DOH ASSUMPTION OF WV TURNIPIKE

- WV Code §17-16A-18(a) states when the "bonds secured by West Virginia Turnpike toll revenues have been paid … if then in good condition and repair to the satisfaction of the Commissioner of the State Division of Highways, (the Turnpike) shall be transferred to the State Division of Highways and shall thereafter be maintained by the State Division of Highways free of tolls."
- If tolls are terminated, DOH would immediately be faced with maintaining and fully funding one of the most heavily used (and most costly to maintain) sections of interstate in West Virginia.
- Tolls not only provide funds paid directly by the roadway users to maintain the Turnpike, but also free up scarce state transportation dollars to maintain other State roads and bridges. The Interstate System, authorized in 1956, is approaching the end of its useful life and is in need of massive rehabilitation and rebuilding.
- State Road Fund would likely be the only source of revenue available to the DOH to provide funding primarily from gas tax revenues. That source is currently stagnant and in danger of dwindling even further as people drive less and use more fuel-efficient cars. In terms of buying power, the same dollars in that Fund now buy 30% less than they did in 1998. Meanwhile, Federal funds are also dwindling.
- Currently, there are $62,740,000 in revenue bonds outstanding with an annual debt service of $11 million. The bonds are due to be paid off in May 2019.
- Turnpike is operated and maintained by the Parkways Authority with toll revenues paid by the users of the highway. No State tax or general revenue dollars are used in the maintenance or operation of the Turnpike or in paying debt service on Turnpike bonds issued by the Authority.
- Eliminating tolls would require removing the toll facilities, a task that would cost an estimated $20 million.
- Authority currently has independent bonding authority. By eliminating the Authority, the benefits of this bonding ability would go away.
- In 2010, SB 427 was enacted which renamed and reorganized the West Virginia Parkways Authority. This bill gave the Parkways Authority the authorization to construct new toll road projects by issuing bonds secured with toll revenues; however, bonds sold for new toll road construction cannot be used for the West Virginia Turnpike pursuant to §17-16A-10(a) which states that "the Parkways Authority is authorized to provide by resolution for the issuance of parkway revenue bonds of the state for the purpose of paying all or any part of the cost of one or more parkway projects: Provided, That this section shall not be construed as authorizing the issuance of parkways revenue bonds for the purpose of paying the cost of the West Virginia Turnpike…" The aggregate amount of the Turnpike's outstanding principal amount of bonds cannot exceed $200 million.
- If tolls were eliminated after the 2019 bond re-payment, the State would not only lose in excess of $80 million annually in toll revenues now used to operate and maintain the 415 lane miles of interstate highway, 116 bridges, 3 travel plazas and a welcome center (Princeton) operated and maintained by the Parkways Authority.
- Most of the annual toll revenue comes from out-of-state passenger and out-of-state commercial vehicles (approximately 76% of all toll revenue). Without tolls, all operation costs would shift to the taxpayers.
- Turnpike, a $1 billion asset, consists of the following: Roadway - 88 Linear miles of roadway; 415 lane miles of roadway; 116 bridges; 1,711,900 square feet of bridge deck; 99.6 miles of guardrail; 6,248 culverts; 4,070 signs; 900 roadway lights; 80 lighted signs; 595 acres of mowing; 59 impact attenuators – Facilities – 300,000 sq. ft. of facilities; 8 maintenance facilities; 3 travel plazas; 2 rest areas; 4 toll barriers; 4 toll offices; 600 site lights; 20 security systems; 2 water treatment facilities; 2 sewage treatment facilities; 5 roadway weather information stations; 3 radio towers; 5 salt storage buildings; 4 equipment maintenance garages; 1 headquarters administration building; and 3 state police offices.
- The cost to operate and maintain the Turnpike can be broken down into three major areas: Roadway/Facilities Maintenance (routine); Capital Improvement; and Renewal and Replacement. To broaden the scope and magnitude of the cost to maintain the Turnpike, the following more detailed information is provided:
  - Roadway and Facilities Maintenance: Snow removal and ice control; pavement patching; courtesy patrol and emergency patrol response; bridge maintenance; equipment cleaning and maintenance; litter pickup; mowing; travel plaza maintenance; upkeep of the four maintenance areas; equipment repairs and maintenance; toll plaza maintenance; water and wastewater treatment; concrete barrier wall repairs; and,

overhead message boards and closed circuit television camera maintenance. TOTAL ANNUAL COST: Approx. $17 million annually (including payroll for 141± maintenance employees).
    - Capital Improvement: Pavement rehabilitation and preservation, bridge deck replacements and facilities rehabilitation. TOTAL ANNUAL COST: Approx. $22 million annually.
    - Renewal and Replacement: Bridge painting; bridge deck overlays; bridge/facilities retrofit; guardrail replacement; slope reconditioning; culvert repair/replacement; vehicle/equipment replacement; facilities renovation and repair; sign replacement/overlays; roadway lighting; pavement striping and markings; full depth repairs/under sealing of roadways; and, drainage pipe rehabilitation. TOTAL ANNUAL COST: Approx. $11 million annually.
- With additional funds from a toll increase that went into effect in August 2009, there remains a substantial amount of deferred maintenance costs associated with the operation and maintenance of the Turnpike. In 2009, the Authority's Consulting Engineers, HNTB, projected that $335 million was needed to be spent on the Turnpike through 2019, $242 million of which represents the cost of paving. HNTB further concluded that this was the bare minimum essential deferred maintenance and capital needs to ensure the Turnpike could be properly maintained and at the same time its overall condition improved, as needed, over the next 10 years. In 2009, a summary of the Turnpike's infrastructure condition assessment indicated that: 45% of the pavement was in fair to poor condition (1/3 was 20-35 year old concrete); average bridge age was 29 years; the then current condition of deck spalls graded out at level of service "D"; many culverts were original 1950's construction (35% substandard); and, 30% of the guardrail was defective.
- Authority continues to absorb the costs of a 31 member State Police detachment that provides highway and criminal interdiction patrols and protection on the Turnpike, including radio communications and two Public Service Commission officers, at an annual cost of $3.5 million. Those costs would either be paid out of the DOH budget or the State Police Safety budget with the possibility that this operation may be eliminated or decreased significantly.
- 360 full and part-time Parkways employees with positions in toll, maintenance and administration, with State benefits, would be unemployed, thus increasing the drain on already strained unemployment benefits and adversely impacting the related State and county tax base associated with that payroll. Eliminating those jobs also would eliminate the direct and indirect economic benefits to the State, especially southern West Virginia.
- Public Resources Advisory Group (PRAG) Independent Review and Analysis of the Authority prepared for Governor Manchin in February 2007: Cessation of tolls and transfer of the Turnpike operations to the DOH is not financially realistic, absent significant funding increases for surface transportation in WV; while operational consolidation and the potential benefits of economies of scale may produce staffing and resource efficiencies, the annual revenue reduction of approximately $60 million *(now $80 million in 2012)* in tolls would be difficult if not impossible for the State to accommodate, absent a significant increase in the gas tax; the removal of tolls and transfer of operations to DOH now or in the future would present significant funding issues for the ongoing maintenance of Turnpike facilities; the foregone toll revenue associated with the toll cessation equates to an increase of 5.5 cents *(now 7.3 cents in 2012)* per gallon in the gas tax.
- $1.2 million of concession revenues from the three travel plazas (food and fuel sales) are dedicated to subsidizing Tamarack operations. Tamarack employs 140 full and part-time employees, generates $7 million/yr. in gross sales and collects $400,000/yr. in sales taxes. It is uncertain if the Division of Tourism would assume control of Tamarack.
- Turnpikes, by Federal Code, are grandfathered in regarding the prohibition of selling goods/gasoline along the controlled access right of way. By removing tolls, the future of the travel plazas is questionable