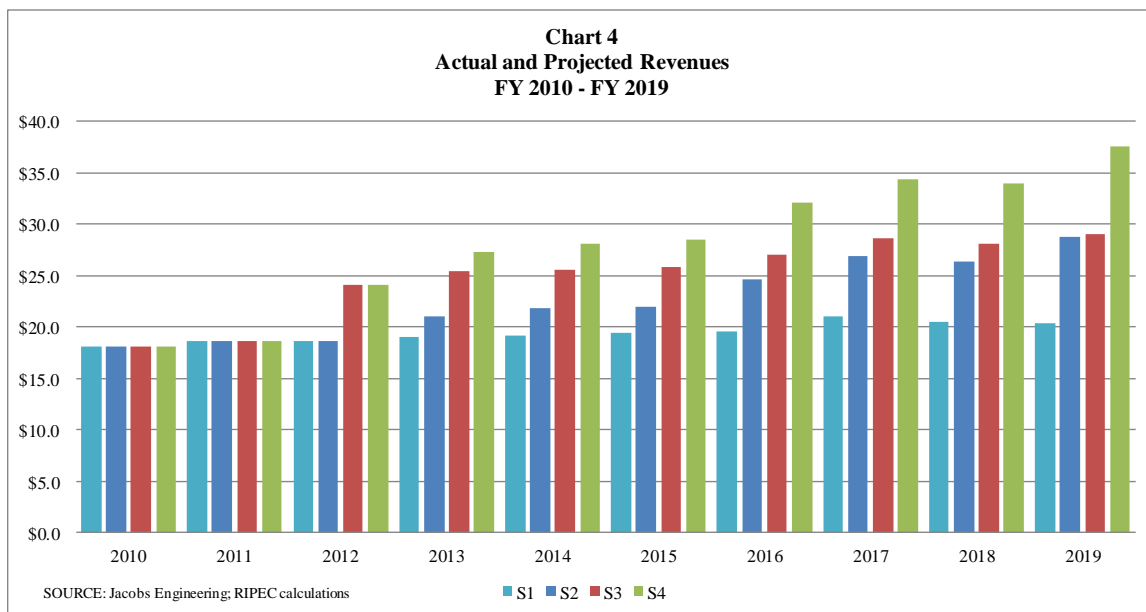
SOURCE: Jacobs

In all four cases, it was assumed that the Authority would implement mixed-mode tolling on Mount Hope; however, it should be noted that AET has been considered as an option on the

bridge. Should the Authority toll Mount Hope and implement AET, the revenue estimates would be affected. Table 10 shows the estimated revenues from each of the tolling scenarios as described above, plus the Jacobs estimates for transponder revenues.

If the Authority did not increase tolls on the Newport/Pell Bridge, estimated revenues would increase – due to changes in traffic patterns – by \$2.5 million, or 14.3 percent, between FY 2010 (actual) and FY 2019 (estimated). If tolls on the Newport/Pell Bridge were to increase by \$0.50 every third year, estimated toll revenues would increase from \$17.2 million in FY 2010 to \$28.2 million, an increase of 63.6 percent during the forecast period. If the current Newport/Pell schedule was applied to Mount Hope, assuming the same rate of increase, projected toll revenues would increase to \$8.7 million by FY 2019. It should be noted that this option represents the highest-grossing option of the five scenarios projected by Jacobs in their analysis of tolling on the Mount Hope Bridge. The remaining toll scenarios tables are listed in the appendix of this report.

As shown on Chart 4, the four revenues scenarios generate a range of revenue for the authority. S1, which reflects the Newport/Pell baseline case and no tolling on the Mount Hope Bridge, generated \$18.0 million in FY 2010, increasing 12.9 percent to \$20.3 million in FY 2019. On the upper bound of the spectrum, S4, which represents estimates based on toll increases on the Newport/Pell Bridge every three years, plus the same tolling system on Mount Hope, is projected to generate total revenues of \$37.5 million for the Authority in FY 2019, an increase of \$19.5 million, or 108.1 percent over the forecast period.



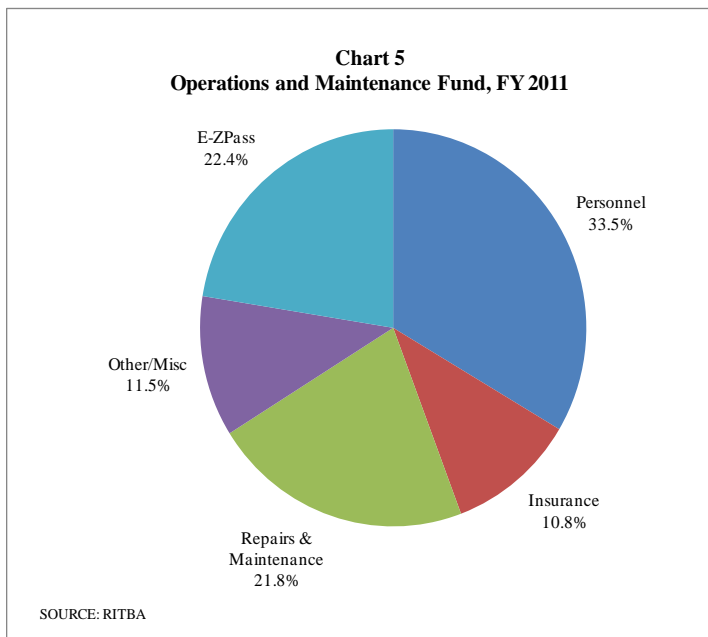
Expenditures

The Authority’s finances are tracked through three major accounts: Operations and Maintenance (O&M), Repair and Replacement (R&R) and the Construction Fund. The O&M fund is the primary funding source of support for day-to-day operations at RITBA. The O&M budget covers costs related to personnel, insurance, repairs and maintenance, and other miscellaneous costs.

These operations are financed by toll and electronic transponder revenues. Net revenues (the difference between total revenue and total O&M expenses) are added to the R&R budget, a ten-year capital plan that estimates infrastructure and long-term project costs. On a daily basis these budgets do not affect the other.

Operations and Maintenance Expenditures

Personnel costs account for the largest share of the Authority's total FY 2011 O&M budget, representing 33.5 percent of the Authority's \$11.7 million O&M budget. The second-highest cost for the Authority in FY 2011 is expenditures related to E-ZPass, which include spending for transaction processing, credit card fees, transponder costs (which are directly offset by transponder revenue as transponders are sold to customers at cost), and maintenance of the toll system. These costs will total \$2.0 million, or 22.4 percent of the O&M budget. Repairs and maintenance, which include some capital costs, of \$1.9 million are the third largest category of expenditures (21.8 percent of the budget).



The FY 2012 proposed budget maintains the salary and wage levels while all other costs decrease by one percent.

Debt Service

In addition to O&M costs, the Authority currently has outstanding debt from bond issuances in 2003 and 2010. In addition to these outstanding debts, the Authority anticipates additional bond issuances in 2013 of \$45.0 million, in 2015 of \$35.0 million, and in 2016 of \$25.0 million. Debt service expenditures are projected to grow from \$6.0 million in FY 2011 to \$10.6 million in FY 2019.

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Series 2003 Debt Service	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.2	\$ 3.2	\$ 3.2	\$ -
Series 2010 Debt Service	2.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4	3.7
PROJECTED Series 2013 Debt Service	-	-	-	-	2.4	3.7	3.7	3.6	3.6
PROJECTED Series 2015 Debt Service	-	-	-	-	-	-	-	1.4	3.3
Total Debt Service Expenditures	\$ 6.0	\$ 5.7	\$ 5.6	\$ 5.6	\$ 8.0	\$ 9.3	\$ 9.3	\$ 10.6	\$ 10.6
Debt Service as % of Total Expenditures	40.5%	40.0%	38.8%	37.6%	45.5%	48.6%	45.9%	52.1%	47.1%

SOURCE: First Southwest; RITBA; Jacobs Engineering; RIPEC calculations

Construction Fund – Renewal and Replacement Fund (R&R)

Major construction projects and repairs on the Newport/Pell and Mount Hope Bridges must receive approval from the Authority’s Board through a ten-year renewal and replacement (R&R) plan. The expenditures include non-annually recurring repairs and maintenance on the bridges. These expenditures are necessary to ensure motorist safety and extend the life of both the bridges. On September 23, 2009, the Board approved a \$161.8 million construction plan, allocated to projects on the Newport/Pell Bridge and \$47.8 million toward projects on the Mount Hope Bridge. The total for both bridges is \$209.6 million. Maintenance for the

Table 12
Board Approved Funds and Inflation-adjusted Construction Funds 2009 (\$ millions)

	Newport/Pell		Mount Hope		Total	
	Board	Inflation	Board	Inflation	Board	Inflation
	Approved	Adjusted	Approved	Adjusted	Approved	Adjusted
2010	\$10.9	\$9.6	\$5.8	\$5.3	\$16.7	\$14.9
2011	20.6	19.5	7.2	7.4	27.9	26.9
2012	22.6	22.5	3.7	3.6	26.3	26.1
2013	20.6	23.0	2.3	2.5	22.9	25.4
2014	19.2	22.7	11.0	13.3	30.2	36.0
2015	25.0	31.8	8.5	10.9	33.5	42.7
2016	21.8	29.1	4.4	5.5	26.2	34.6
2017	4.5	5.1	4.1	5.8	8.5	10.9
2018	9.6	14.9	0.5	0.0	10.1	14.9
2019	7.0	8.9	0.3	0.0	7.3	8.9
Total	\$161.8	\$187.2	\$47.8	\$54.2	\$209.6	\$241.4

SOURCE: Parsons, RITBA, RIPEC calculations

Newport/Pell Bridge includes continued patching and sealing of roadway, painting repairs of the steel superstructure, and construction for the suspended spans. The construction and engineering firm, Abhe and Svoboda, are contracted for painting and steel repairs on the Newport/Pell Bridge for \$41.0 million. The Mount Hope Bridge projects include tower rehabilitation and ongoing maintenance of the concrete deck and structural steel components.

Inflation was not included in the original, Board-approved 10-year R&R plan. Parsons recalculated the construction costs using an estimated 6.0 percent construction inflation rate. As shown on Table 12, the revised costs are \$33.8 million more than the approved amount.

In order to provide the Authority with a methodology to determine its future needs, RIPEC prepared a planning tool using data provided by the Authority, Jacobs Engineering, Parsons and First Southwest, to forecast O&M expenditures, net revenues, and the projected construction fund balance. Projected revenues are based on the tolling forecasts developed by Jacobs. The base model uses tolling and expenditure estimates for the Newport/Pell Bridge only, however, the estimated construction fund model allows for the incorporation of projected net revenues from the tolling of the Mount Hope Bridge.

Data for estimated O&M expenditures, including E-ZPass costs, and assumptions regarding inflation rates for some personnel costs, insurance and other miscellaneous expenditures were provided by Jacobs. Personnel costs for FY 2011 were estimated using budget data provided by

RITBA. The model incorporates a dynamic personnel forecasting tool for the Authority, which they may use to evaluate their future personnel needs, including the number and type of employees, as well as salaries and benefits.

Estimates for R&R fund expenditures are based on data provided by Parsons and include estimated construction fund inflation costs. These projected inflationary costs may be adjusted in the model to reflect updated information or revisions to the projected scope of work, as well as experience of bid costs v. estimated costs. The R&R fund forecast incorporates the projected net revenues from the O&M fund that flow into the construction fund. In addition, as noted above, the model allows for the incorporation of the estimated net revenues from the tolling of the Mount Hope Bridge and estimated future debt service requirements as modeled by First Southwest.

It should be noted that, while a forecast is a useful benchmark to assess various policy options, data should be interpreted with caution, and inherent risks must be considered, e.g., the economic outlook and external actions. As such, the forecasting tool developed by RIPEC will allow RITBA to adjust the model as they evaluate their budget. The model is thus responsive to both changes at the Authority (e.g., staffing) and external to the Authority (e.g., construction inflation).

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Personnel	\$2.9	\$3.0	\$3.1	\$3.2	\$3.3	\$3.4	\$3.4	\$3.6	\$3.7
Insurance	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Repairs & Maintenance	1.9	1.7	2.2	2.6	2.6	2.7	2.4	1.6	3.9
Other/Misc	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3
<i>O & M subtotal</i>	\$6.8	\$6.7	\$7.3	\$7.8	\$8.0	\$8.2	\$8.0	\$7.4	\$9.9
<i>Total E-Z</i>	\$2.1	\$1.8	\$1.6	\$1.6	\$1.6	\$1.6	\$2.9	\$2.3	\$2.0
TOTAL O&MEXPENSES	\$8.8	\$8.5	\$8.9	\$9.4	\$9.6	\$9.8	\$10.9	\$9.7	\$11.9

SOURCE: RITBA documents; First Southwest; Jacobs Engineering; RIPEC calculations

Table 13 shows the ten-year projection of total O&M expenditures. Personnel expenditures are subdivided into wages and benefits. The wages were calculated at annual increases of 2.5 percent until 2018. Benefits and payroll taxes increase 10.0 percent every three years until 2018. From 2019 onwards, wages and benefits are based on the inflation rate. By FY 2019, total personnel costs are estimated to be \$3.7 million. Insurance expenditures are projected to increase annually 1.0 percent until 2018. Repairs and maintenance expenditures increase at varying rates and are based on the types of projects approved for that fiscal year. The Authority and Parsons project that repairs and maintenance costs will be \$3.9 million in FY 2019, making it the largest O&M expenditure in that year; however, in prior years the largest O&M expense was personnel costs. Other miscellaneous expenditures (utilities, contractual services, environmental remediation,

etc.) are based upon annual inflation rates. By FY 2019, these expenditures are projected to increase to \$1.3 million, from \$1.0 million in FY 2011.

Tables 14 and 15 show projected revenues, O&M expenditures and debt service, along with coverage ratios under the two Newport/Pell revenue scenarios (no toll increases or toll increases every three years). The coverage ratio, an accounting ratio that helps measure an entity's ability to meet its obligations, is calculated by dividing net operating income (in this case total revenues minus O&M expenditures) by the total debt service as shown in Tables 14 and 15. A coverage ratio of less than one indicates that an entity is projected to have a negative cash flow.

In June 2007, Standard & Poor's (S&P) issued criteria for toll road and bridge revenue bonds. Based on S&P criteria, most toll roads and bridges use a toll covenant of 1.25, pledging to levy tolls that will produce that level of coverage. The guidelines also note that the speed with which an authority is able to raise tolls is a critical rating factor for the agency; in some cases authorities have been in technical default due to coverage ratios of less than the recommended guidelines, coupled with delays in rate increases.

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Revenues	\$ 18.6	\$ 18.6	\$ 19.0	\$ 19.2	\$ 19.4	\$ 19.5	\$ 21.0	\$ 20.4	\$ 20.3
Total O&M Expenditures	8.8	8.4	8.8	9.3	9.5	9.7	10.8	9.6	11.8
<i>Net O&M Revenues</i>	\$ 9.8	\$ 10.2	\$ 10.3	\$ 9.9	\$ 9.9	\$ 9.8	\$ 10.2	\$ 10.8	\$ 8.5
Total Debt Service	\$ 6.0	\$ 5.7	\$ 5.6	\$ 5.6	\$ 8.0	\$ 9.3	\$ 9.3	\$ 10.6	\$ 10.6
Net Revenue (Loss)	\$ 3.8	\$ 4.6	\$ 4.6	\$ 4.3	\$ 1.8	\$ 0.5	\$ 0.9	\$ 0.2	\$ (2.1)
Coverage Ratio	1.63	1.81	1.82	1.76	1.23	1.06	1.10	1.02	0.80

SOURCE: First Southwest; RITBA; Jacobs Engineering; RIPEC calculations

As shown in Table 14, in the base case (no toll increase) scenario, the Authority is projected to have a coverage ratio of less than one starting in FY 2019, at which time RIPEC estimates they would face a deficit of \$2.1 million, resulting in a coverage ratio of 0.80. Under this scenario, RITBA would have a projected coverage ratio of less than the toll covenant of 1.25 by FY 2015.

If RITBA were to increase tolls every third year (without tolling on the Mount Hope Bridge), net O&M revenues are projected to be approximately double the base case projected net revenue. As a result, the Authority is projected to have a positive balance when debt service is taken into account resulting in a coverage ratio of 1.59 by FY 2019. Under this scenario, the Authority's coverage ratio would remain within the recommended S&P guidelines.

Table 15
Calculation of Coverage Ratio - Toll Increase (\$ millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Revenues	\$ 18.6	\$ 18.6	\$ 21.0	\$ 21.8	\$ 22.0	\$ 24.6	\$ 26.8	\$ 26.4	\$ 28.8
Total O&M Expenditures	8.8	8.5	8.9	9.4	9.6	9.8	10.9	9.7	11.9
<i>Net O&M Revenues</i>	\$ 9.8	\$ 10.1	\$ 12.1	\$ 12.4	\$ 12.4	\$ 14.8	\$ 15.9	\$ 16.7	\$ 16.9
Total Debt Service	\$ 6.0	\$ 5.7	\$ 5.6	\$ 5.6	\$ 8.0	\$ 9.3	\$ 9.3	\$ 10.6	\$ 10.6
Net Revenue (Loss)	\$ 3.8	\$ 4.5	\$ 6.4	\$ 6.7	\$ 4.4	\$ 5.5	\$ 6.6	\$ 6.1	\$ 6.3
Coverage Ratio	1.63	1.79	2.14	2.19	1.54	1.59	1.71	1.58	1.59

SOURCE: First Southwest; RITBA; Jacobs Engineering; RIPEC calculations

Projected Construction Fund Balance

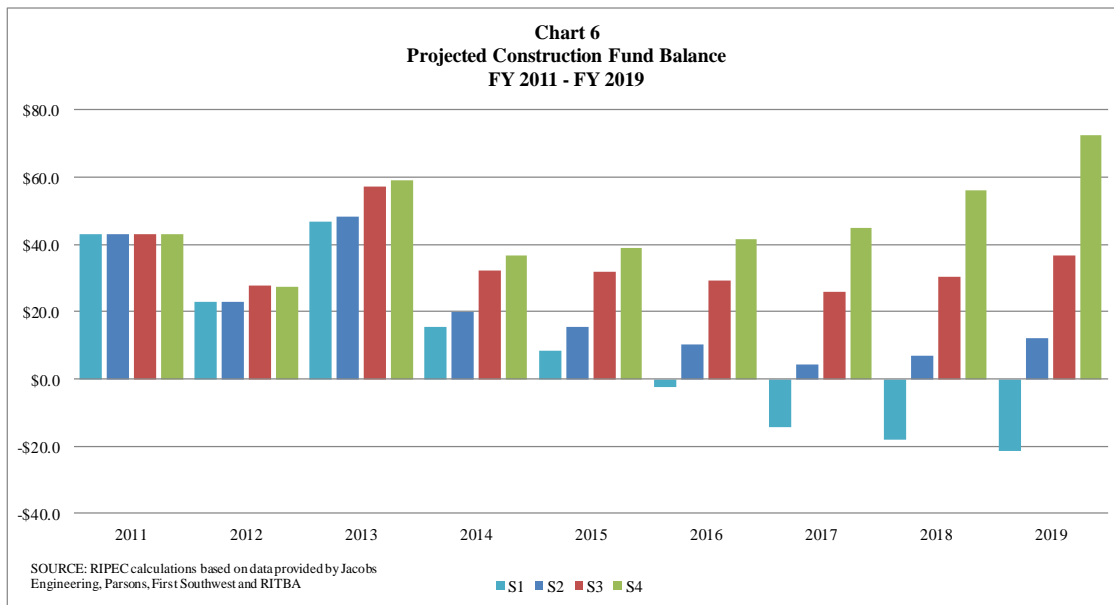
As noted above, in order to provide RITBA with a tool to evaluate the health of the R&R/construction fund, RIPEC combined data from Jacobs Engineering, First Southwest and Parsons to develop a construction fund forecast model. The forecasting tool uses a dynamic model that the Authority can modify to more accurately reflect their financial situation, or changes in expenditures or estimates. RIPEC has for illustrative purposes selected four scenarios for comparison. The scenarios are based on the four revenue projections and include:

- Base case (S1), no new tolls or increases on the Mount Hope and Newport/Pell Bridges;
- Toll increases every three years on the Newport/Pell Bridge (S2);
- Implement tolling on Mount Hope with no toll increase on the Newport/Pell Bridge (S3); and
- Increase tolls on the Newport/Pell Bridge every third year, and implement tolling on the Mount Hope Bridge (S4).

The last two scenarios (S3 and S4) use estimates provided for net revenues (projected revenues minus projected costs) associated with the Mount Hope Bridge provided by Jacobs Engineering. The first two scenarios (S1 and S2) include projected construction fund costs for both bridges as approved by the Board, but do not include additional costs associated with tolling on the Mount Hope Bridge (e.g., personnel or additional construction). All scenarios are based on the inflation adjusted construction costs. Chart 6 shows the estimated construction fund balance from FY 2011 through FY 2019.

Assuming that tolls do not increase over the forecast period, the base case (S1) shows a decline in the construction fund balance. RIPEC estimates that the fund's balance would decline from \$43.1 million in FY 2011 to a projected deficit of \$21.6 million in FY 2019. Assuming a toll increase on the Newport/Pell Bridge, but no tolling on the Mount Hope Bridge, the construction fund balance is projected to be \$12.1 million in FY 2019; however, this reflects a \$30.9 million decline in the fund balance over the eight-year period. S4 is the only scenario projected by RIPEC in which the construction fund has both a positive balance and increases over the FY

2011 balance. Under S4, the fund balance is projected to be \$29.4 million, or 68.3 percent higher than the fund's FY 2011 balance.



Risks to the Forecast

As noted above, forecasts provide a useful tool for agencies to evaluate their future needs and to assess various policy options. However, forecasts are only as good as the data upon which they are based, and are inherently subject to known and unknown risks. In addition to potential changes in staffing, construction inflation or benefit costs, which are accounted for in the model, there are a number of additional risks to the forecast that should be considered. These include:

- Oil prices and vehicle usage: Unrest in the Middle East during the winter of 2011 has disrupted economic activity in Egypt and Libya, and turmoil could spread to other parts of the region. Historically, when crude oil prices rapidly increase, vehicle miles traveled (VMT) tend to decrease. Not enough time has passed to determine the total impact of the crisis. As gasoline prices continue to rise there is the potential that motorist behavior, and thus VMT will be reduced, lowering projected toll revenue.
- Unpaid Tolls or UPT's: When an individual motorist does not have the exact toll amount, the toll collector gives them an envelope to mail the amount to the Authority. The Authority annually averages \$47,000 in UPT's with a collection rate of approximately 71.0 percent. Motorists who do not pay the toll within a set time period receive financial penalties. Additionally, the Authority does assess penalties, but are just beginning to classify the tolls from the penalties, meaning the split between collected tolls and penalties from non-payment are only just beginning to be known. If this ratio increases, the Authority may see a decrease in toll revenue. This consideration is particularly relevant given considerations to move toward open-road tolling.
- Changes to the Authority structure or responsibility: As discussed in the following section, while the Authority is a quasi-public agency, they are affected by a number of decisions made at the state level. These include combining RITBA with other state transportation-related agencies and quasi-public agencies, as well as the potential added responsibility of the Sakonnet River Bridge (tolled or un-tolled) or tolling on state

highways or federal interstates. While these potential changes are discussed in greater detail in the following section, it is worth noting that both would have a significant impact on the Authority's operations and should be taken into account.

Issues for Considerations

RIPEC's review of the Authority's financials and forecast of the organization's O&M and R&R funds reveal two primary issues for consideration: the viability of RITBA's construction plan without toll increases and whether the organization has the capacity to expand without additional revenue sources.

First, as shown in the forecast, the Authority is projected to have a coverage ratio of less than one by FY 2019, and will have a coverage ratio lower than typical bond covenants by FY 2015 without toll increases. Effectively, this would hinder the Authority's ability to borrow as they would not be able to meet their bond requirements. Moreover, the organization could be in technical default, resulting in a potentially high-risk scenario. However, if the organization were to implement toll increases every third year, as previously announced they would be able to maintain a coverage ratio well within the recommended guidelines, even without tolling on the Mount Hope Bridge.

Although the scenarios above show that RITBA would be able to meet its bond obligations with the implementation of toll increases every third year, there are a range of scenarios that would result in a coverage ratio that still falls within the recommended guidelines including adjusting their capital plan or staffing levels. While RIPEC has recommended that staffing levels continue to be reviewed – and has provided a tool for the Authority to use for this purpose – it is not recommended that the Authority put off needed construction work. RIPEC is not in a position to render an opinion in regards to the need for proposed capital maintenance and improvements and has relied upon the expertise of the Authority and the engineering firms that have recommended the improvements, to establish a reasonable and effective capital improvement plan. To this end, RIPEC recommends that RITBA continue to evaluate its proposed R&R plan given safety considerations inherent in the bridges' lifecycles.

Second, RIPEC's financial forecast demonstrates that the Authority will face significant challenges to funding their current obligations without additional future revenues. As the state evaluates whether to add additional responsibilities to the Authority's current obligations, consideration should be given to the fiscal capacity of the organization, particularly if they are prohibited from generating additional revenue through their increased responsibilities. At the same time, if the Authority were to toll on the Sakonnet, the additional revenue stream would allow for increased flexibility with regard to toll increases on the Newport/Pell Bridge or the reintroduction of tolls on the Mount Hope Bridge.

Recommendations

1. Create a simplified format for accounting and financial reporting. Given the scale of its operations, the Authority has a relatively complicated financial reporting structure when compared with other organizations in other states. The use of thirteen separate accounts

and funds for such a small organization makes financial statement analysis complicated, particularly when assessing the movement of funds from one account to another. While some of the funds may be required as part of bond covenants, the Authority's leadership may want to review the current account structure in an effort to promote simplification and transparency. Similarly, providing detailed information about the Authority's projected future debt obligations and investment policy will improve the usefulness of the financial statements. It is RIPEC's opinion that the Authority will benefit from transparent accounting, particularly as they prepare to bond or realign their finances to support the agency.

2. In RIPEC's review of the financial documents and other various sources of fiscal information, it was noted that there were multiple different presentations, complicating non-Authority employees' ability to get a clear picture of the organization when looking across varying sources of information. A more uniform presentation would better allow the Authority and Jacobs to take factors such as inflation, depreciation and investment income into account when projecting their future fiscal health. Moreover, this will provide a consistent starting point for budgeting and forecasting, allowing for more accurate projections.
3. Over the course of the financial review, RIPEC found that inflation was not included in the Jacobs forecast. Without taking these measures into account, the forecast may not fully assess the Authority's fiscal health. While RIPEC recognizes that inflation is not traditionally included in budgets, it is important to consider when forecasting, particularly for a capital-intensive organization such as RITBA.
4. The Authority should consider upgrading their accounting and financial management software, as noted earlier in this report, to better facilitate the preparation of the financial statements and create a more robust analysis of finances in the future. RIPEC encourages the Authority to review its financial transactions policies, such as wire transfers, deposits and invoice payments, to ensure appropriate oversight by senior staff.
5. The Authority does have insurance to cover costs related to business continuity in the event that the bridge is non-operational and tolls cannot be collected. This insurance should be reviewed periodically to ensure that the coverage is sufficient enough to both maintain necessary operations and meet bond obligations.
6. The Authority should examine public-private partnership (P3) options to finance construction and maintenance projects. The Authority should see if P3's would provide increased quality of service and acceleration of projects in the state. Currently, RITBA has a public relationship with RIDOT that may help form a foundation for future exploration of this option.

VII. State Relations

Rhode Island General Law does not provide a clear definition of the powers and limitations conferred on quasi-public agencies. In general, the state's 21 quasi-public agencies have broad latitude with regard to budgeting and governance with limited government oversight. Although the Authority operates with a large degree of autonomy as a quasi-public agency, there are a number of issues at the state level which may affect the Authority's ability to adhere to its mission in the most effective and efficient manner. This section examines some of these issues and outlines a number of questions for consideration both at the Authority and at the state level.

RITBA Expansion

Currently, RITBA is responsible for the maintenance and oversight of both the Newport/Pell and Mount Hope Bridges, and only tolls the Newport/Pell Bridge. As discussed throughout this report, a number of scenarios have been developed with regard to increasing tolls on the Newport/Pell Bridge or reintroducing tolls on the Mount Hope Bridge. Based on RIPEC's analysis, the Authority will not be able to meet its current obligations without additional revenue. At the same time, the creation of additional funding streams for the Authority or restructuring of operations could benefit the fiscal health of the agency. A number of bills have been put forth for consideration by the General Assembly that would affect not only the Authority's ability to increase its revenue streams through prohibiting tolling on Mount Hope (H 5056), but may also affect its current responsibilities.

Sakonnet River Bridge

The Sakonnet River Bridge, spanning the Sakonnet River in eastern Rhode Island and connecting the towns of Tiverton and Portsmouth, is currently operated by the Rhode Island Department of Transportation (RIDOT). The Sakonnet River Bridge is being replaced to meet current highway design standards and structural capacity; the new bridge is scheduled to be completed in 2011 to meet Federal GARVEE funding deadlines.

During the 2010 General Assembly session, the Governor's budget included provisions to incorporate the Sakonnet River Bridge under the Authority's power. The Governor's Blue Ribbon Panel for Transportation Funding in December 2009 identified certain options to secure additional funding for transportation improvements, including the tolling of the new Sakonnet River Bridge. If the Sakonnet River Bridge introduced tolls, its maintenance and operations – under current statute – would be transferred to the Authority, unless the General Assembly created a special exemption. Under the proposal, the Authority would have paid a portion of collected tolls to RIDOT, not to exceed 70.0 percent, to match federal funds, aid and grants. Revenue from the Sakonnet Bridge tolls could be used for financing projects on the Mount Hope and Newport/Pell Bridges. Despite the support from the Governor's office, the bill was not included in the enacted FY 2011 budget.

In January 2011, H 5053 and its companion bill S 0016 were introduced with the intention of prohibiting the implementation of tolls on the Sakonnet River Bridge, as well as the transfer of the bridge to the Authority without General Assembly approval. Both bills are currently still in committee.

Tolling of State/Federal Highways

The Governor's FY 2012 proposed budget includes a recommendation that the state undertake a feasibility study for tolling I-95 (which would require federal approval), or another state highway, such as Route 24 on the Massachusetts/Rhode Island border. Currently, RITBA is the only entity in the state that has the legal authority – as well as the structural capacity and institutional knowledge – to toll these roads. While the study represents the first step in the process, the state and the Authority must be mindful of the impact additional responsibilities would have on the agency.

Issues for Consideration

In considering the merits of the proposed legislation, RIPEC recommends that the state:

- Consider the effect of the potential transfer of the Sakonnet River Bridge, or any other asset, under the aegis of the Authority without a funding mechanism, such as tolling of the bridge or asset;
- Assess how the transfer of additional responsibilities with restrictions on revenues would restrict RITBA's ability to carry out their mission;
- Establish when and how the Sakonnet River Bridge would be transferred if the General Assembly decides to follow this course, i.e., whether the finished bridge would be transferred to the Authority, thereby limiting their upfront costs, or whether the Authority would be required to purchase the bridge. In addition, consideration should be given to the enhanced responsibilities for the Authority such as other cost considerations including insurance and daily maintenance;
- Determine how prohibitions on tolling the Mount Hope Bridge will affect tolls on the Newport/Pell Bridge and whether this would have a potentially negative effect on traffic – and thus toll collections – on the Newport/Pell Bridge;
- Evaluate whether tolling on the Sakonnet River Bridge or other roads throughout the state would result in increased flexibility for the Authority with regard to toll increases/implementation on the Newport/Pell and Mount Hope Bridges; and
- Examine whether a revenue-sharing agreement, as proposed in the FY 2011 budget for the Sakonnet River Bridge, or envisioned for tolling I-95 or other state highways would have positive effects for the state with regard to enhanced funding for transportation.

Consolidation/Merger with Rhode Island Transportation Agencies

Another consideration for the Authority is whether to merge with other transportation-related entities in Rhode Island, or the possibility of the creation of an umbrella agency or secretariat with oversight powers of all the transportation-related entities in the state. The Rhode Island Turnpike and Bridge Authority has considerable autonomy in its activities including governance and budgeting; however, as a quasi-public entity, the Authority operates primarily through revenue generated from toll collection and does not receive state or federal money for its projects. By merging with other Rhode Island transportation related agencies, the Authority could share resources and reduce similar job functions, potentially resulting in more cost-effective operations. At the same time, the Authority, by virtue of its autonomy, has evolved certain practices that may result in a loss of efficiency or increased costs if they were to merge with state agencies.

Potential Benefits

The merger of the Authority with other transportation-related entities within the state, or the creation of a secretariat, has the potential to not only generate some measure of savings for the entities, but also to streamline operations. Currently, the significant number of transportation-related agencies within Rhode Island may result in operations that are not as efficient as possible. For example, a multi-agency secretariat could provide economies of scale not available to smaller, independent agencies. In addition, some work currently performed by individual agencies – such as payroll or financial reporting – may be consolidated. Finally, a merger of the agencies could result in additional funding streams for the Authority including state revenue and potential GARVEE bonds and TIGER grants through the federal government.

Potential Barriers

Outside of capital maintenance and improvement, personnel expenditures represent the most significant cost for the Authority. Given the type of work schedule necessary, (24 hour a day, 7 days a week, 365 days a year), to cover shifts, and how RITBA is structured, the organization has evolved a flexible work schedule that relies on a number of part-time, temporary and casual employees who are not eligible for benefits. In addition, the Authority has been able to control health benefit costs through established cost-sharing agreements with its union. Finally, the organization has a 401(k) plan, as opposed to the defined-benefit plans that are in place at the state level.

If the Authority were to merge with other transportation entities in the state, consideration should be given to how salary and benefit structures compare across agencies. Moreover, the state and the Authority should evaluate whether a full merger – with the Authority becoming an official state agency as opposed to a quasi-public – would be in the best interests of both entities, particularly as this may impact employee benefit expenditures. It has been proposed that the state undertake a systematic review of the salary and benefit structure at each transportation entity to provide an accurate cost comparison that can be used to evaluate the benefits of or potential barriers to consolidation.

Recommendations

In merging with other transportation-related entities, the state and RITBA should keep in mind whether the potential benefits, such as increased efficiency, are offset by potential cost increases or other barriers. In addition, consideration should be given to how well each entity's organizational mission complements or detracts from the organizations. To that end, RIPEC recommends the following:

- The Authority should create a strategic plan that defines the vision, mission and values of the organization. This plan can be used to evaluate how well the Authority's goals and structure would fit with other transportation-related organizations or agencies throughout the state.
- The state should outline a concise and cohesive vision for transportation goals, including outlining a comprehensive long-term plan for funding, designed to provide the most effective services in the most cost-efficient manner.

VIII. Appendix

Toll Scenarios

RIPEC used data from Jacobs Engineering firm to project future expenses and toll revenues for the Authority. As noted in the report, the data represents available information at a specific point in time. External factors, such as economic activity and motorist behavior, have influence over revenues and expenditures. Certain assumptions about personnel and other expenditures were used to develop RIPEC's model as shown in the report. RIPEC did not do any of the revenue forecasting; we used data provided by Jacobs that was received in February 2011. Throughout this report RIPEC used the February 2011 data in the tables. However, RIPEC was provided with updated assumptions from Jacobs in June 2011. The differences between RIPEC's analysis and the updated Jacobs data are the personnel and the E-ZPass assumption. RIPEC was not given an explanation on why the E-ZPass expenditure changed from the original numbers. The following toll scenarios on pages 43 through 51 compare the RIPEC assumptions (black) with the updated Jacobs' assumptions (blue).

Newport/Pell Base Case (S1)

RIPEC

Pell Bridge Base Case Scenario (S1)					
Fiscal Year	Toll Revenue	Transponder Rev.	Total Revenue	Costs (Study)	Net Revenue (Study)
2010	\$16,900,000	\$800,000	\$17,700,000	\$7,000,000	\$10,600,000
2011	18,000,000	500,000	18,500,000	6,900,000	11,600,000
2012	18,100,000	300,000	18,400,000	6,800,000	11,600,000
2013	18,400,000	300,000	18,700,000	6,700,000	12,000,000
2014	18,500,000	300,000	18,800,000	6,800,000	12,000,000
2015	18,700,000	300,000	19,000,000	7,000,000	12,000,000
2016	18,900,000	300,000	19,100,000	7,100,000	12,000,000
2017	19,000,000	1,600,000	20,600,000	8,600,000	12,000,000
2018	19,200,000	900,000	20,000,000	8,100,000	11,900,000
2019	19,300,000	600,000	19,900,000	8,000,000	11,900,000

Jacobs

Pell Bridge Base Case Scenario (S1)					
Fiscal Year	Toll Revenue	Transponder Rev.	Total Revenue	Costs	Net Revenue
2010	\$ 17,200,000	\$ 800,000	\$ 18,000,000	\$9,500,000	\$ 8,500,000
2011	18,100,000	500,000	18,600,000	8,900,000	9,700,000
2012	18,300,000	300,000	18,600,000	8,600,000	10,000,000
2013	18,700,000	300,000	19,000,000	9,000,000	10,000,000
2014	18,900,000	300,000	19,200,000	9,500,000	9,700,000
2015	19,100,000	300,000	19,400,000	9,700,000	9,700,000
2016	19,200,000	300,000	19,500,000	9,900,000	9,600,000
2017	19,400,000	1,600,000	21,000,000	11,000,000	10,000,000
2018	19,500,000	900,000	20,400,000	10,000,000	10,400,000
2019	19,700,000	600,000	20,300,000	12,000,000	8,300,000

Newport/Pell Toll Increase Every Three Years (S2)

RIPEC

Pell Bridge Toll Increase Scenario (S2)- RIPEC					
Fiscal Year	Transponder				
	Toll Revenue	Rev.	Revenue	Costs	Net Rev.
2010	\$16,900,000	\$800,000	\$17,700,000	\$7,000,000	\$10,600,000
2011	18,000,000	500,000	18,500,000	6,900,000	11,600,000
2012	18,100,000	300,000	18,400,000	6,800,000	11,600,000
2013	20,300,000	300,000	20,600,000	6,700,000	13,900,000
2014	21,000,000	300,000	21,300,000	6,800,000	14,500,000
2015	21,300,000	300,000	21,500,000	7,000,000	14,500,000
2016	23,800,000	300,000	24,100,000	7,100,000	16,900,000
2017	24,700,000	1,600,000	26,200,000	8,600,000	17,700,000
2018	24,900,000	900,000	25,800,000	8,100,000	17,700,000
2019	27,500,000	600,000	28,100,000	8,000,000	20,100,000

Jacobs

Pell Bridge Toll Increase Case (S2)					
Fiscal Year	Transponder				
	Toll Revenue	Rev.	Total Revenue	Costs	Net Revenue
2010	\$ 17,200,000	\$ 800,000	\$ 18,000,000	\$9,500,000	\$ 8,500,000
2011	18,100,000	500,000	18,600,000	8,900,000	9,700,000
2012	18,300,000	300,000	18,600,000	8,500,000	10,100,000
2013	20,700,000	300,000	21,000,000	9,000,000	12,000,000
2014	21,500,000	300,000	21,800,000	9,500,000	12,300,000
2015	21,700,000	300,000	22,000,000	9,700,000	12,300,000
2016	24,300,000	300,000	24,600,000	9,900,000	14,700,000
2017	25,200,000	1,600,000	26,800,000	11,000,000	15,800,000
2018	25,500,000	900,000	26,400,000	10,000,000	16,400,000
2019	28,200,000	600,000	28,800,000	11,900,000	16,900,000

Mount Hope (MH1 through 10)

Mount Hope Toll Collection Scenarios

Toll Option	Base Toll (2-axle)	Collection Method
MH1	\$0.30	Mixed
MH2	\$4.00	Mixed
MH3	\$1.00	Mixed
MH4	\$2.00	Mixed
MH5	\$3.00	Mixed
MH6	\$0.30	All Electronic
MH7	\$4.00	All Electronic
MH8	\$1.00	All Electronic
MH9	\$2.00	All Electronic
MH10	\$3.00	All Electronic

SOURCE: Jacobs

Mount Hope Bridge Scenarios: Net Revenues

RIPEC

Mount Hope Mixed Mode Collection: Net Revenue					
FY	MH1	MH2	MH3	MH4	MH5
2011	\$5,478,000	\$ 4,734,000	\$ 1,371,000	\$ 2,842,000	\$ 3,807,000
2012	5,505,000	4,756,000	1,376,000	2,855,000	3,825,000
2013	6,329,000	5,572,000	1,793,000	3,372,000	4,574,000
2014	6,380,000	5,609,000	1,804,000	3,392,000	4,606,000
2015	6,431,000	5,648,000	1,818,000	3,412,000	4,640,000
2016	7,521,000	6,716,000	2,048,000	4,076,000	5,432,000
2017	7,578,000	6,758,000	2,050,000	4,097,000	5,460,000
2018	7,636,000	6,801,000	2,053,000	4,119,000	5,489,000
2019	8,741,000	7,884,000	2,542,000	4,791,000	6,449,000
2020	8,804,000	7,928,000	2,552,000	4,812,000	6,486,000

Jacobs

Mount Hope Mixed Mode Collection: Net Revenue					
FY	MH1	MH2	MH3	MH4	MH5
2011	\$ 201,000	\$ 4,734,000	\$ 1,371,000	\$ 2,842,000	\$ 3,807,000
2012	201,000	4,756,000	1,376,000	2,855,000	3,825,000
2013	344,000	5,572,000	1,793,000	3,372,000	4,574,000
2014	339,000	5,609,000	1,804,000	3,392,000	4,606,000
2015	336,000	5,648,000	1,818,000	3,412,000	4,640,000
2016	508,000	6,716,000	2,048,000	4,076,000	5,432,000
2017	502,000	6,758,000	2,050,000	4,097,000	5,460,000
2018	497,000	6,801,000	2,053,000	4,119,000	5,489,000
2019	670,000	7,884,000	2,542,000	4,791,000	6,449,000
2020	662,000	7,928,000	2,552,000	4,812,000	6,486,000

Mount Hope Bridge Scenarios: Net Revenues (cont.)

RIPEC

Mount Hope AET Collection: Net Revenue					
FY	MH6	MH7	MH8	MH9	MH10
2011	\$ (1,991,000)	\$ 4,023,000	\$ (228,000)	\$ 1,687,000	\$ 2,948,000
2012	(1,983,000)	4,062,000	(211,000)	1,714,000	2,981,000
2013	(1,778,000)	4,902,000	279,000	2,262,000	3,765,000
2014	(1,795,000)	4,942,000	280,000	2,280,000	3,797,000
2015	(1,810,000)	4,983,000	283,000	2,300,000	3,831,000
2016	(1,595,000)	6,072,000	503,000	2,988,000	4,636,000
2017	(1,609,000)	6,118,000	507,000	3,010,000	4,669,000
2018	(1,622,000)	6,166,000	512,000	3,034,000	4,703,000
2019	(1,408,000)	7,269,000	1,063,000	3,730,000	5,693,000
2020	(1,423,000)	7,319,000	1,067,000	3,754,000	5,733,000

Jacobs

Mount Hope Mixed Mode Collection: Net Revenue					
FY	MH6	MH7	MH8	MH9	MH10
2011	\$ (1,991,000)	\$ 4,023,000	\$ (228,000)	\$ 1,687,000	\$ 2,948,000
2012	(1,983,000)	4,062,000	(211,000)	1,714,000	2,981,000
2013	(1,778,000)	4,902,000	279,000	2,262,000	3,765,000
2014	(1,795,000)	4,942,000	280,000	2,280,000	3,797,000
2015	(1,810,000)	4,983,000	283,000	2,300,000	3,831,000
2016	(1,595,000)	6,072,000	503,000	2,988,000	4,636,000
2017	(1,609,000)	6,118,000	507,000	3,010,000	4,669,000
2018	(1,622,000)	6,166,000	512,000	3,034,000	4,703,000
2019	(1,408,000)	7,269,000	1,063,000	3,730,000	5,693,000
2020	(1,423,000)	7,319,000	1,067,000	3,754,000	5,733,000

Combined Net Revenues

Newport/Pell Bridge Base Case Scenario (S1) and Mount Hope Bridge Scenarios (MH1-10)

RIPEC

NET REVENUE					
Fiscal Year	S1MH1	S1MH2	S1MH3	S1MH4	S1MH5
2011	\$ 8,835,893	\$ 13,394,893	\$ 10,009,893	\$ 11,494,893	\$ 12,461,893
2012	8,918,951	13,499,951	10,098,951	11,590,951	12,562,951
2013	8,166,885	13,419,885	9,618,885	11,211,885	12,416,885
2014	7,543,299	12,838,299	9,012,299	10,612,299	11,829,299
2015	6,593,427	11,929,427	8,077,427	9,685,427	10,915,427
2016	5,792,797	12,024,797	7,335,797	9,376,797	10,734,797
2017	4,532,406	10,810,406	6,082,406	8,142,406	9,507,406
2018	4,479,736	10,805,736	6,036,736	8,116,736	9,488,736
2019	2,308,461	9,542,461	4,180,461	6,443,461	8,103,461

Jacobs

NET REVENUE					
Fiscal Year	S1MH1	S1MH2	S1MH3	S1MH4	S1MH5
2011	\$ 9,901,000	\$14,434,000	\$11,071,000	\$12,542,000	\$13,507,000
2012	10,201,000	14,756,000	11,376,000	12,855,000	13,825,000
2013	10,344,000	15,572,000	11,793,000	13,372,000	14,574,000
2014	10,039,000	15,309,000	11,504,000	13,092,000	14,306,000
2015	10,036,000	15,348,000	11,518,000	13,112,000	14,340,000
2016	10,108,000	16,316,000	11,648,000	13,676,000	15,032,000
2017	10,502,000	16,758,000	12,050,000	14,097,000	15,460,000
2018	10,897,000	17,201,000	12,453,000	14,519,000	15,889,000
2019	8,970,000	16,184,000	10,842,000	13,091,000	14,749,000

Combined Net Revenues (cont.)

Newport/Pell Bridge Base Case Scenario (S1) and Mount Hope Bridge Scenarios (MH1-10)

RIPEC

NET REVENUE					
Fiscal Year	S1MH6	S1MH7	S1MH8	S1MH9	S1MH10
2011	\$ 8,835,893	\$ 13,394,893	\$ 10,009,893	\$ 11,494,893	\$ 12,461,893
2012	8,918,951	13,499,951	10,098,951	11,590,951	12,562,951
2013	8,166,885	13,419,885	9,618,885	11,211,885	12,416,885
2014	7,543,299	12,838,299	9,012,299	10,612,299	11,829,299
2015	6,593,427	11,929,427	8,077,427	9,685,427	10,915,427
2016	5,792,797	12,024,797	7,335,797	9,376,797	10,734,797
2017	4,532,406	10,810,406	6,082,406	8,142,406	9,507,406
2018	4,479,736	10,805,736	6,036,736	8,116,736	9,488,736
2019	2,308,461	9,542,461	4,180,461	6,443,461	8,103,461

Jacobs

NET REVENUE					
Fiscal Year	S1MH6	S1MH7	S1MH8	S1MH9	S1MH10
2011	\$ 7,709,000	\$13,723,000	\$ 9,472,000	\$11,387,000	\$12,648,000
2012	8,017,000	14,062,000	9,789,000	11,714,000	12,981,000
2013	8,222,000	14,902,000	10,279,000	12,262,000	13,765,000
2014	7,905,000	14,642,000	9,980,000	11,980,000	13,497,000
2015	7,890,000	14,683,000	9,983,000	12,000,000	13,531,000
2016	8,005,000	15,672,000	10,103,000	12,588,000	14,236,000
2017	8,391,000	16,118,000	10,507,000	13,010,000	14,669,000
2018	8,778,000	16,566,000	10,912,000	13,434,000	15,103,000
2019	6,892,000	15,569,000	9,363,000	12,030,000	13,993,000

Combined Net Revenues

Newport/Pell Bridge Toll Increase (S2) and Mount Hope Bridge Scenarios (MH1-10)

RIPEC

NET REVENUE					
Fiscal Year	S2MH1	S2MH2	S2MH3	S2MH4	S2MH5
2011	\$8,835,893	\$13,394,893	\$10,009,893	\$11,494,893	\$12,461,893
2012	8,918,951	13,499,951	10,098,951	11,590,951	12,562,951
2013	8,166,885	13,419,885	9,618,885	11,211,885	12,416,885
2014	9,443,299	14,738,299	10,912,299	12,512,299	13,729,299
2015	9,093,427	14,429,427	10,577,427	12,185,427	13,415,427
2016	8,292,797	14,524,797	9,835,797	11,876,797	13,234,797
2017	9,532,406	15,810,406	11,082,406	13,142,406	14,507,406
2018	10,079,736	16,405,736	11,636,736	13,716,736	15,088,736
2019	8,108,461	15,342,461	9,980,461	12,243,461	13,903,461

Jacobs

NET REVENUE					
Fiscal Year	S2MH1	S2MH2	S2MH3	S2MH4	S2MH5
2011	\$ 8,701,000	\$13,234,000	\$ 9,871,000	\$11,342,000	\$12,307,000
2012	9,901,000	14,456,000	11,076,000	12,555,000	13,525,000
2013	10,444,000	15,672,000	11,893,000	13,472,000	14,674,000
2014	12,339,000	17,609,000	13,804,000	15,392,000	16,606,000
2015	12,636,000	17,948,000	14,118,000	15,712,000	16,940,000
2016	12,808,000	19,016,000	14,348,000	16,376,000	17,732,000
2017	15,202,000	21,458,000	16,750,000	18,797,000	20,160,000
2018	16,297,000	22,601,000	17,853,000	19,919,000	21,289,000
2019	17,070,000	24,284,000	18,942,000	21,191,000	22,849,000

Combined Net Revenues (cont.)

Newport/Pell Bridge Toll Increase (S2) and Mount Hope Bridge Scenarios (MH1-10)

RIPEC

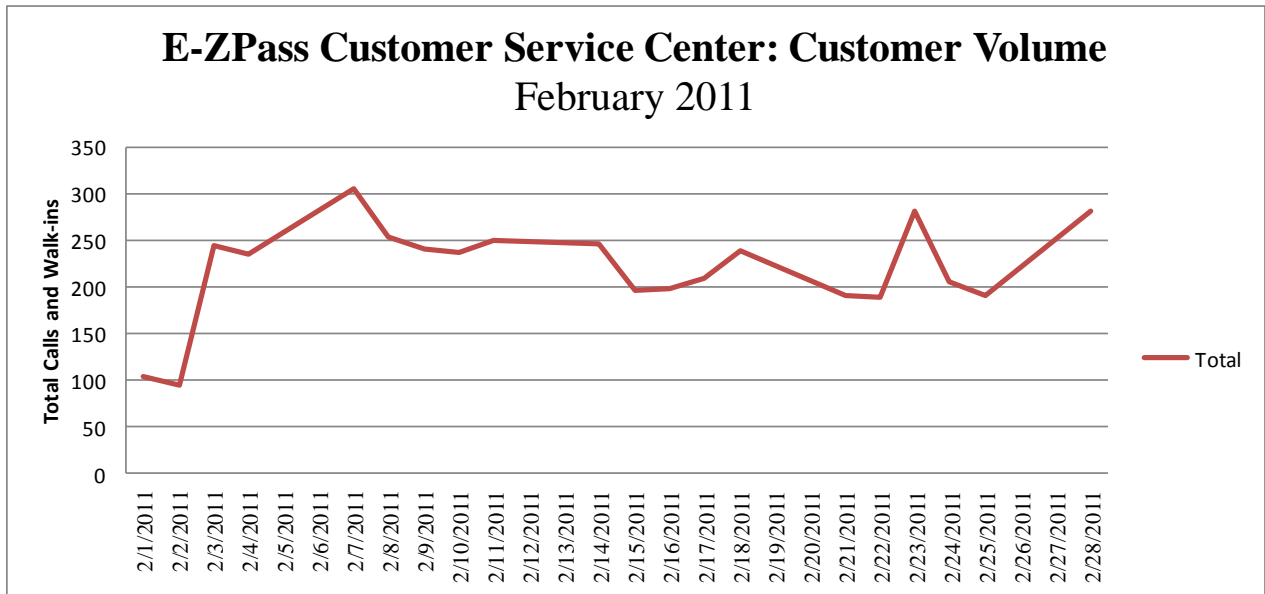
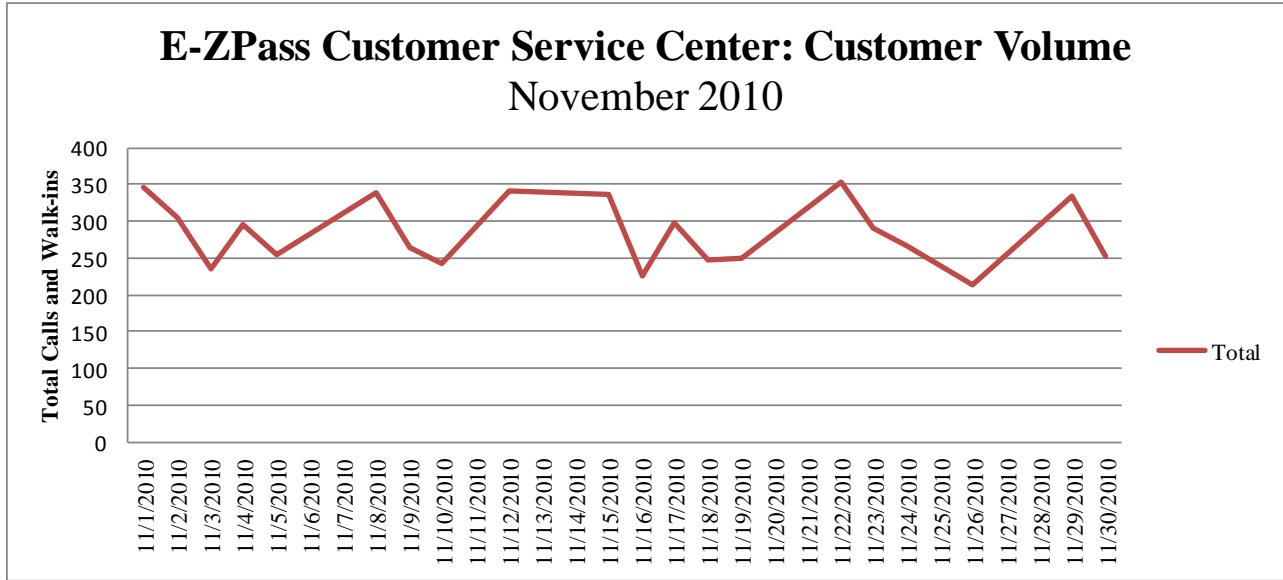
NET REVENUE					
Fiscal Year	S2MH6	S2MH7	S2MH8	S2MH9	S2MH10
2011	\$8,835,893	\$13,394,893	\$10,009,893	\$11,494,893	\$12,461,893
2012	8,918,951	13,499,951	10,098,951	11,590,951	12,562,951
2013	8,166,885	13,419,885	9,618,885	11,211,885	12,416,885
2014	9,443,299	14,738,299	10,912,299	12,512,299	13,729,299
2015	9,093,427	14,429,427	10,577,427	12,185,427	13,415,427
2016	8,292,797	14,524,797	9,835,797	11,876,797	13,234,797
2017	9,532,406	15,810,406	11,082,406	13,142,406	14,507,406
2018	10,079,736	16,405,736	11,636,736	13,716,736	15,088,736
2019	8,108,461	15,342,461	9,980,461	12,243,461	13,903,461

Jacobs

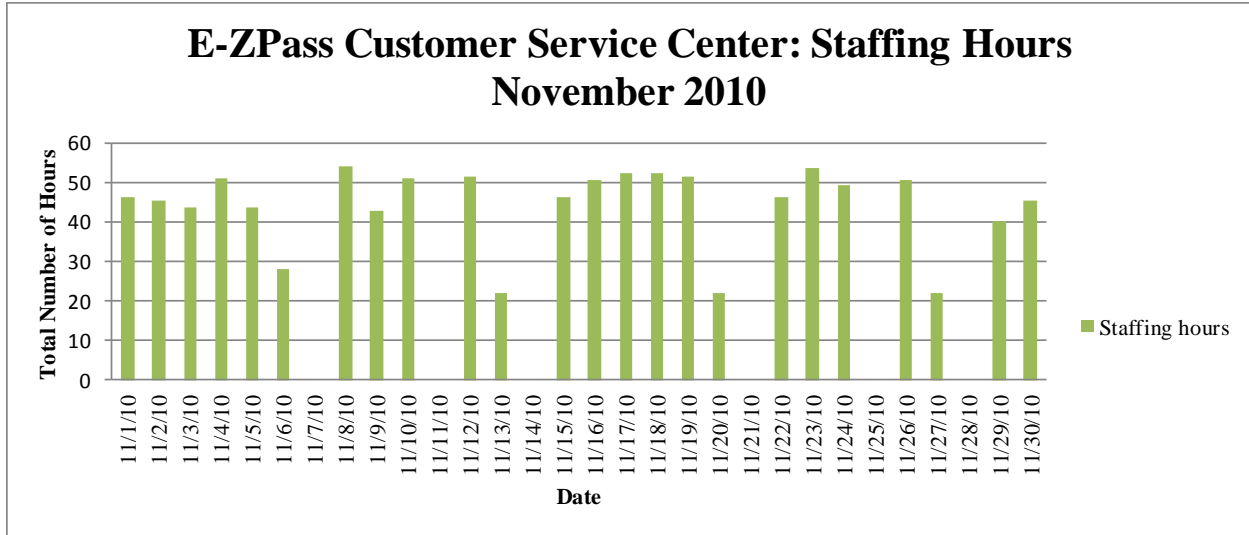
NET REVENUE					
Fiscal Year	S2MH6	S2MH7	S2MH8	S2MH9	S2MH10
2011	\$ 6,509,000	\$12,523,000	\$ 8,272,000	\$10,187,000	\$11,448,000
2012	7,717,000	13,762,000	9,489,000	11,414,000	12,681,000
2013	8,322,000	15,002,000	10,379,000	12,362,000	13,865,000
2014	10,205,000	16,942,000	12,280,000	14,280,000	15,797,000
2015	10,490,000	17,283,000	12,583,000	14,600,000	16,131,000
2016	10,705,000	18,372,000	12,803,000	15,288,000	16,936,000
2017	13,091,000	20,818,000	15,207,000	17,710,000	19,369,000
2018	14,178,000	21,966,000	16,312,000	18,834,000	20,503,000
2019	14,992,000	23,669,000	17,463,000	20,130,000	22,093,000

E-ZPass Customer Service Center: Customer Volume and Staffing Hours

Customer Volume



Staffing Hours



November 2010: Call in-take and Employee Schedule Hourly Call intake on November 1, 2010

Hour	ACD CALLS	Avg ACD Time	Avg. Pos Staff	Calls per Position
8:30-9:00 AM	0		0.1	0
9:00 AM -9:30 AM	14	1:53	1.9	7
9:30-10:00 AM	9	2:00	2.0	5
10:00-10:30 AM	9	2:03	2.0	5
10:30-11:00 AM	16	1:52	2.0	8
11:00-11:30 AM	11	3:09	2.0	6
11:30-12:00 PM	8	3:23	2.0	4
12:00-12:30 PM	9	2:23	2.0	5
12:30-1:00 PM	12	1:31	2.0	6
1:00-1:30 PM	13	1:36	1.8	7
1:30-2:00 PM	12	2:32	2.0	6
2:00-2:30 PM	10	2:10	2.0	5
2:30-3:00 PM	11	1:35	2.0	6
3:00-3:30 PM	12	1:18	2.0	6
3:30-4:00 PM	15	1:34	1.6	9
4:00-4:30 PM	10	1:37	0.9	11
4:30-5:00 PM	16	2:34	1.9	8
5:00-5:30 PM	10	2:07	2.0	5
5:30-6:00 PM	8	1:33	1.3	6
6:00-6:30 PM	0		0.1	0
TOTALS	205	2:01	1.7	122

SOURCE: RITBA

Daily Employee Shift Schedule: 11/1/2010

A	8:00 AM-1:00 PM
B	8:00 AM-4:00 PM
C	9:00 AM-3:00 PM
D	12:00 PM-6:00 PM
E	10:00 AM- 6:00 PM
F	10:00 AM- 6:00 PM
G	1:00-6:00 PM

**Rhode Island Turnpike and Bridge Authority
Operations and Maintenance Budget FY 2011**

	Month of	Year to Date		Percentage
	March 1, 2011	as of 3/31/2011	Budget	of
				Budget
				Completed
Revenue				
Toll Revenue	\$ 1,255,841.14	\$ 13,491,455.71	\$ 18,900,000.00	71.4%
Transponder Revenue	29,139.05	323,057.29		
Statement and Bank Fees	6,572.00	74,797.00		
Total Operating Revenues	\$ 1,291,552.19	\$ 13,889,310.00	\$ 18,900,000.00	73.5%
Operating Expenses				
Wages	\$ 158,036.25	\$ 1,674,974.47	\$ 2,218,241.31	75.5%
OASDI tax	11,909.33	128,217.05	169,695.46	75.6%
Unemployment tax	4,728.95	20,852.74	25,068.03	83.2%
Health and Dental Insurance	30,653.05	264,314.65	343,728.87	76.9%
Life Insurance	2,230.91	22,830.88	26,445.76	86.3%
Pension	11,553.20	115,805.94	139,930.98	81.8%
Salaries and Wages	\$ 219,111.69	\$ 2,226,995.73	\$ 2,923,110.41	76.2%
Telephone	2,556.79	21,011.27	32,000.00	65.7%
Office	2,701.45	25,225.46	43,000.00	58.7%
Advertising Expense	6,928.96	48,397.95	78,000.00	62.1%
Travel and Entertainment	2,079.50	9~573.14	15,000.00	63.8%
Contributions	0	14,200.00	15,000.00	94.7%
Dues	981.67	18,071.47	30,000.00	60.2%
Subscriptions and Misc.	0	291.00	250.00	116.4%
Legal Fees	15,320.68	198,102.51	200,000.00	99.1%
Audit Fee	0	16,000.00	16,000.00	100.0%
Professional	48,543.57	138,009.58	190,500.00	72.5%
Trustee Fees	595.84	5,696.40	4,250.00	134.0%
Insurance - Property	58,898.58	544,693.23	672,250.00	81.0%
Insurance - Other	16,282.83	130,163.01	257,175.00	50.6%
Utilities	6,923.31	97,146.09	150,000.00	64.8%
ETC Expense	2,291.67	830,428.71	1,127,359.00	73.7%
Toll Equipment Maintenance	0	123,560.74	217,550.00	56.8%
Uniforms	0	4,878.24	5,000.00	97.6%
Vehicle Maintenance	1,696.47	13,175.55	20,000.00	65.9%
Electrical Contractor	4,299.86	68,909.81	200,000.00	34.5%
Bridge Maintenance	0	2,077.50	15,000.00	13.9%
Maintenance and Supplies	(1,099.32)	88,876.41	160,000.00	55.6%
Miscellaneous Expense	0	4,832.21	20,000.00	24.2%
Depreciation Expense	3,351.13	15,916.74	27,000.00	59.0%
Contingency Reserve	49,564.00	91,324.40	120,000.00	76.1%
Host Community	0	0	27,000.00	0.0%
Operating Expenses	\$ 221,916.99	\$ 2,510,561.42	\$ 3,642,334.00	68.9%
Total Operating Expenses	\$ 441,028.68	4,737,557.15	\$ 6,565,444.41	72.2%
Net Income	\$ 850,523.51	\$ 9,151,752.85	\$ 12,334,555.59	74.2%
Capital Expenditures		\$ 45,064.00	\$ 45,000.00	
Debt Service			\$ 3,314,825.00	

Rhode Island Turnpike and Bridge Authority Cash and Investments Summary

As of March 31, 2011

Account	Cash and Cash Equiv*	Investments	Total
Operations and Maintenance Fund	\$ 139,716	\$ -	\$ 139,716
O&M Reserve Fund	678,065	500,000	1,178,065
Renewal and Replacement Fund	1,759,979	17,447,254	19,207,233
Revenue Fund	966,847	-	966,847
Toll Revenue Fund	-	322,027	322,027
E-Zpass Fund	1,632,933	1,002,646	2,635,579
General Fund	1,607	-	1,607
Health Benefits Account	8,816	-	8,816
Insurance Reserve Fund	-	1,585,998	1,585,998
2003A Debt Service Principal	-	791,297	791,297
2003A Debt Service Interest	-	316,696	316,696
2003A Debt Service Reserve	-	3,834,708	3,834,708
2010A Debt Service Principal	-	-	-
2010A Debt Service Interest	-	796,395	796,395
2010A Debt Service Reserve	-	3,715,281	3,715,281
2010A Construction Fund	-	44,955,498	44,955,498
Total	\$ 5,187,963	\$ 75,267,800	\$ 80,455,763

* Cash equivalents consist of short-term, liquid investments such as repurchase agreements, money market funds, and certificates of deposits.

SOURCE: RITBA

2011 -- H 6285

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LC02920
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STATE OF RHODE ISLAND
IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO HIGHWAYS - RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY -
NEWPORT BRIDGE TOLLS

Introduced By: Representatives Martin, Ruggiero, Reilly, and Jackson

Date Introduced: June 22, 2011

Referred To: House Finance

It is enacted by the General Assembly as follows:

- 1 SECTION 1. Section 24-12-37 of the General Laws in Chapter 24-12 entitled "Rhode
2 Island Turnpike and Bridge Authority" is hereby amended to read as follows:
- 3 **24-12-37. ~~Penalty for nonpayment of toll.~~ Penalty for nonpayment of toll – Toll**
4 **Violators.** (a) ~~(1) For the first (1st) violation within a calendar year, any~~ Any person who ~~uses~~
5 ~~any project and~~ fails or refuses to pay or prepay the required toll shall be required to pay the toll
6 amount ~~and an administrative fee of six dollars (\$6.00)~~ within thirty (30) days of ~~receiving~~
7 ~~issuance of~~ the notice of violation. Any person who fails to pay the due toll amount ~~and the~~
8 ~~administrative fee within thirty (30) days after receiving notice~~ shall be punished by a fine of ~~fifty~~
9 ~~dollars (\$50.00) eighty-five (\$85.00). and shall pay the toll amount due. Toll evaders shall receive~~
10 ~~notice of the violation from the Rhode Island turnpike and bridge authority by first class mail or~~
11 ~~by certified mail, return receipt requested.~~ Toll violators shall receive a traffic violation summons
12 which shall be subject to the jurisdiction of the traffic tribunal. The ~~fine and~~ toll amount, and
13 ~~administrative fee~~ due under this subsection shall be remitted to the Rhode Island turnpike and
14 bridge authority.
- 15 (b) If a person as set forth in subsection (a) of this section refuses to submit payment of
16 the toll amount due and the administrative fee within thirty (30) days as provided in subsection
17 24-12-37(a), the traffic tribunal may order a hearing on whether the person's operator's license or
18 privilege to operate a motor vehicle in this state shall be suspended. Upon suspension, the judge

1 shall order the license of the person to be surrendered to the department of administration,
2 division of motor vehicles, within three (3) days.

3 ~~(2) For the second (2nd) violation within a calendar year, any person who uses any~~
4 ~~project and fails or refuses to pay or prepay the required toll shall be punished by a fine of one~~
5 ~~hundred dollars (\$100) and shall pay the toll amount due. Toll evasion violators under this~~
6 ~~subsection shall receive a traffic violation summons which shall be subject to the jurisdiction of~~
7 ~~the traffic tribunal. Any violation issued under this subsection shall be paid within thirty (30) days~~
8 ~~of receiving the notice of the violation. The traffic tribunal shall remit the toll amount due to the~~
9 ~~Rhode Island turnpike and bridge authority.~~

10 ~~(3) For the third (3rd) and subsequent violations within a calendar year, any person who~~
11 ~~uses any project and fails or refuses to pay or prepay the required toll or fails to pay in a timely~~
12 ~~manner a fine issued pursuant to subdivision 24-12-37(a)(1) or (a)(2) after having received notice~~
13 ~~thereof, the person shall be subject to a fine of two hundred fifty dollars (\$250) and shall pay the~~
14 ~~toll amount due within thirty (30) days of receiving the notice of violation. Toll evasion violators~~
15 ~~under this subsection shall receive a traffic violation summons which shall be subject to the~~
16 ~~jurisdiction of the traffic tribunal. The traffic tribunal shall remit the toll amount due to the Rhode~~
17 ~~Island turnpike and bridge authority.~~

18 ~~Rhode Island turnpike and bridge authority shall notify the administrator of the~~
19 ~~division of motor vehicles, who shall place the matter on the record and shall not renew a license~~
20 ~~to operate a motor vehicle or the registration of any vehicle owned by the person, or both, until~~
21 ~~the matter has been disposed of in accordance with applicable law or regulation. If the person is~~
22 ~~found to be a resident of another state or jurisdiction, the administrator of motor vehicles shall~~
23 ~~revoke the violator's right to operate a vehicle in Rhode Island until the matter has been disposed~~
24 ~~of in accordance with applicable law or regulations.~~

25 ~~(4)~~(2) The authority shall promulgate appropriate rules and regulations to ensure the
26 proper administration of the provisions of this section.

27 ~~(5)~~(3) For the purposes of this section only, "person" means the registered owner, driver,
28 rentee or lessee of a motor vehicle.

29 ~~(b)~~(4) It is unlawful for any person or business, other than an authorized representative
30 of the authority: (i) to sell, offer for sale or attempt to sell tokens, tickets, passes or other
31 evidences of payment issued for passage on any project of the authority, including but not limited
32 to, the Claiborne Pell Bridge, if originally issued by the authority pursuant to any program of the
33 authority providing for a reduced rate of toll based upon frequency of use of the project, volume
34 of tokens, passes or other evidences of payment purchased, or method of payment for the toll; or

1 (ii) to sell, offer for sale, or attempt to sell tokens, passes or other evidences of payment issued for
2 passage on any project of the authority, including but not limited to, the Claiborne Pell Bridge for
3 a profit. Any person or business who is found in violation of this subsection shall be punished, for
4 each offense, by a fine of not more than five hundred dollars (\$500).

5 (5) "Toll Violator" means, for the purposes of this section, any person who uses any
6 project and fails to pay the required toll and accepts an unpaid toll invoice from the authority.

7 SECTION 2. Chapter 24-12 of the General Laws entitled "Rhode Island Turnpike and
8 Bridge Authority" is hereby amended by adding thereto the following section:

9 **24-12-37.1. Additional penalties – Toll evaders.** -- (a) Any person who fails or refuses
10 to pay or prepay the required toll, and such violation may be evidenced by video or photograph,
11 shall be required to pay a fine of not less than five hundred dollars (\$500) and shall pay the toll
12 amount due and an administrative fee of six dollars (\$6.00) or may have his or her driver's license
13 suspended for up to six (6) months, or both. A toll evader under this subsection shall receive a
14 traffic violation summons which shall be subject to the jurisdiction of the traffic tribunal. The
15 administrative fee and toll amount due under this subsection shall be remitted to the Rhode Island
16 turnpike and bridge authority.

17 (b) The traffic tribunal shall order a hearing on whether the person's operator's license or
18 privilege to operate a motor vehicle in this state shall be suspended. Upon suspension, the judge
19 shall order the license of the person to be surrendered to the department of administration,
20 division of motor vehicles, within three (3) days.

21 (c) "Toll Evader" means, for the purposes of this section, any person who: (1) Uses any
22 project and fails or refuses to pay the required toll; (2) Does not accept an unpaid toll invoice
23 from the authority upon entering the toll plaza area or uses the project without obtaining an
24 unpaid toll invoice prior to using the project; and (3) Whose actions can be reasonably construed
25 as a deliberate attempt to avoid paying the toll.

26 **24-12-37.2. Driver/registered owner liability.** -- (a) The registered owner of the motor
27 vehicle shall be primarily responsible in all prosecutions brought pursuant to the provisions of
28 sections 24-12-37 and 24-12-37.1.

29 (b) In all prosecutions of nonpayment of toll violations, there is a rebuttable presumption
30 that the registered owner of the vehicle was the operator of the vehicle and may liable for the
31 violation. The registered owner of the vehicle may assume liability for the violation by paying the
32 fine; or by defending the violation.

1 SECTION 3. This act shall take effect upon passage.

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LC02920

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO HIGHWAYS - RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY -
NEWPORT BRIDGE TOLLS

1 This act would increase the fines and fees associated with failing to pay tolls at bridge

2 and turnpike facilities.

3 This act would take effect upon passage.

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LC02920

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2011 -- S 1063 SUBSTITUTE A AS AMENDED

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LC02832/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 2011

AN ACT

RELATING TO HIGHWAYS - RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY -
NEWPORT BRIDGE TOLLS

Introduced By: Senators DiPalma, Lanzi, and Bates

Date Introduced: June 21, 2011

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 24-12-37 of the General Laws in Chapter 24-12 entitled "Rhode
2 Island Turnpike and Bridge Authority" is hereby amended to read as follows:

3 24-12-37. ~~Penalty for nonpayment of toll.~~ **Penalty for nonpayment of toll – Toll**
4 **Violators.** (a) ~~For the first (1st) violation within a calendar year, any~~ Any person who ~~uses any~~
5 ~~project and~~ fails or refuses to pay or prepay the required toll shall be required to pay the toll
6 amount and an administrative fee of six dollars (\$6.00) within thirty (30) days of ~~receiving~~
7 issuance of the notice of violation.

8 (b) Any person who fails to pay the due toll amount and the administrative fee within
9 thirty (30) days of the issuance of the notice of the violation ~~after receiving notice~~ shall be
10 punished by a fine of ~~fifty dollars (\$50.00)~~ eighty-five (\$85.00) and may have his or her drivers
11 license suspended pursuant to section 31-41.1-6 for a period not to exceed thirty (30) days for the
12 violation. ~~and shall pay the toll amount due. Toll evaders shall receive notice of the violation~~
13 ~~from the Rhode Island turnpike and bridge authority by first class mail or by certified mail, return~~
14 ~~receipt requested.~~ Toll violators, who fail to pay the due toll amount and the administrative fee
15 within thirty (30) days of the issuance of the notice of the violation shall receive a traffic violation
16 summons which shall be subject to the jurisdiction of the Traffic Tribunal. The ~~fine and~~ toll
17 amount, and administrative fee due under this subsection shall be remitted to the Rhode Island
18 ~~turnpike~~ Turnpike and ~~bridge~~ Bridge ~~authority~~ Authority.

1 (c) "Toll Violator" means, for the purposes of this section, any person who uses any
2 project and fails to pay the required toll and accepts an Unpaid Toll Invoice from the Authority.

3 ~~(2) For the second (2nd) violation within a calendar year, any person who uses any~~
4 ~~project and fails or refuses to pay or prepay the required toll shall be punished by a fine of one~~
5 ~~hundred dollars (\$100) and shall pay the toll amount due. Toll evasion violators under this~~
6 ~~subsection shall receive a traffic violation summons which shall be subject to the jurisdiction of~~
7 ~~the traffic tribunal. Any violation issued under this subsection shall be paid within thirty (30) days~~
8 ~~of receiving the notice of the violation. The traffic tribunal shall remit the toll amount due to the~~
9 ~~Rhode Island turnpike and bridge authority.~~

10 ~~(3) For the third (3rd) and subsequent violations within a calendar year, any person who~~
11 ~~uses any project and fails or refuses to pay or prepay the required toll or fails to pay in a timely~~
12 ~~manner a fine issued pursuant to subdivision 24-12-37(a)(1) or (a)(2) after having received notice~~
13 ~~thereof, the person shall be subject to a fine of two hundred fifty dollars (\$250) and shall pay the~~
14 ~~toll amount due within thirty (30) days of receiving the notice of violation. Toll evasion violators~~
15 ~~under this subsection shall receive a traffic violation summons which shall be subject to the~~
16 ~~jurisdiction of the traffic tribunal. The traffic tribunal shall remit the toll amount due to the Rhode~~
17 ~~Island turnpike and bridge authority.~~

18 ~~The Rhode Island turnpike and bridge authority shall notify the administrator of the~~
19 ~~division of motor vehicles, who shall place the matter on the record and shall not renew a license~~
20 ~~to operate a motor vehicle or the registration of any vehicle owned by the person, or both, until~~
21 ~~the matter has been disposed of in accordance with applicable law or regulation. If the person is~~
22 ~~found to be a resident of another state or jurisdiction, the administrator of motor vehicles shall~~
23 ~~revoke the violator's right to operate a vehicle in Rhode Island until the matter has been disposed~~
24 ~~of in accordance with applicable law or regulations.~~

25 ~~(4)(2)~~ The authority shall promulgate appropriate rules and regulations to ensure the
26 proper administration of the provisions of this section.

27 ~~(5)(3)~~ For the purposes of this section only, "person" means the registered owner, driver,
28 rentee or lessee of a motor vehicle.

29 ~~(b)(4)~~ It is unlawful for any person or business, other than an authorized representative
30 of the authority: (i) to sell, offer for sale or attempt to sell tokens, tickets, passes or other
31 evidences of payment issued for passage on any project of the authority, including but not limited
32 to, the Claiborne Pell Bridge, if originally issued by the authority pursuant to any program of the
33 authority providing for a reduced rate of toll based upon frequency of use of the project, volume
34 of tokens, passes or other evidences of payment purchased, or method of payment for the toll; or

1 (ii) to sell, offer for sale, or attempt to sell tokens, passes or other evidences of payment issued for
2 passage on any project of the authority, including but not limited to, the Claiborne Pell Bridge for
3 a profit. Any person or business who is found in violation of this subsection shall be punished, for
4 each offense, by a fine of not more than five hundred dollars (\$500).

5 SECTION 2. Chapter 24-12 of the General Laws entitled "Rhode Island Turnpike and
6 Bridge Authority" is hereby amended by adding thereto the following section:

7 24-12-37.1. Additional penalties – Toll evaders. -- (a) Any toll evader who fails or
8 refuses to pay or prepay the required toll, and such violation may be evidenced by video or
9 photograph, shall be required to pay a fine not exceeding five hundred dollars (\$500) and shall
10 pay the toll amount due and an administrative fee of six dollars (\$6.00) or may have his or her
11 driver's license suspended for up to six (6) months for the violation, or both. A toll evader under
12 this subsection shall receive a traffic violation summons which shall be subject to the jurisdiction
13 of the Traffic Tribunal. The administrative fee and toll amount due under this subsection shall be
14 remitted to the Rhode Island Turnpike and Bridge Authority.

15 (b) "Toll Evader" means, for the purposes of this section, any person who: (1) Uses any
16 project and fails or refuses to pay the required toll; (2) Does not accept an unpaid toll invoice
17 from the authority upon entering the toll plaza area or uses the project without obtaining an
18 unpaid toll invoice prior to using the project; and (3) Whose actions can be reasonably construed
19 as a deliberate attempt to avoid paying the toll.

20 24-12-37.2. Driver/registered owner liability. -- (a) The registered owner of the motor
21 vehicle shall be primarily responsible in all prosecutions brought pursuant to the provisions of
22 sections 24-12-37 and 24-12-37.1.

23 (b) In all prosecutions of nonpayment of toll violations, there is a rebuttable presumption
24 that the registered owner of the vehicle was the operator of the vehicle and may liable for the
25 violation. The registered owner of the vehicle may assume liability for the violation by paying the
26 fine; or by defending the violation.

27 SECTION 3. This act shall take effect upon passage.

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LC02832/SUB A

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO HIGHWAYS - RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY -
NEWPORT BRIDGE TOLLS

- 1 This act would increase the fines and fees associated with failing to pay tolls at bridge
- 2 and turnpike facilities.
- 3 This act would take effect upon passage.

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LC02832/SUB A

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