

US-422: USING TOLL REVENUE TO FINANCE HIGHWAY AND TRANSIT CAPITAL IMPROVEMENTS

CLIENT

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Econsult Corporation as part of the team led by Michael Baker, Jr., Inc., (Baker) performed a Level 2 Traffic and Revenue study to estimate the potential revenue that could be generated by tolling US-422 in combination with providing rail service to Reading, PA.

US 422 is a controlled access highway connecting King of Prussia and Pottstown, Pennsylvania. The corridor has experienced significant growth over the last 20 years and the road regularly congests, with delays frequently exceeding 15 minutes in peak periods. Passenger rail service along a parallel route was discontinued in 1980.

The potential revenue from tolling US-422 would be used to finance significant upgrades to the road as well as to finance the re-establishment of commuter rail service between Reading and Philadelphia. The planned capital program is approximately \$1 billion, but federal and state sources will fund only a fraction of the expenditure.

Econsult examined the schedule and amount of expenditures necessary to construct and operate the planned capital improvements. We also examined the amount and timing of previously committed capital funds as well as projected toll revenue that could be used to finance capital improvements through bond issues and direct payments to the construction fund.

Our analysis examined whether there would be enough revenue to finance the planned capital program at the planned pace. We examined several alternatives, investigating the impact of changes in several variables under the sponsor's control, such as the toll rates and the construction phasing, as well as market variables, such as interest rates and construction costs.