November 18, 2011

Mr. Dennis Simpson
Director – Division of Capital Planning
Maryland Transportation Authority
2310 Broening Highway, Suite 125
Baltimore, MD 21224

Re: **ICC T&R Update – Change in Video Toll Rate Structure and Revised Opening Dates**

Dear Mr. Simpson:

Wilbur Smith Associates (WSA) is pleased to submit this letter, including a traffic and revenue update for the Intercounty Connector (ICC) to reflect updated project phasing assumptions, as well as a planned modification to the toll schedule for video toll customers. Recent forecasts used for financial planning and revenue bonds have been based on "Scenario 1", originally shown in our October 2009 traffic and revenue report, and updated several times since then to reflect modifications in toll rates and assumed opening dates.

The current updated forecast is based on the following assumptions about the ICC facility:

- A Phase I opening date of March 1, 2011
- A Phase II opening date (with the exception of Contract E, east of I-95) of January 1, 2012
- An opening date of July 1, 2014 for Contract E, between I-95 and US 1.
- Opening day toll rates of 25 cents per mile during peak periods, 20 cents per mile during off-peak periods, and 10 cents per mile overnight, with a current $3.00 Notice of Toll Due fee added to all video (non-ETC) trips, and a 2-mile minimum rate.
- Elimination of the $3.00 fee on November 1, 2011, to be replaced by a video toll rate that is 150 percent of the ETC rate for all vehicle classes, subject to a minimum of $1.00 above the ETC rate, and a maximum of $15.00 above the ETC rate.

As noted above, our estimates assumed a January 1, 2012 opening date for Phase II (excepting Contract E, east of I-95), some three weeks later than currently planned December 5, 2011 initiation of revenue service. Our estimates did not take into account the approximately two week promotional period preceding December 5 during which no tolls will be collected. Considering these two short term and offsetting factors, we believe our estimates to be accurate.

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Table 1 displays the updated transaction and revenue forecast through Fiscal Year 2021. It should be noted that the forecast for the current fiscal year has not been adjusted to reflect actual transactions and revenue generated since the opening of the facility. Please also refer to the footnotes in Table 1 for several other important details. In particular, multiple milestones will occur during FY 2012 that will impact transactions and revenue, specifically the change to a new video toll rate structure on November 1, 2011, and the opening of Phase 2 on January 1, 2012. These milestones are reflected in the forecast. It should also be noted that the opening date for Contract E has been revised from June 1, 2014, to July 1, 2014, moving this phase of the project out of FY 2014 entirely. As requested, FY 2021 was added to the annual forecast, although modeling was only performed through FY 2020. The additional year was estimated based on growth rates between FY 2020 and FY 2021 in the forecast that was performed in February 2010, which extended through FY 2030.

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Please do not hesitate to contact us with any questions regarding this updated forecast.

Respectfully submitted,

WILBUR SMITH ASSOCIATES

Scott A. Allaire

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Associate

Table 1
Estimated Annual Transactions and Toll Revenue (1)

(thousand)

Fiscal Year		Peak / Off Peak / Overnight Per Mile Toll Rate (6)	ETC Transactions (Trips)	Video Transactions (Trips)	Total Transactions (Trips)	Total Transactions (Trips) With Ramp-Up Factors (7)	ETC Revenue	Video Toll Revenue	Total Toll Revenue	Administration Fee Revenue (3)	Total Revenue	Total Revenue With Ramp-Up Factors (7)	Total Revenue With Assumed Evasion Impacts (8)
2011	(2)	$0.25 / $0.20 / $0.10	2,238	149	2,387	1,265	$3,092	$219	$3,310	$446	$3,757	$1,991	$1,888
2012	(3),(4)	$0.25 / $0.20 / $0.10	16,864	1,697	18,561	11,161	27,590	4,732	32,322	447	32,770	19,667	18,714
2013		$0.25 / $0.20 / $0.10	27,527	2,767	30,294	22,826	46,540	8,612	55,152	0	55,152	41,556	39,557
2014	(5)	$0.26 / $0.21 / $0.105	27,868	2,649	30,516	27,635	49,475	8,082	57,558	0	57,558	52,124	49,764
2015		$0.26 / $0.21 / $0.105	34,890	2,689	37,579	37,216	59,471	9,376	68,847	0	68,847	68,183	65,148
2016		$0.275 / $0.225 / $0.11	35,762	2,531	38,293	38,293	64,440	8,852	73,292	0	73,292	73,292	70,233
2017		$0.275 / $0.225 / $0.11	37,393	2,443	39,836	39,836	67,030	9,173	76,204	0	76,204	76,204	73,028
2018		$0.285 / $0.235 / $0.12	38,451	2,347	40,798	40,798	72,920	8,687	81,607	0	81,607	81,607	78,411
2019		$0.285 / $0.235 / $0.12	40,479	2,263	42,742	42,742	76,367	9,069	85,436	0	85,436	85,436	82,095
2020		$0.30 / $0.25 / $0.125	41,341	2,170	43,512	43,512	82,468	8,527	90,995	0	90,995	90,995	87,640
2021	(9)	$0.30 / $0.25 / $0.125	42,367	2,150	44,538	44,538	84,402	8,727	93,129	0	92,973	92,973	89,571

(1) Toll revenues are shown in future dollars and assume a 2 mile minimum toll. Prior to November 1, 2011, includes a $3.00 video surcharge. Also see note #3
(2) For purposes of this estimate, Phase 1 I-370 to MD 97 / MD 28 was assumed to open to traffic on March 1, 2011. (Actual opening: February 23, 2011; revenue service: March 7, 2011; full revenue service with NOTD: April 6, 2011.)
(3) On November 1, 2011, the $3.00 video surcharge (Notice of Toll Due - shown here as "Administration Fee Revenue") is replaced with a video toll which is 150% of the ETC toll with a maximum of $15 above the ETC toll and a minimum of $1.00 above the the ETC toll.
(4) Phase 2 (interim) MD 97 / MD 28 to I-95 assumed to open to revenue service on January 1, 2012.
(5) Phase 2 (complete) I-95 to U.S. 1 assumed to open to traffic on July 1, 2014.
(6) Per mile toll rates assumed to increase on even-numbered years, beginning in 2014, at an assumed inflation rate of 2.5 percent per year.
(7) Both Phase I and Phase II of the ICC are assumed to have three-year ramp-up periods.
(8) Total revenue is reduced to reflect impacts associated with potential toll evasion.
(9) Estimate based on growth rate between 2020 and 2021 in February 2010 traffic and revenue forecast.