



S I G N S O F P R O G R E S S

NTTA

NORTH TEXAS TOLLWAY AUTHORITY

S I G N S O F P R O G R E S S

There has never been a time of greater opportunity — or achievement — for the North Texas Tollway Authority. The four-county area we serve is one of the fastest-growing areas in the United States, both in

population and economy. Between 1995 and 1998, more than 285,000 people and 256,000 new jobs were added to the region, which includes Collin, Dallas, Denton and Tarrant counties.



*North Texas Tollway Authority 1999 Board of Directors--
back row, from left: Kirk Wilson; Donna R. Parker, Vice Chairman;
Donald D. Dillard; David D. Blair Jr.; on stairs, from bottom:
Kay Walls; Leahwray S. Wroten; Jere W. Thompson Jr., Chairman.*

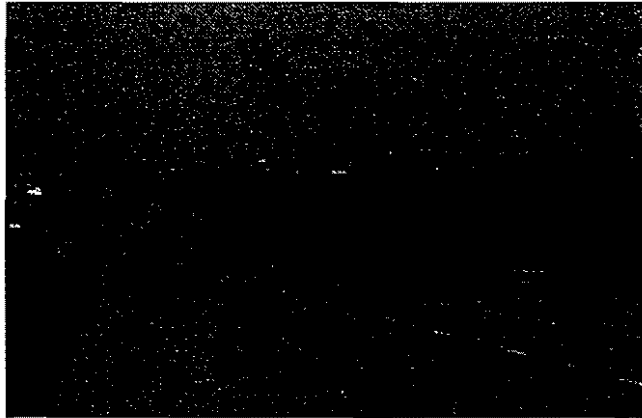
Many corporate headquarters have relocated to the area, and construction is booming. ▶ With growth comes traffic. Efficient transportation and mobility are essential, yet according to the Texas Department of Transportation, only 40% of Texas'

transportation needs can be met with current state funds. Relieving this congestion, preserving mobility and driving economic growth in the region are at the heart of the NTTA's efforts. ▶ The activities of the NTTA

mirror the region's exciting progress, as projects that began planning as long as 20 years ago are now being realized in the openings of the Addison Airport Toll Tunnel and the

President George Bush Turnpike. With new initiatives in all of the counties we serve, the NTTA is fulfilling its mission: *to improve the quality of life, mobility and the regional economy of North Texas by providing fiscally sound toll facilities.*

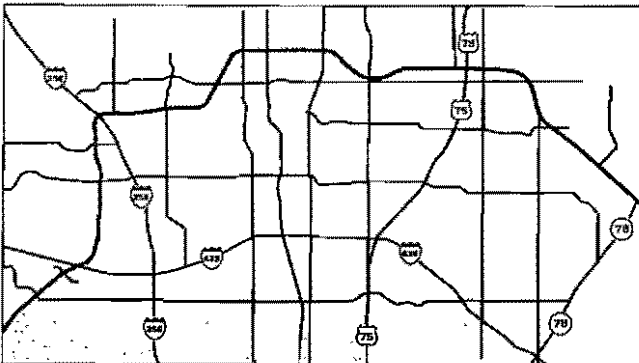
The information included in this report is not intended to present a comprehensive analysis of the Authority and its operations. It should not be used as a basis for making a financial decision with regard to the Authority or any of its securities or other obligations. For more complete information on the Authority and its obligations, please refer to the Authority's Annual Financial Report, the official statements relating to the Authority's bonds, and the annual and material event disclosures filed by the Authority with the nationally recognized municipal securities information repositories and the State Information Depository pursuant to Rule 15c2-12 of the Securities and Exchange Commission. The information in this report and each of the documents referred to speaks only as of its date. Copies of the documents referred to above or elsewhere in this report may be obtained from Ms. Susan Busa, Treasurer, 3015 Raleigh Street, Dallas, Texas 75219.



President George Bush Turnpike

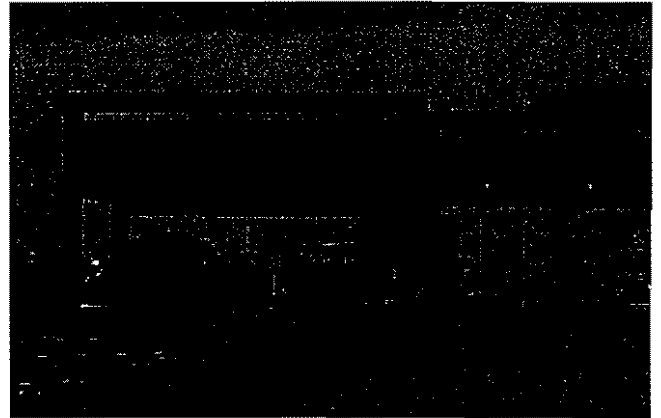


The President George Bush Turnpike (PGBT) is a planned 30-mile tollway that will extend from SH-78 in Garland to Belt Line in Irving. It will pass through seven cities and three counties upon completion in its presently approved alignment. At the present time, all construction contracts have been awarded for those portions from Midway to Campbell. The remaining construction contracts are anticipated to be awarded and completed according to the schedule below:



Construction Schedule

Limits	Award	Completion
Midway to Preston	2/97	12/98
Preston to Coit	11/97	7/99
Coit to US-75	5/98	12/99
US-75 to Campbell	10/98	12/99
Campbell to SH-78	3/99	4/2000
IH-35 Interchange	10/98	6/2001 (PGBT access)
Dickerson to Josey	5/99	6/2001
Josey to Frankford	4/99	6/2001
Frankford to Midway	3/99	12/2000
IH-35 to 635	2001	7/2004
635 to Belt Line	1/2000	7/2002



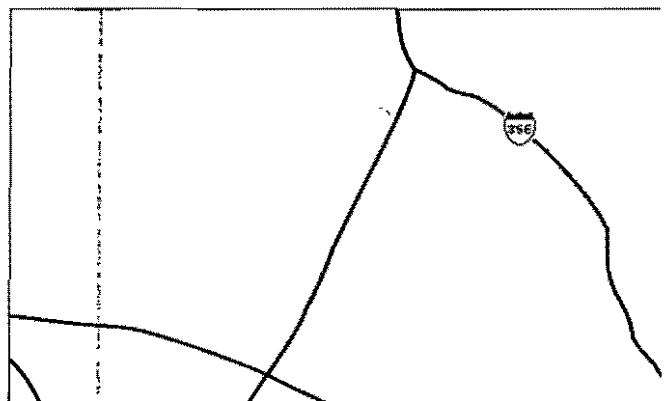
Addison Airport Toll Tunnel



The Addison Airport Toll Tunnel (AATT) is a 3,700-foot project that connects Keller Springs from Midway, beneath the Addison Airport, to the DNT. The actual tunnel is approximately 1,600 feet in length. Total project cost is estimated at over \$20 million upon completion.

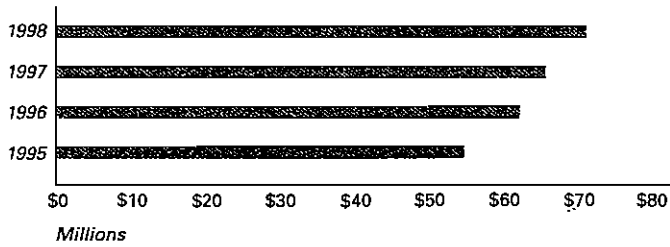
Southwest Parkway

The Southwest Parkway is a 10-mile route that will connect to IH-30 at the southwest edge of downtown Fort Worth and proceed in a southwesterly direction to an intersection at Alta Mesa. This is a cooperative project with the City of Fort Worth and TxDOT. TxDOT plans to assist in the design and construction of interchanges at IH-30 and IH-20. In addition, TxDOT plans to extend the Southwest Parkway to FM-1187 in Johnson County. The initial feasibility study for this project is complete. The environmental process is under way and is estimated to be completed by the end of 1999. Final design and right-of-way acquisition are expected to take approximately two years, with construction expected to be completed late in 2004.



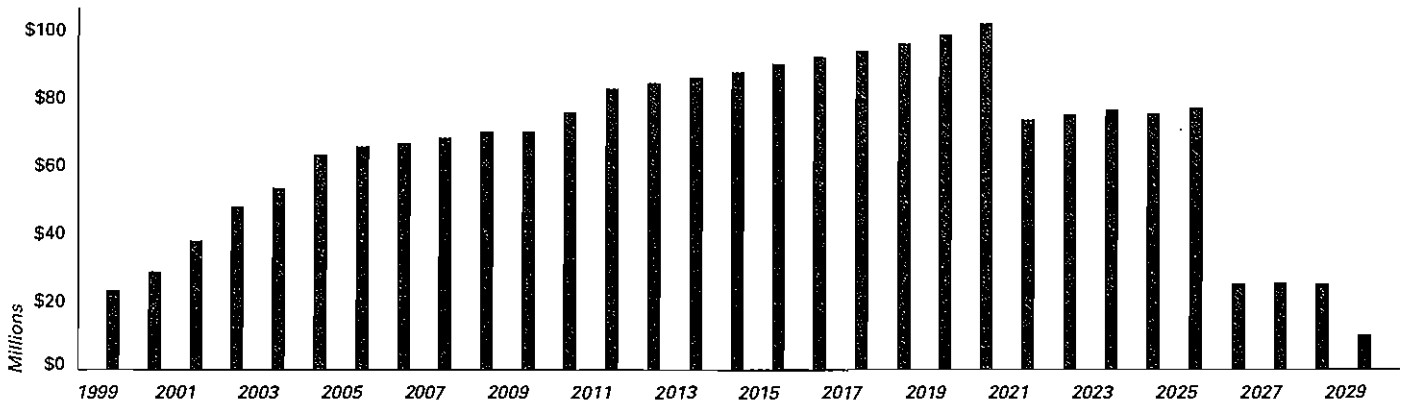
NTTA Revenues

1998 NTTA revenues exceeded \$71 million, an increase of approximately 7% over the prior year. This continues a trend from the past several years.



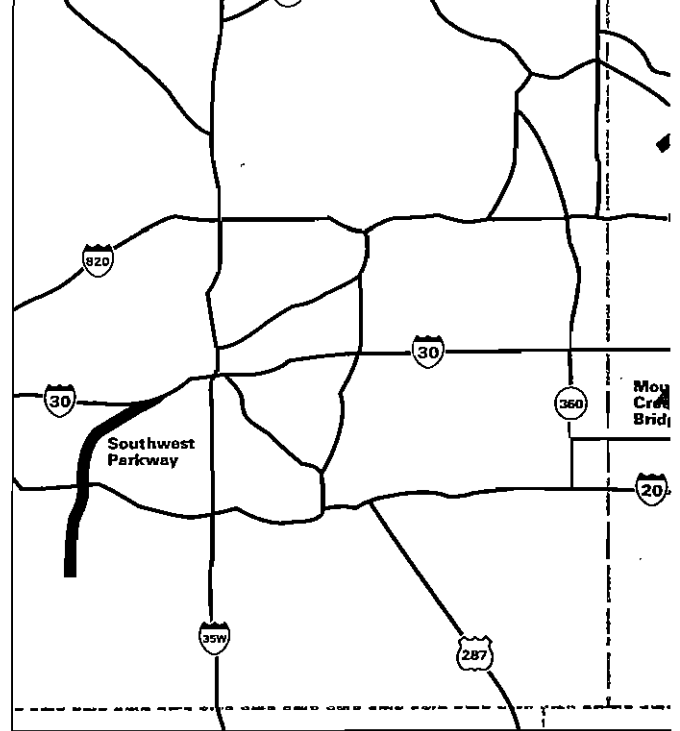
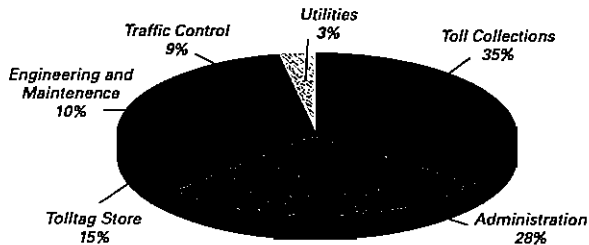
Debt Service

The current outstanding debt of over \$1 billion includes funding for construction of Segments I through V of the PGBT, which will be completed and opened to traffic over the next five years. As the graph shows, annual debt service (net of capitalized interest) increases from \$23.6 million in 1999 to a maximum of \$100 million in 2020. Additional debt may be issued to fund expansion of the NTTA system or new projects as described elsewhere in this report.



NTTA Expenditures

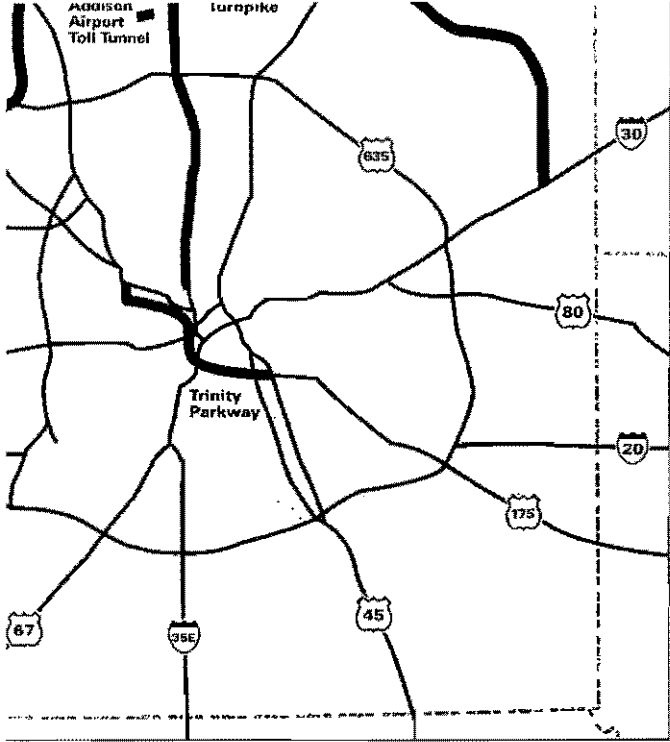
1998 NTTA expenditures totaled \$12 million, an increase of 7% over 1997 expenditures. Of these expenditures, administrative costs accounted for 28%, toll collection 35%, engineering and maintenance 10%, utilities 3%, traffic control 9% and Tolltag store operations 15%.



■ Existing toll roads ■ Study under way

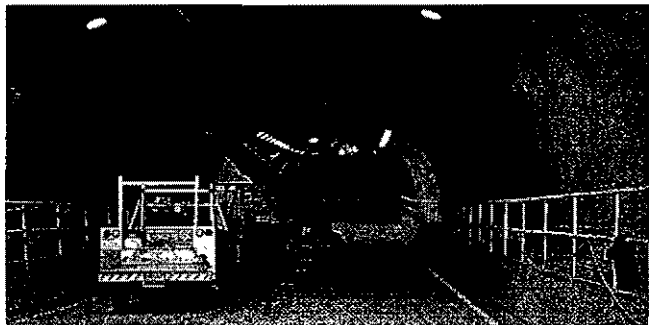
Other Information

- ▶ NTTA processed over 127 million vehicle transactions in 1998.
- ▶ DPS troopers aided over 80,000 motorists through personal contacts.
- ▶ Almost 60,000 Tolltag transponders were issued.
- ▶ NTTA Lane Runner program collected over \$125,000 through December 1998.



■ Future DNT extension

■ Study complete



The Addison Airport Toll Tunnel is Texas' only underground toll road.

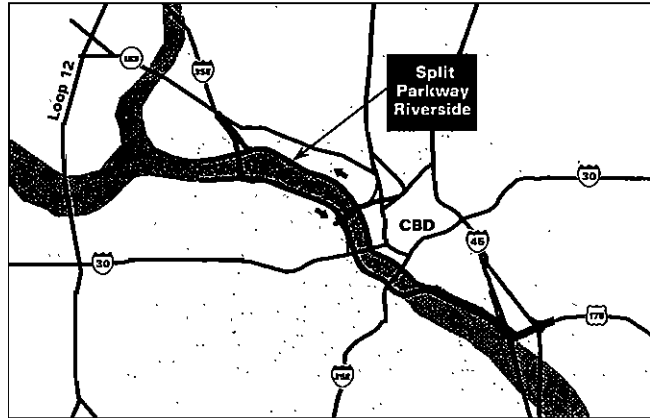
MILESTONES IN THE HISTORY OF THE TTA/NTTA

- 1953** June 9, Turnpike Act signed into law.
- 1957** Aug. 27, DFW Turnpike opened to traffic.
- 1968** June 30, Original 9.8 miles of Dallas North Tollway opened to traffic.
- 1978** Jan. 1, DFW Turnpike becomes toll-free and property of State Department of Highways and Public Transportation.
- 1979** April 30, Mountain Creek Lake Bridge opened to traffic.
- 1982** May 6, Houston Ship Channel Bridge opened to traffic.
- 1987** July, 5.3-mile extension of Dallas North Tollway opened to Briar Grove.
- 1989** July, Tolltag system introduced to Dallas North Tollway customers, a world-first.
- 1994** April to December, 6.8-mile extension of Dallas North Tollway to State Highway 121 in Plano opened to traffic.
- 1994** May 6, Houston Ship Channel Bridge transferred to Harris County Tollroad Authority.
- 1994** June, Texas Turnpike Authority accepts President George Bush Turnpike as a project.
- 1997** Sept. 1, Texas Turnpike Authority becomes North Texas Tollway Authority.
- 1998** Dec. 4, President George Bush Turnpike opened from Midway to Preston.
- 1999** Feb. 17, Addison Airport Toll Tunnel opened to traffic.

PROSPECTS FOR 1999

- ▶ Award contracts for the construction of PGBT from Midway to IH-35 and Campbell to SH-78.
- ▶ Complete PGBT from Preston to Coit in July.
- ▶ Complete PGBT from Coit to Campbell by year's end.
- ▶ Complete design of PGBT from IH-635 to Belt Line.
- ▶ Open Addison Airport Toll Tunnel to traffic in February.
- ▶ Expedite the construction schedule for DNT screen walls.
- ▶ Award DNT resurfacing contract from Northwest Highway to Royal.
- ▶ Review and update NTTA policies: Purchasing/Procurement; Sound Mitigation; Right-of-Way.

- ▶ Implement New Project/Debt Management policy.
- ▶ Complete five-year Strategic Plan.
- ▶ Complete five-year Capital Improvements Plan.
- ▶ Fill key staff positions, including seconds-in-command.
- ▶ Implement Mobility Enhancement projects: Northwest Highway ramp improvements; Expand Tolltag use on the system; Implement toll increase; Initiate design for express Tolltag lanes.
- ▶ Improve communications with Tolltag customers.
- ▶ Implement beginning phase of Strategic ITS and Traffic Management Plan.
- ▶ Implement restructured employee performance/evaluation review.



Dallas North Tollway



The Dallas North Tollway (DNT) is the heart of the DNT System, a 21-mile, six-lane, main street of the Metroplex from downtown Dallas to cities in northern Dallas and southern

Collin and Denton counties, passing through or along the cities of Dallas, Highland Park, University Park, Addison, Farmer's Branch and Plano. Collin County and the City of Frisco have acquired right-of-way for a 10-mile corridor, 300 feet wide, on which to construct the future Dallas North Tollway Phase 3 and its parallel service roads. Collin County and Frisco have already built roads which could become service roads to a future Phase 3 extension. When traffic levels make it feasible, bonds will be sold to finance the tollway lanes of the extension 10 miles northward from the end of the current Dallas North Tollway at SH-121 to US-380. The Authority is already studying the feasibility of constructing an overpass over SH-121. Collin County and Frisco would be reimbursed for the service roads they have financed and constructed.

Trinity Parkway

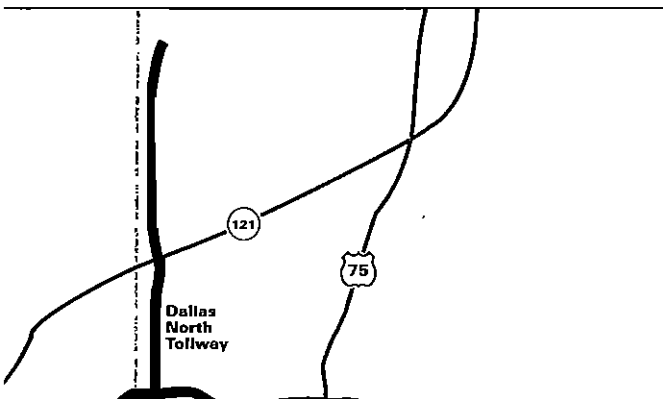
The Trinity Parkway is a proposed 10-mile toll connector that borders the southern edge of downtown Dallas and will connect SH-183 to IH-45/US-175. The project is envisioned as a reliever route and will permit subsequent improvement by TxDOT of the congested IH-30/Mixmaster area. The Trinity Parkway will include directional connectors on both of the Trinity levees. The City of Dallas plans significant park and floodway improvements within the levees that will coordinate with and complement the Trinity Parkway roadway improvements. Environmental studies on the Trinity Parkway will begin in 1999, with completion of those studies expected by the end of 2000. Design and acquisition of right-of-way should be complete by 2003, with construction planned for completion by the end of 2006.

Mountain Creek Lake Bridge



Mountain Creek Lake Bridge (MCLB) in southwestern Dallas County extends two and one-half miles from the intersection of Spur 303 and Southeast 14th Street in Grand Prairie

on the west side of the lake, eastward across the lake to the intersection of Spur 303 and Mountain Creek Parkway in Dallas. It provides motorists with a direct east-west crossing between the Oak Cliff section of Dallas and Grand Prairie. The bridge design allows for a 34-foot-wide roadway for two 12-foot-wide traffic lanes and room for passing a stalled vehicle. The bridge structure is 7,425 feet long and provides a 10-foot clearance above the lake surface. The project also includes approaches, interchanges, a toll plaza, an operations/utility building, a maintenance facility and a parking lot.



1 9 9 8 N T T A A C C O M P L I S H M E N T S

Construction Contracts

During 1998, NTTA awarded a number of contracts for construction of new portions of the Dallas North Tollway (DNT) system and several significant maintenance contracts. These construction activities include:

- ▶ Awarded contract to construct 48 prefabricated toll booths for PGBT: \$2,080,000.
- ▶ Awarded contract to construct the toll plaza for Addison Airport Toll Tunnel: \$1,059,000.
- ▶ Awarded contract for the construction of PGBT ramp toll plazas between Midway and Preston: \$1,539,600.
- ▶ Awarded contract for the construction of DNT screening walls between University and Meaders: \$1,957,000.
- ▶ Awarded supplement to contract to expedite the construction of a box culvert on PGBT: \$699,000.
- ▶ Awarded contract for the construction of PGBT Barrier Plaza 7 (west of Coit): \$10,185,000.
- ▶ Awarded contract for the construction of PGBT between US-75 and Shiloh: \$19,439,000.
- ▶ Awarded supplement to contract to provide fiber optics communication in the Addison Airport Toll Tunnel: \$483,000.
- ▶ Awarded contract for construction of PGBT between Shiloh and Campbell: \$16,332,000.
- ▶ Awarded reimbursement to City of Dallas for relocation of utilities for PGBT: \$299,000.
- ▶ Awarded contract for the construction of PGBT Barrier Plaza 6 (west of Shiloh): \$7,724,000.
- ▶ Awarded contract for the pavement repair and overlay of DNT from Beverly to Lemmon.
- ▶ Awarded contract for the development of a strategic Intelligent Transportation System (ITS) Plan and Traffic Management System.
- ▶ Completed contracts for White Rock Creek Bridge, Preston Road Bridge and Hillcrest/Ohio/Mapleshade for three bridges on PGBT. White Rock Creek and Hillcrest/Ohio/Mapleshade are substantially complete and open to traffic.

Design and Consulting Contracts.

The NTTA has also been active in designing new projects and improvements to the DNT system. These contracts and studies include:

- ▶ Awarded contracts for the DNT "Bottleneck" Study to Kimley Horn: \$223,000, and Wilbur Smith & Associates: \$200,000.
- ▶ Awarded contract to study feasibility of construction of the Phase III portion of DNT northerly extension through SH-121: \$145,000.
- ▶ Awarded supplement to contract to conduct an engineering study of the extension of DNT from SH-380 north through Grayson County: \$225,000.
- ▶ Authorized supplemental agreement to design the preliminary layout of DNT main lane bridge structures crossing over SH-121.
- ▶ Awarded contract for surveying of the Southwest Parkway: \$1,800,000.

- ▶ Authorized contract for design of the Administration/Maintenance facilities: \$330,000.
- ▶ Authorized contract for integration of video and data toll collection and management system.
- ▶ Initiated preliminary financial feasibility study for construction of SH-161 from SH-183 to IH-20 as a toll facility.

Cooperation with State and Area Organizations

The NTTA has also been active in partnering on mobility projects with state and area governmental entities. These agreements and studies include:

- ▶ Approved an Advance Funding Agreement with the Texas Department of Transportation (TxDOT) for NTTA's portion of the construction costs of the PGBT/IH-35E interchange: \$18,330,000.
- ▶ Approved an interlocal agreement with TxDOT regarding construction of the PGBT/IH-635 interchange by TxDOT: \$25,000,000.
- ▶ Approved a three-party agreement with the City of Fort Worth and TxDOT regarding the process for continuing development of the Southwest Parkway.
- ▶ Approved a three-party agreement with the City of Dallas and TxDOT regarding the process for continuing development of the Trinity Parkway and allocating responsibilities and participation of all parties.
- ▶ Approved interlocal agreements on construction reimbursement and maintenance provisions with the cities of Garland, Plano, Richardson and Carrollton.
- ▶ Approved a cooperative study with Collin and Grayson counties to evaluate potential corridors for the extension of the DNT.
- ▶ Signed Memorandum of Understanding with Dallas/Fort Worth Airport and Central Dallas Business District examining feasibility of implementing a regional Tolltag® system.
- ▶ Negotiated and purchased five right-of-way parcels along the DNT and eight parcels along the PGBT.
- ▶ Negotiated a three-party design modification for PGBT neighborhood enhancement at Ohio and Mapleshade.

Other Accomplishments for 1998 Include:

- ▶ Received a bond rating upgrade from Standard & Poor's from A- to A. In addition, NTTA's bond rating outlook was improved from "Stable" to "Positive" by Moody's.
- ▶ Sale of \$100.7 million in bonds to finance the design and construction of PGBT Segment V through the City of Irving.
- ▶ Organized and led a strategic partnering session including the Federal Highway Administration, Texas Department of Transportation, Dallas Regional Mobility Coalition, and NTTA design consultants to establish project review processes and scheduling.
- ▶ Selected new NTTA logo and awarded contract to develop and implement a public relations and marketing plan for the NTTA.



3015 Raleigh Street • P.O. Box 190369 • Dallas, Texas 75219 • www.ntta.dst.tx.us

**NORTH TEXAS TOLLWAY AUTHORITY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 1998**

**DALLAS NORTH TOLLWAY SYSTEMS
MOUNTAIN CREEK LAKE BRIDGE
TRANSITION AND FEASIBILITY FUNDS**

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Financial Statements And Supplementary Data

December 31, 1998

(With Independent Auditors' Report Thereon)



200 Crescent Court
Suite 300
Dallas, TX 75201-1885

Independent Auditors' Report

Board of Directors
North Texas Tollway Authority:

We have audited the special-purpose statement of assets and liabilities of the North Texas Tollway Authority (the Authority) Dallas North Tollway System (Tollway) as of December 31, 1998, and the related special-purpose statements of revenues and expenses and changes in fund equity for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purposes of complying with the provisions of the Trust Agreement, as supplemented, for the Dallas North Tollway System revenue bonds, dated July 1, 1989, as interpreted by the Authority and described in note 1 and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of the North Texas Tollway Authority Dallas North Tollway System as of December 31, 1998 and its revenues and expenses and the changes in its fund equity for the year then ended, on the basis of accounting described in note 1.

Our audit for the year ended December 31, 1998 was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 8 for the year ended December 31, 1998 is presented for purposes of additional analysis and continuing disclosure and is not a required part of the basic financial statements. Such information, except for that portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



As described in note 2 to the special-purpose financial statements, the North Texas Tollway Authority Dallas North Tollway System adopted the provisions of Government Accounting Standards Board Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*," in 1998.

The year 2000 supplementary information on page 23 is not a required part of the special-purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the Authority is or will become year 2000 compliant, that the Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Authority does business are or will become year 2000 compliant.

We have also previously audited, in accordance with the basis of accounting practices set forth in the provisions of the Trust Agreement for the Dallas North Tollway System revenue bonds, as interpreted by the Authority, the balance sheets of the North Texas Tollway Authority Dallas North Tollway System as of December 31, 1989 through December 31, 1997, and the related statements of revenues and expenses and changes in fund equity for the years then ended (none of which is presented herein), and we expressed unqualified opinions on those financial statements, on the basis of accounting described above. The supplementary information included in Schedules 1 through 8 related to the North Texas Tollway Authority Dallas North Tollway System's 1989 through 1998 financial statements was subjected to auditing procedures applied in the audits of those basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

This report is intended solely for the information and use of the Board of Directors, management of the Authority, and trustees of the bonds and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 19, 1999

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Statement of Assets and Liabilities

December 31, 1998

Assets	Total	Construction and Property Fund	Revenue fund
Cash (note 2)	\$ 5,481,457	520,430	1,636,060
Investments (note 2)	715,940,440	542,798,832	3,390,210
Accrued interest receivable	14,158,779	12,290,309	9,531
Interfund receivables	12,152,295	—	—
Interproject Receivables	544,605	7,803	—
Accounts receivable	2,038,804	1,913,736	1,697
Inventory, at average cost	5,013,727	—	—
Prepaid expenses	81,243	—	—
Deferred amount on refunding (note 5)	35,448,174	35,448,174	—
Capitalized cost of Dallas North Tollway System (note 3)	583,090,740	583,090,740	—
	<u>\$ 1,373,950,264</u>	<u>1,176,070,024</u>	<u>5,037,498</u>
Liabilities			
Vouchers payable	\$ 745,354	—	—
Accounts payable	7,362,475	5,360,703	—
Retained from contractors	5,590,014	5,568,364	—
Interfund payables	12,152,295	11,686,521	465,774
Accrued liabilities (notes 4, 7 and 10)	734,852	16,245	—
Accrued interest payable	18,611,050	—	—
Accrued arbitrage rebate payable (note 5)	939,669	799,416	—
Deferred revenue	4,214,775	—	4,198,883
Tolltag deposits	372,841	—	372,841
Texas Department of Transportation loan payable (note 5)	4,600,000	4,600,000	—
Texas Department of Transportation ISTEAL loan payable (note 5)	115,000,000	115,000,000	—
Dallas North Tollway System revenue bonds payable (note 5)	940,701,711	940,701,711	—
Texas Department of Transportation Senate Bill 370 Payable (note 10)	5,034,742	—	—
	<u>1,116,059,778</u>	<u>1,083,732,960</u>	<u>5,037,498</u>
Fund Equity			
Contributed capital	6,115,432	6,115,432	—
Retained earnings	251,775,057	86,221,632	—
Total fund equity	<u>257,890,489</u>	<u>92,337,064</u>	<u>—</u>
Commitments and contingencies (notes 6, 7, 8, 9, 10 and 11)	<u>\$ 1,373,950,267</u>	<u>1,176,070,024</u>	<u>5,037,498</u>

See accompanying notes to financial statements.

Exhibit A

Operation and maintenance fund	Reserve maintenance fund	Capital improvement fund	Debt Service Funds		
			Bond interest account	Reserve account	Redemption account
3,324,967	—	—	—	—	—
358,181	6,750,921	86,346,249	7,087,282	62,205,451	7,003,314
6,987	8,050	572,144	15,687	1,241,726	14,346
—	—	465,775	11,686,521	—	—
—	—	536,802	—	—	—
116,690	6,682	—	—	—	—
5,013,727	—	—	—	—	—
81,243	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>8,901,795</u>	<u>6,765,653</u>	<u>87,920,970</u>	<u>18,789,490</u>	<u>63,447,177</u>	<u>7,017,660</u>
745,354	—	—	—	—	—
307,007	52,582	337,840	—	1,304,343	—
—	—	21,650	—	—	—
718,607	—	—	—	—	—
—	—	—	18,611,050	—	—
—	—	—	—	140,253	—
15,892	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	5,034,742	—	—	—
<u>1,786,860</u>	<u>52,582</u>	<u>5,394,232</u>	<u>18,611,050</u>	<u>1,444,596</u>	<u>—</u>
7,114,935	6,713,071	82,526,738	178,440	62,002,581	7,017,660
<u>7,114,935</u>	<u>6,713,071</u>	<u>82,526,738</u>	<u>178,440</u>	<u>62,002,581</u>	<u>7,017,660</u>
<u>8,901,795</u>	<u>6,765,653</u>	<u>87,920,970</u>	<u>18,789,490</u>	<u>63,447,177</u>	<u>7,017,660</u>

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**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Statement of Revenues and Expenses

For the year ended December 31, 1998

Revenues:	
Toll revenues	\$ 57,253,744
Interest revenue	8,726,550
Tolltag store revenue	5,197,365
Other revenue	188,697
Gross revenues	<u>71,366,356</u>
Operating expenses:	
Administration:	
General administration	1,507,633
Accounting	167,641
Data processing	140,842
Insurance	1,332,620
Vault	260,047
Audit	73,764
Safety and security	317,799
	<u>3,800,346</u>
Operations:	
Toll collection	4,006,613
Engineering and maintenance	1,179,054
Utilities	405,487
Traffic control	1,139,929
Tolltag store	1,805,869
	<u>8,536,952</u>
Total operating expenses	<u>12,337,298</u>
Net revenues available for debt service (note 5)	<u>59,029,058</u>
Net increase (decrease) in the fair value of investments	<u>1,165,390</u>
Interest on bonded debt:	
Bond interest, net of \$22,552,604 capitalized	16,799,552
Bond discount amortized	1,257,991
Interest accretion	2,110,819
Amortization of deferred amount on refunding (note 5)	1,442,041
	<u>21,610,403</u>
Reserve Maintenance Fund expenses	886,901
Capital Improvement Fund expenses	1,498,400
	<u>2,385,301</u>
Construction fund earnings, net of transfers to the Bond Interest Account	4,982,748
Net revenues	<u>\$ 41,181,492</u>

See accompanying notes to financial statements.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Statement of Changes in Fund Equity

December 31, 1998

	Total	Construction and Property Fund	Revenue fund
Fund equity at beginning of year	\$ 221,757,517	88,515,626	—
Restatement	556,763	160,132	—
Fund equity restated	222,314,280	88,675,758	—
Gross revenues	98,901,708	27,796,312	62,899,590
Net increase (decrease) in the fair value of investments	1,165,390	949,976	—
Operating expenses	(12,337,298)	—	—
Bond interest expense	(40,610,147)	(1,257,987)	—
Amortization of deferred amount on refunding (note 5)	(1,442,041)	(1,442,041)	—
Reserve Maintenance Fund expenses	(886,901)	—	—
Capital Improvement Fund expenses	(1,498,400)	—	—
Interest accretion of 1995 bonds	(2,110,819)	—	—
Transfer of capitalized interest on construction fund investments	—	(22,552,606)	—
Net revenues	41,181,492	3,493,654	62,899,590
Interfund transactions:			
Distribution from revenue fund	—	—	(71,561,865)
Transfer from construction fund	(1,858)	(3,737,597)	—
Transfer to revenue fund	(397,327)	—	—
Transfer from bond redemption	—	—	—
Transfer of excess money from other	—	—	8,662,275
Capitalized costs transferred to construction and property fund	(8,337,739)	3,443,175	—
Revenue bonds retired	8,735,000	8,735,000	—
Transfer of interest accretion on 1995 bonds	—	(2,110,821)	—
Transfer of capital accounts	—	—	—
Transfer to escrow agent	(15,711,740)	(16,205,348)	—
Transfer to bond interest fund	62,343	—	—
Revenue bond refunded - 89, 90	12,535,000	12,535,000	—
Capitalization of investment earnings in excess of capitalized interest and amortization of bond discount and deferred amount on refunding	(2,282,718)	(2,282,718)	—
Cost of equipment retired	(209,039)	(209,039)	—
Transfer to feasibility study fund	—	—	—
Equity realized from sale or trade-in of equipment	2,795	—	—
Net changes during the year	35,576,209	3,661,306	—
Fund equity at end of year	\$ 257,890,489	92,337,064	—

See accompanying notes to financial statements.

Exhibit C

Operation and maintenance fund	Reserve maintenance fund	Capital improvement fund	Debt Service Funds		
			Bond interest account	Reserve account	Redemption account
5,485,864	7,232,518	48,430,692	1,791,349	63,280,838	7,020,630
—	(1,980)	89,067	—	309,544	—
5,485,864	7,230,538	48,519,759	1,791,349	63,590,382	7,020,630
110,078	395,502	3,529,107	463,885	3,426,474	280,760
—	11,625	188,636	—	15,153	—
(12,337,298)	—	—	—	—	—
—	—	—	(39,352,160)	—	—
—	—	—	—	—	—
—	(886,901)	—	—	—	—
—	—	(1,498,400)	—	—	—
—	—	—	(2,110,819)	—	—
—	—	—	22,552,606	—	—
(12,227,220)	(479,774)	2,219,343	(18,446,488)	3,441,627	280,760
12,301,336	1,493,100	35,357,567	11,901,369	—	10,508,493
—	—	(105,323)	8,870,490	(5,029,428)	—
—	(397,327)	—	—	—	—
—	—	—	—	—	—
—	—	—	(6,542,709)	—	(2,119,566)
1,554,955	(1,136,261)	(3,464,608)	—	—	(8,735,000)
—	—	—	—	—	—
—	—	—	2,110,821	—	—
—	—	—	—	—	—
—	—	—	493,608	—	—
—	—	—	—	—	62,343
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	2,795	—	—	—	—
1,629,071	(517,467)	34,006,979	(1,612,909)	(1,587,801)	(2,970)
7,114,935	6,713,071	82,526,738	178,440	62,002,581	7,017,660

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Notes to Financial Statements

December 31, 1998

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

In June 1997, the Texas Legislature approved a bill to create the North Texas Tollway Authority, a regional tollway authority under Chapter 366, Transportation Code. Effective September 1, 1997, the North Texas Tollway Authority (the Authority) became the successor agency to the Texas Turnpike Authority and succeeded to all assets, rights, liabilities, and other property of the Texas Turnpike Authority located in Collin, Dallas, Denton or Tarrant County. The Authority also assumed and became liable for all duties and obligations related to the Texas Turnpike Authority at that time.

The Authority is a political subdivision of the State of Texas, authorized and empowered by the Regional Tollway Authority Act (Act) to construct, maintain, repair and operate turnpike projects at such locations within Collin, Dallas, Denton or Tarrant Counties, as may be determined by the Authority. The Authority is further authorized to issue turnpike revenue bonds, payable solely from tolls and other revenue of the Authority, for the purpose of paying all or any part of the cost of a turnpike project. Under the provisions of the Act, these revenue bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of Texas or of any other political subdivision thereof.

The Dallas North Tollway System is a turnpike project of the Authority and consists of the Dallas North Tollway, the Addison Airport Tunnel, and the President George Bush Turnpike. The Authority also operates Mountain Creek Lake Bridge, which is a separate turnpike project, and for which separate individual financial statements are prepared in accordance with the trust agreement. In addition, separate financial statements are prepared to present the accounts of the Dallas-Fort Worth Turnpike Transition Trust Fund, the Feasibility Study Fund and the Equipment Account.

(b) Accounting Policies

The accounts of the Dallas North Tollway System (Tollway) are maintained in accordance with the practices set forth in the provisions of the Trust Agreement for the Dallas North Tollway System Revenue Bonds, as interpreted by the Authority. These practices are similar to generally accepted accounting principles for an enterprise fund on an accrual basis except that depreciation and amortization of the Tollway and related acquisition and revenue bond issuance costs are not

**NORTH TEXAS TOLLWAY AUTHORITY
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included as an operating expense or otherwise provided, and interest accrued for certain periods after official completion on certain of the Tollway's bond issues is capitalized as allowed by the Trust Agreement and bond resolution, rather than being reflected as an expense. Otherwise, revenues are recognized when they are earned, expenses are recognized in the period in which they are incurred, and all assets and liabilities associated with the operation of the Dallas North Tollway System are included in the balance sheet in accordance with the Trust Agreement as described above.

The assets of the Tollway are stated at cost which includes interest paid prior to, during and one year subsequent to construction, less retired assets and income earned from investments, in accordance with the terms of the Trust Agreement.

The various funds which are required by the Trust Agreement are grouped as follows in the financial statements:

- Construction and Property Fund - The Construction and Property Fund was created to account for that portion of the proceeds from the sale of the Dallas North Tollway System Revenue Bonds which were required to be deposited with the trustee in order to pay all costs of construction. There also may be deposited in the Construction and Property Fund any monies received from any other source for paying the cost of the Tollway.
- Revenue Fund - The Revenue Fund was created to account for all revenues (all tolls, other revenues and income) arising or derived by the Authority from the operation and ownership of the Tollway. All revenues of this fund are distributed to other funds in accordance with the Trust Agreement.
- Operation and Maintenance Fund - The Operation and Maintenance Fund was created to account for and pay current operating expenses of the Tollway.
- Reserve Maintenance Fund - The Reserve Maintenance Fund was created to account for those expenses of maintaining the Tollway which do not recur on an annual or shorter basis. As defined in the Trust Agreement such items include repairs, painting, renewals and replacements necessary for safe or efficient operation of the Tollway or to prevent loss of revenues, engineering expenses relating to the functions of the Authority, equipment, maintenance expenses and operating expenses not occurring at annual or shorter periods.

**NORTH TEXAS TOLLWAY AUTHORITY
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- **Capital Improvement Fund** - The Capital Improvement Fund was created to account for the cost of repairs, enlargements, extensions, resurfacing, additions, renewals, improvements, reconstruction and replacements, capital expenditures, engineering and other expenses relating to the powers or functions of the Authority in connection with the Tollway, or for any other purpose now or hereafter authorized by law.
- **Bond Interest Account** - The Bond Interest Account was created to account for the payment of the semiannual interest requirements of the revenue bonds.
- **Reserve Account** - The Reserve Account was created for the purpose of paying interest on and principal of the bonds whenever and to the extent that the monies held for the credit of the Bond Interest Account and the Redemption Account shall be insufficient for such purpose. The required reserve is an amount equal to the average annual debt service requirements of all bonds outstanding. At December 31, 1998, the Authority was in compliance with this requirement.
- **Redemption Account** - The Redemption Account was created to account for the payment of the annual principal requirements of the revenue bonds.

As a political subdivision of the State of Texas, the income of the Authority is not subject to federal or state income tax under the Internal Revenue Code Section 115.

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Cash and Investments

The Authority may purchase investments as authorized by the Trust Agreement and as further authorized by the revised investment policy and strategy approved by the Board of Directors in December 1998. These investments include but are not limited to obligations of the United States or its agencies and instrumentality; direct obligations of the State of Texas or its agencies and

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

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December 31, 1998

instrumentality; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal of and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentality; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; certificates of deposit issued by a state or national bank; fully collateralized repurchase agreements; commercial paper with a stated maturity of 270 days or fewer from the date of its issuance; and no load money market mutual funds which have a dollar-weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

The Authority does not invest in financial instruments other than those authorized by the investment policy, and does not invest in any state or local government investment pools.

The Authority adopted Statement of Governmental Accounting Standards (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, during 1998. Statement No. 31 establishes accounting and financial reporting standards for all investments held by governmental entities. This statement generally requires all equity securities and debt instruments with readily determinable market values to be carried at fair value, with changes in fair value reflected in the statement of revenues and expenses.

(a) Deposits of Cash in Bank

The carrying amount of \$5,481,457 for cash in bank is presented below. The bank balance of the Authority has been classified according to the following risk categories:

- Category 1 - insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity.
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the governmental entity's name.

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- Category 3 - uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the governmental entity's name).

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank balance</u>	<u>Carrying amount</u>
\$	—	1,786,955	—	1,786,955	5,280,757

Reconciling items comprised of deposits in transit, outstanding payments and bank errors are present which cause the difference between the bank balance and the carrying amount. The carrying amount does include the toll attendants' change fund and petty cash of \$200,700.

(b) Investments

Both the carrying amount and market value of investments as of December 31, 1998 are shown below. Investments are categorized to give an indication of the level of credit risk assumed by the agency at year-end. The three categories are:

- Category 1 - investments that are insured or registered or for which the securities are held by the agency or its agent in the agency's name.
- Category 2 - uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the agency's name.
- Category 3 - uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the agency's name.

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Type of security	Category			Amortized Cost	Fair value
	1	2	3		
U.S. Treasury notes	\$ 26,623,278	—	—	\$ 26,623,278	27,001,277
Federal National Mortgage Association (FNMA)	20,299,960	—	—	20,299,960	20,281,742
Goldman Sachs TR FINL Square Government	17,645,474	—	—	17,645,474	17,645,473
Federal Home Loan Bank (FHLB)	12,998,501	—	—	12,998,501	13,049,730
Student LN Marketing Assn Medium	3,600,000	—	—	3,600,000	3,589,200
Federal Farm Credit Banks	1,400,000	—	—	1,400,000	1,396,024
Commercial paper	50,369,046	—	—	50,369,046	50,471,982
Repurchase agreements	541,541,177	—	—	541,541,177	542,765,012
Totals	\$ 674,477,436	—	—	674,477,436	676,200,440
Uncategorized investments - money market funds				39,740,000	39,740,000
Total investments				\$ 714,218,286	715,940,440

In accordance with Governmental Accounting Standards Board (GASB) Statement Number 3, *Deposits with Financial Institutions. Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, amounts invested in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

(3) Construction and Property

Included in the capitalized costs of the Construction and Property Fund, in accordance with the Trust Agreement, are costs incurred in connection with the offering, sale and issuance of bonds for construction purposes; unamortized discount on the sale of those bonds; and bond interest expense net of income earned from investment of funds during construction; the cost of certain real estate for right-of-way requirements; and administrative and legal expenses incurred during the construction period.

(4) Accrued Vacation

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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(5) Revenue Bonds and Loans Payable

To provide for the refunding of the Dallas North Tollway System Series 1985 Revenue Bonds and additional funds for supplementary development of the Dallas North Tollway System - Extension Phase 2, the Texas Turnpike Authority authorized and issued \$237,695,000 in principal amount of revenue bonds dated July 1, 1989. Such bonds included \$48,465,000 of serial bonds which mature beginning January 1, 1995 in amounts as set forth in the Trust Agreement and bear interest at rates ranging from 6.55% to 6.875%. The remaining \$189,230,000 of 6.00% to 7.125% term bonds are subject to mandatory sinking fund redemption at their principal amount in part on January 1, 2009 and in years thereafter in amounts as set forth in the Trust Agreement. Interest on the bonds is to be paid semiannually on January 1 and July 1 of each year.

To fund the Dallas North Tollway System - Extension Phase 2, the Texas Turnpike Authority authorized and issued \$133,070,000 in principal amount of revenue bonds dated May 15, 1990. The bonds were issued June 20, 1990 as parity bonds with the Series 1989 revenue bonds, and included \$30,385,000 of serial bonds which mature beginning January 1, 1995 and bear interest at rates ranging from 6.60% to 7.25%. The remaining \$102,685,000 of 6.00% to 7.25% term bonds are subject to mandatory sinking fund redemption at their principal amount beginning on January 1, 2010. Interest on the bonds is to be paid semiannually on January 1 and July 1 of each year.

To provide for the partial refunding of the Dallas North Tollway System Series 1990 Revenue Bonds and additional funds for supplementary development of the Dallas North Tollway System - Extension Phase 2, the Texas Turnpike Authority authorized and issued \$140,135,000 in principal amount of revenue bonds dated September 15, 1993 (Series 1993). Such bonds included \$87,225,000 of serial bonds which mature beginning January 1, 1995 in amounts as set forth in the Trust Agreement and bear interest at rates ranging from 3.25% to 5.125%. The remaining \$52,910,000 of 5.00% term bonds are subject to mandatory sinking fund redemption at their principal amount in part on January 1, 2015 and in years thereafter in amounts as set forth in the Trust Agreement. Interest on the bonds is to be paid semiannually on January 1 and July 1 of each year.

The Texas Turnpike Authority purchased sufficient U.S. Treasury securities - State and Local Government Series with the net proceeds from the Series 1993 bonds for the partial retirement of the Series 1990 bonds and placed them in an irrevocable escrow account with Bank of New York. At December 31, 1998, the irrevocable escrow account holds sufficient investments to pay for the outstanding refunded principal of \$121,975,000 on the defeased Series 1990 bonds

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The Authority follows the provisions of Governmental Accounting Standards Board's Statement No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities" (Statement No. 23). Under the provisions of Statement No. 23, the difference between the reacquisition price and the net carrying amount of the Series 1990 Bonds (\$22,554,605) was deferred to be amortized over the life of the Series 1993 Bonds as an adjustment to the bond interest expense. The provisions of Statement No. 23 were not retroactively applied to debt refundings of previous years. Amortization of the deferred amount on refunding was approximately \$1,057,000 for the year ended December 31, 1998.

To provide funds for the purpose of constructing the Addison Airport Toll Tunnel project, an addition to and expansion of the Dallas North Tollway System, the Texas Turnpike Authority authorized and issued \$26,800,000 in principal amount of revenue bonds dated December 1, 1994. The bonds were issued January 5, 1995 on a parity with other obligations of the Authority and included \$7,250,000 of serial bonds which mature beginning January 1, 1998 and bear interest rates ranging from 5.5% to 6.7%. The remaining \$19,550,000 of 6.6% to 6.75% term bonds are subject to mandatory sinking fund redemption at their principal amount beginning on January 1, 2010. Interest on the bonds is to be paid semiannually on January 1 and July 1 of each year.

To fund a portion of the costs of the President George Bush Turnpike (the PGBT), an addition to and expansion of the Dallas North Tollway System, the Texas Turnpike Authority issued \$446,411,475 in principal amount of revenue bonds, dated December 1, 1995. The bonds were issued January 23, 1996 on a parity with other obligations of the Texas Turnpike Authority and included \$419,220,000 of serial bonds which mature beginning January 1, 2012 and bear interest at rates ranging from 5.00% to 5.40%. The remaining \$27,191,475 consist of capital appreciation bonds which mature beginning January 1, 2006.

Additionally, the North Texas Tollway Authority intends to fund, in part, costs of the construction of the President George Bush Turnpike with proceeds from a loan, which will ultimately total \$135,000,000, made by Texas Department of Transportation (TxDOT) pursuant to the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The first three advances from TxDOT totaling \$75,000,000 were received through 1997 and the fourth advance from TxDOT in the amount of \$40,000,000 was received during 1998. Future funding to TxDOT is subject to appropriation by Congress. Repayment of the loan to TxDOT is to be made from amounts on deposit in the Capital Improvement Fund with payments subordinate to bonds or other obligations of the North Texas Tollway Authority issued or entered into and secured by the tolls and revenues of the system. Interest at the rate of 4.2% will begin to accrue on October 1, 2000, compounding annually on January 1, 2001 with the first payment to be made in October 2004.

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TxDOT has incurred \$4,600,000 in costs for interchange improvements relating to the President George Bush Turnpike, which will be repaid by the Authority. Repayment of these costs will be paid in annual payments (without interest) of \$500,000 beginning on October 1 of the year after the ISTEA loan is fully paid, currently 2019.

The North Texas Tollway Authority issued \$129,270,000 in principal amount of Dallas North Tollway System Revenue Refunding Bonds, Series 1997, dated January 1, 1996 on October 8, 1997, for the purpose of refunding \$123,945,000 of Series 1989 revenue bonds. Interest on the bonds is payable on January 1 and July 1 of each year commencing on January 1, 1998. Principal is payable on January 1 commencing on January 1, 1999. The bonds included of \$78,665,000 of serial bonds which mature beginning January 1, 1999 and bear interest rates ranging from 5.0% to 6.5%. The remaining \$50,605,000 of 5.5% term bonds are due January 1, 2015.

The Authority purchased sufficient U.S. Treasury Note with the net proceeds from the Series 1997 bonds for the partial retirement of the Series 1989 bonds and placed it in an irrevocable escrow account with Bank One. On December 31, 1997, the U.S. Treasury Note matured and the irrevocable escrow account held sufficient cash to pay for the outstanding refunded principal of \$123,945,000 on the defeased Series 1989 bonds. Under the provisions of Statement No. 23, the difference between the reacquisition price and the net carrying amount of the Series 1989 Bonds (\$11,430,835) was deferred and will be amortized over the stated term of the Series 1997 Bonds as an adjustment to the bond interest expense. The deferred amount on refunding will be amortized over the stated term of the bonds because the remaining life of the new debt is equal to or shorter than the remaining life of the old debt. Amortization of the deferred amount on the refunding was approximately \$178,000 for the year ended December 31, 1998.

The North Texas Tollway Authority issued \$129,005,000 in principal amount of Dallas North Tollway System Revenue Refunding bonds, Series 1997A, on October 20, 1997, for the purpose of refunding a portion of the Dallas North Tollway System Revenue Bonds, Series 1989, dated July 1, 1989, and the outstanding Dallas North Tollway System Revenue Bonds, Series 1994 dated December 1, 1994. The amount of refunded principal related to the Series 1989 bonds is \$98,040,000 and the amount related to the Series 1994 bonds is \$22,575,000. Interest on the bonds will be payable on January 1 and July 1 of each year commencing on January 1, 1998. Principal will be payable on January 1 commencing on January 1, 1998. The bonds included \$67,685,000 of serial bonds which mature beginning January 1, 1998 and bear interest rates ranging from 4.0% to 5.375%, \$56,655,000 of 5.0% term bonds due January 1, 2020 and \$4,665,000 of 5.0% term bonds due January 1, 2023.

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The North Texas Tollway Authority purchased sufficient U.S. Treasury securities - State and Local Government Series with the net proceeds from the Series 1997A bonds for the partial retirement of the Series 1989 bonds and 1994 bonds and placed them in an irrevocable escrow account with Bank One. At December 31, 1998, the irrevocable escrow account holds sufficient investments to pay for the outstanding refunded principal of \$98,040,000 on the defeased Series 1989 bonds and \$22,575,000 on the defeased Series 1994 bonds. Under the provisions of Statement No. 23, the difference between the reacquisition price and the net carrying amount of the Series 1989 Bonds and 1994 Bonds (\$9,217,525) was deferred and will be amortized over the stated term of the Series 1997A Bonds as an adjustment to the bond interest expense. The deferred amount on refunding will be amortized over the stated term of the bonds because the remaining life of the new debt is equal to or shorter than the remaining life of the old debt. Amortization of the deferred amount on the refunding was approximately \$208,000 for the year ended December 31, 1998.

The Series 1997 and 1997A Bonds were issued to provide funds to refund the Series 1989 and 1994 Bonds in the amounts of \$221,985,000 and \$22,575,000, respectively. Serial 1989 bonds in the amount of \$4,045,000 were not refunded and matured January 1, 1998. Serial 1994 bonds in the amount of \$4,225,000 were not refunded and mature annually up to January 1, 2005 of which \$3,805,000 remains outstanding at December 31, 1998.

The \$100,660,000 North Texas Tollway Authority Dallas North Tollway System Revenue Bonds, Series 1998 were authorized to be issued by the Authority pursuant to the resolution of the Board of Directors and the Finance Committee adopted on August 19, 1998, and the Trust Agreement dated as of July 1, 1989. The bonds were dated September 15, 1998 and were issued for the purpose of financing Section V of the PGBT. The proceeds of Bonds, together with TxDOT's contributions, are expected to be sufficient to fully fund the acquisition and construction of Section V. Pursuant to an agreement between TxDOT and the Authority (the "1998 Two-Party Agreement"), TxDOT will construct certain parts of Section V. Upon completion of the improvements to be constructed by TxDOT, the Authority will reimburse TxDOT for TxDOT's construction costs in excess of \$24,000,000, plus TxDOT's engineering costs attributable to the tolled portion of the improvements it constructed. The issuance consists of \$22,515,000 serial bonds, \$22,065,000 term bonds and \$56,080,000 term bonds. Interest on the bonds will be payable on January 1 of each year commencing on January 1, 2004. Principal will be payable on January 1 commencing on January 1, 2008. The bonds consist of \$22,515,000 4.1-4.75% Serial Bonds maturing from 2008-2018 with a yield of 4.150%-4.94% and \$22,065,000 4.75% Term Bonds due January 1, 2022 at a yield of 5.00% and \$56,080,000 Term Bonds due January 1, 2029 at a yield of 5.010%.

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Debt service requirements on the bonds payable, TxDOT loan payable and TxDOT ISTEPA loan payable subsequent to December 31, 1998 are as follows:

1999	\$ 47,523,902
2000	53,666,509
2001	53,671,651
2002	51,972,351
2003	57,135,291
Thereafter	<u>1,775,144,817</u>
Less amounts representing interest	<u>(978,812,809)</u>
Principal due	<u>\$ 1,060,301,711</u>

Pursuant to the Trust Agreement, the North Texas Tollway Authority has agreed that it will at all times keep in effect a plan for toll collecting facilities and a schedule of rates of tolls which will produce during each construction fiscal year an amount of net revenues equal to 1.00 times the scheduled debt service requirements during construction and for each of the three fiscal years following the last construction fiscal year net revenues equal to 1.10 times each years debt service requirements, and 1.20 times debt service requirements for each fiscal year thereafter.

In 1998, the requirement was 1.0 times the scheduled debt service requirement for the year. Scheduled debt service for December 31, 1998 is equal to bond interest expense, net of amounts capitalized for the calendar year and the principal amount due on January 1, 1999 of \$6,845,000. At December 31, 1998, net revenues were 2.50 times scheduled debt service.

Rebatable arbitrage resulting from investing proceeds of tax-exempt debt in higher yielding taxable securities has been estimated to be \$939,669 and is recorded as an accrued arbitrage rebate liability in the accompanying financial statements.

(6) Employees' Retirement Plan

As discussed in note 1, effective September 1, 1997, the North Texas Tollway Authority (the Authority), a regional tollway authority under Chapter 366, Transportation Code, became the successor agency to the Texas Turnpike Authority. In connection with this transition, the Authority changed from being a participant in the plans administered by the Employees Retirement System of Texas (System), which are considered single employer defined benefit pension plans, to being a participant in

**NORTH TEXAS TOLLWAY AUTHORITY
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the Texas County and District Retirement System (TCDRS) which is a non-profit public trust fund that provides pension, disability and death benefits to eligible employees of the counties and districts that participate in TCDRS. Information related to the System, TCDRS, the Authority's 401(k) plan and its refrain from participation in social security is included herein.

Texas County and District Retirement System

The Texas County and District Retirement System was established by legislative act in 1967. Individuals are required to become a TCDRS member at the time of their employment regardless of their age, unless the individual is ineligible for one of the reasons specified by the System (i.e. part-time, temporary employee, etc.).

The percentage of salary that both the individual and employer contribute toward retirement is determined by the governing body of the political subdivision. The employee and employer contribution rate established was 6% and 7.45%, respectively, at December 31, 1998.

Once an individual reaches vested status, he or she may end employment with a TCDRS subdivision and retain their right to future benefits as long as the individual does not die or withdraw personal contributions. Once a vested employee has satisfied both the service and age requirements for retirement, he or she is considered retirement eligible. Employees are eligible to receive lifetime monthly pension payments following the termination of their employment if the individual has 12 or more years of service credit at age 60 or older or the individual has 30 or more years of service credit at any age.

An individual is also eligible to receive lifetime monthly pension payments after their termination of employment if their political subdivision has authorized, and the individual has satisfied 10 years of service credit at age 60 or older or 8 years of service credit at age 60 or older or the individual's combined age and total service is 80 or more or the individual's combined age and total service is 75 or more.

If an individual is eligible for service or disability retirement pension payments, the amount of the lifetime monthly pension to be received after retirement is determined by dividing the total dollars of accumulated retirement credit earned at retirement by the appropriate annuity purchase rate used to convert dollars of retirement credit to a lifetime monthly pension payment.

If an individual has at least eight years of service credit and become disabled for any reason, the individual may be approved for disability retirement benefits if the TCDRS Medical Board finds that the individual is mentally or physically incapacitated for any gainful occupation and the incapacity is considered to permanent.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Notes to Financial Statements

December 31, 1998

Total pension expense allocated to Dallas North Tollway System by the Authority for the year ended December 31, 1998, was approximately \$340,937 based on a covered payroll of approximately \$5,554,126. The actuarially required contribution was made by the Authority.

401(k) Plan

As a state agency of the State of Texas, the Texas Turnpike Authority was a participating employer in the State of Texas TexaSaver 401(k) Profit Sharing Plan sponsored by the Employees Retirement System of Texas (System). The Texas Turnpike Authority, as a state agency, was permitted to participate in the System's retirement system under Section 812.003 of the Texas Government Code.

Because the Regional Tollway Authority Act established the Authority as a political subdivision of the State of Texas instead of a state agency, it is no longer eligible to participate in the TexaSaver 401(k) Plan maintained by the System. As a successor of the Texas Turnpike Authority, however, the Authority is eligible under current IRS rules and regulations to adopt the North Texas Tollway Authority 401(k) Plan as a successor qualified cash or deferred arrangement to the TexaSaver 401(k) Plan.

Prior to 1986, the Internal Revenue Code (IRC) of 1986 permitted state or local governments and tax-exempt organizations to maintain a qualified cash or deferred arrangement. The Tax Reform Act (TRA) of 1986 amended IRC to provide that a cash or deferred arrangement shall not be treated as a "qualified cash or deferred arrangement" if it is part of a retirement plan maintained by a Governmental Unit. However, TRA 1986 provides specific exception for cash or deferred arrangements adopted by a Governmental Unit prior to 1986 ("Grandfather Employer"). The Authority, a government entity is eligible to adopt the 401(k) Plan because it is a successor entity to the Texas Turnpike Authority, a Grandfathered Employer, and is adopting a cash or deferred arrangement substantially similar to the Texas Turnpike Authority's cash or deferred arrangement.

Effective September 1, 1997, each Authority employee became eligible to participate in the North Texas Tollway Authority 401(k) plan. The plan requires that each employee be required to make a mandatory employee contribution, deposited by the Authority towards the cost of the 401(k) plan, in an amount equal to (i) 6.2% of wages up to the Social Security Wage Base, for the period between 9/1/97 and 10/5/97 and (ii) 4% of wages up to the Social Security Wage Base, for the period between October 6, 1997 and January 11, 1998. All mandatory employee contributions to the 401(k) plan for payroll periods following September 1, 1997 shall be made on a pre-tax basis, provided they are subject to the Hospital Insurance portion of the Federal Insurance Contributions Act and the Federal

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Notes to Financial Statements

December 31, 1998

Unemployment Tax Act and the withholding of those Acts. Employee contributions and plan earnings are vested at all times and a terminating employee shall be paid all mandatory contributions and plan earnings pursuant to the Plan's terms. The Authority is authorized to make discretionary employer matching contributions in such amounts as may be determined by the Board and Authority employees are vested in employer contributions at 20% after 6 years services, 40% after 7 years, 60% after 8 years, 80% after 9 years and 100% after 10 or more years. Former Texas Turnpike Authority employees employed by the Authority on or before October 31, 1997 shall receive past service credit for service with the Texas Turnpike Authority for purposes of determining the vested percentage and the Authority's Board of Directors is allowed to further amend or terminate the Plan at any time.

Total 401(k) contributions allocated to Dallas North Tollway System by the Authority for the year ended December 31, 1998, was approximately \$198,040 based on a covered payroll of approximately \$5,658,298.

Social Security

Effective September 1, 1997, the Authority elected to refrain from participation in Social Security and will instead participate in both the TCDRS and the Authority 401(k) plan. The Authority requires mandatory employee participation in both of these plans.

(7) Risk Management

The Authority established a limited risk management program for workers' compensation. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the Operation and Maintenance Fund. As of December 31, 1998, approximately \$305,345 is accrued to recognize actuarially determined claim liabilities. Effective September 25, 1997, the Authority terminated its limited risk management program for workers' compensation. The Authority is now insured for workers' compensation by an external insurance company.

(8) Post-employment Benefits

The Authority provides post-employment health care benefits to all retired employees of Dallas North Tollway System, funded on a pay-as-you-go basis. Currently, 53 individuals meet these requirements. During the year ended December 31, 1998, expenses of approximately \$136,214 were recognized for post-employment health care premiums paid.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Notes to Financial Statements

December 31, 1998

(9) Commitments and Contingencies

Contract and purchase order commitments at December 31, 1998 aggregate approximately \$36,462,332. This amount includes construction contracts payable from the Construction and Property Fund. The Authority has an operating lease agreement for the rental of the Tolltag Store. The expiration of the agreement is July 2001. Lease expense for the year ended December 31, 1998 totaled approximately \$49,649 under this lease. The following represents required remaining payments under the terms of the Tolltag Store lease agreement:

1999	\$ 49,649
2000	49,649
2001	<u>24,824</u>
	<u>\$ 124,122</u>

On August 19, 1993, the Board authorized the creation of a Revolving Fund as permitted by Senate Bill 242. The Authority entered into a Memorandum of Understanding with Collin County and Dallas County to fund the Revolving Fund from capital improvement funds from the Dallas North Tollway System, if matched by a contribution by the Texas Department of Transportation (TxDOT). To date, the Texas Department of Transportation has not taken any action regarding its contribution to the Revolving Fund, nor has the Board acted to establish the Revolving Fund.

(10) Payable to Texas Department of Transportation

As discussed in note 1, effective September 1, 1997, the Authority, a regional tollway authority under Chapter 366, Transportation Code, became the successor agency to the Texas Turnpike Authority. In connection with this transition, the Authority was required to make a payment to the Texas Department of Transportation in an amount equal to \$14,760,056. The corresponding liability is reflected in the Capital Improvement Fund of the accompanying financial statements. The Authority made the first 2 required payments during 1998 and the final payment of \$5,034,742 is required to be made on August 31, 1999.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Required Supplementary Information
Year 2000 Disclosure
(Unaudited)

December 31, 1998

The Year 2000 (Y2K) issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors.

The Authority has implemented a Y2K readiness program with the objective of having all of their significant centralized computer systems functioning properly with respect to the Y2K issue before January 1, 2000. Each system within the Authority is in a different stage of the Y2K readiness.

The first component of the Y2K readiness program was to identify the internal computer systems that are susceptible to system failures or processing errors as a result of the Y2K issue. This effort is substantially complete with respect to centrally administered systems. Those computer systems considered most critical to continuing operations are being given the highest priority.

The second component of the Y2K readiness program involves the actual remediation and replacement of the Authority computer systems.

The Authority has elected to partially rely on the representation of third-party software, hardware and equipment suppliers regarding the Y2K compliance of purchased systems. Based on these representations received, the Authority deemed it necessary to validate or test remediated or replaced computer systems to the full extent possible to determine that no errors are introduced during the conversion process.

The Authority is developing a formal contingency plan to mitigate the possible disruption in business operations that may result from the Y2K issue. Contingency plans include developing alternative methods of processing information. Once developed, contingency plans and related cost estimates will be refined, as additional information becomes available.

It is currently estimated that the aggregate cost of the Authority's Y2K efforts will be approximately \$400,000. The Authority's Y2K readiness program is an ongoing process and the estimates of cost and completion dates for various components of the Y2K readiness program described above are subject to change.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Schedule of Capitalized Costs

For the year ended December 31, 1998

	Capitalized during year ended December 31, 1998	Cumulative total through December 31, 1998
Cumulative from 1989, 1990 and 1993 bond issues:		
Preliminary costs	\$ 2,338,750	22,786,693
Construction	14,169,373	223,235,083
Right-of-way	4,262,752	63,780,500
Engineering	1,331,613	33,916,075
Administration	206,597	4,728,175
Equipment	5,025,886	12,866,387
	<u>27,334,971</u>	<u>361,312,913</u>
Financing costs	(4,550,705)	53,035,584
Total capitalized costs - 1989, 1990 and 1993 bond issues	<u>22,784,266</u>	<u>414,348,497</u>
Series 1994 bond issue:		
Preliminary costs	248,472	1,244,082
Construction	14,674,491	14,675,897
Right-of-way	(559,680)	747,516
Engineering	1,644,530	3,919,228
Administration	73,564	133,019
Equipment	52,272	52,272
	<u>16,133,649</u>	<u>20,772,014</u>
Financing costs	(899,776)	238,720
Total capitalized costs - Series 1994 bond issue	<u>15,233,873</u>	<u>21,010,734</u>
Series 1995 bond issue:		
Preliminary costs	177,424	7,586,644
Construction	55,999,054	62,575,985
Right-of-way	12,253,654	23,348,331
Engineering	26,335,414	34,840,591
Administration	282,886	961,165
Equipment	116,894	120,055
	<u>95,165,326</u>	<u>129,432,771</u>
Financing costs	(5,466,061)	12,179,951
Total capitalized costs - Series 1995 bond issue	<u>89,699,265</u>	<u>141,612,722</u>
Series 1998 bond issue:		
Preliminary costs	1,596,209	1,596,209
Construction	538,686	538,686
Right-of-way	—	—
Engineering	564,654	564,654
Administration	32,134	32,134
Equipment	—	—
	<u>2,731,683</u>	<u>2,731,683</u>
Financing costs	3,387,104	3,387,104
Total capitalized cost - Series 1998 bond issue	<u>6,118,787</u>	<u>6,118,787</u>
Total capitalized costs at December 31, 1998	\$ <u>133,836,191</u>	<u>583,090,740</u>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Miscellaneous Revenue Bond Information

For the year ended December 31, 1998

Information on outstanding bonds at December 31, 1998 is as follows:

Description of issue	Bonds issued to date	Range of interest rates	Maturities		First call date
			First year	Last year	
Series '89	\$ 237,695,000	6.00% - 7.125%	1995	2020	01/01/98
Series '90	133,070,000	6.00% - 7.25%	1995	2020	01/01/99
Series '93	140,135,000	3.25% - 5.125%	1995	2020	01/01/99
Series '94	26,800,000	5.50% - 6.75%	1998	2023	01/01/05
Series '95	446,411,475	5.00% - 5.55%	2006	2025	01/01/06
Series '97	129,270,000	5.00% - 6.50%	1999	2015	01/01/08
Series '97A	129,005,000	4.00% - 5.375%	1998	2023	01/01/08
Series '98	100,660,000	4.10% - 4.75%	2008	2029	
	<u>\$ 1,343,046,475</u>				

Changes in Bonded Indebtedness:

Description of issue	Bonds outstanding January 1, 1998	Bonds issued	Interest accretion	Bonds matured or retired	Bonds refunded or extinguished	Bonds Outstanding December 31, 1998
Series '89	\$ 4,310,000	—	—	(4,310,000)	—	—
Series '90	4,880,000	—	—	(2,360,000)	(2,520,000)	—
Series '93	137,005,000	—	—	(1,120,000)	(10,015,000)	125,870,000
Series '94	4,225,000	—	—	(420,000)	—	3,805,000
Series '95	450,505,892	—	2,110,819	—	—	452,616,711
Series '97	129,270,000	—	—	—	—	129,270,000
Series '97A	129,005,000	—	—	(525,000)	—	128,480,000
Series '98	—	100,660,000	—	—	—	100,660,000
	<u>\$ 859,200,892</u>	<u>100,660,000</u>	<u>2,110,819</u>	<u>(8,735,000)</u>	<u>(12,535,000)</u>	<u>940,701,711</u>

Debt Service Requirements (including interest):

Description of issue	1999	2000	2001	2002	2003	2004 and beyond	Total requirements
Series '89	\$ —	—	—	—	—	—	—
Series '90	86,940	—	—	—	—	—	86,940
Series '93	3,283,551	6,141,023	6,141,023	9,506,023	10,417,963	177,204,973	212,694,556
Series '94	675,215	684,850	686,530	685,930	688,530	1,374,090	4,795,145
Series '95	21,732,169	21,732,169	21,732,169	21,732,169	21,732,169	838,537,231	947,198,076
Series '97	8,699,468	8,700,563	8,701,775	7,354,575	13,624,575	168,917,099	215,998,055
Series '97A	11,643,876	11,644,076	11,646,326	7,929,826	5,908,226	188,107,009	236,879,339
Series '98	1,402,683	4,763,828	4,763,828	4,763,828	4,763,828	193,770,096	214,228,091
	<u>\$ 47,523,902</u>	<u>53,666,509</u>	<u>53,671,651</u>	<u>51,972,351</u>	<u>57,135,291</u>	<u>1,567,910,498</u>	<u>1,831,880,202</u>

See accompanying independent auditors report.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Bond Maturity Information

For the Year ended December 31, 1998

Due January 1	Series 1993 Bonds		Series 1994 Bonds		Series 1995 Bonds		Series 1997
	Principal amount	Interest rate	Principal amount	Interest rate	Principal amount	Interest rate	Principal amount
1999	\$ —	4.00	445,000	5.70	\$ —	—	\$ 1,155,000
2000	—	4.23	480,000	5.90	—	—	1,215,000
2001	—	4.30	510,000	6.00	—	—	1,280,000
2002	3,365,000	4.40	540,000	6.00	—	—	—
2003	4,425,000	4.50	575,000	6.10	—	—	6,270,000
2004	4,630,000	4.60	610,000	6.20	—	—	6,650,000
2005	4,840,000	4.70	645,000	6.30	—	—	6,780,000
2006	5,075,000	4.80	—	—	2,515,508	5.20	7,485,000
2007	5,310,000	4.90	—	—	3,382,799	5.30	7,975,000
2008	5,575,000	5.00	—	—	4,192,214	5.40	8,490,000
2009	5,850,000	5.00	—	—	4,977,026	5.45	9,850,000
2010	6,150,000	5.13	—	—	5,714,945	5.50	10,495,000
2011	6,460,000	4.75	—	—	6,408,983	5.55	11,020,000
							<u>78,665,000</u>
							Due January 1, 2015 (1)
2012	6,770,000	4.75	—	—	15,380,000	5.30	11,655,000
2013	7,085,000	4.75	—	—	17,065,000	5.35	12,295,000
2014	<u>7,425,000</u>	4.75	—	—	18,865,000	5.40	12,970,000
	<u>72,960,000</u>						
2015	—	—	—	—	20,775,000	5.40	13,685,000
	Due January 1, 2020 (1)						
2015	7,775,000	5.00	—	—	—	—	—
2016	8,170,000	5.00	—	—	22,800,000	5.00	—
							<u>50,605,000</u>
2017	8,575,000	5.00	—	—	<u>25,930,000</u>	5.25	—
					<u>148,006,475</u>		

Schedule 2-A

Bonds	Series 1997A Bonds		Series 1998 Bonds		Total
	Interest rate	Principal amount	Interest rate	Principal amount	
5.10	\$ 5,245,000	4.00	—	—	6,845,000
5.25	5,455,000	5.00	—	—	7,150,000
5.25	5,730,000	5.00	—	—	7,520,000
—	2,300,000	4.20	—	—	6,205,000
6.00	375,000	4.30	—	—	11,645,000
6.00	395,000	4.40	—	—	12,285,000
6.50	410,000	4.50	—	—	12,675,000
6.50	1,115,000	4.60	—	—	16,190,508
6.50	1,165,000	4.60	—	—	17,832,799
6.50	1,220,000	4.70	120,000	4.10	19,597,214
6.50	1,280,000	4.80	425,000	4.20	22,382,026
5.00	1,340,000	5.00	760,000	4.30	24,459,945
5.75	1,405,000	5.00	1,130,000	4.50	26,423,983
					<u>78,665,000</u>
6.03	1,480,000	5.10	1,495,000	4.60	36,780,000
6.03	1,550,000	5.10	1,900,000	4.50	39,895,000
6.03	1,630,000	5.13	2,335,000	4.70	43,225,000
6.03	1,715,000	5.13	2,805,000	4.75	111,940,000
—	—	—	—	—	7,775,000
—	16,240,000	5.38	3,320,000	4.75	50,530,000
					50,605,000
	<u>17,110,000</u>	5.00	3,855,000	4.75	55,470,000
	<u>67,160,000</u>				

(Continued)

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Bond Maturity Information, Continued

For the Year ended December 31, 1998

Due January 1	Series 1993 Bonds		Series 1994 Bonds		Series 1995 Bonds	
	Principal amount	Interest rate	Principal amount	Interest rate	Principal amount	Interest rate
2018	\$ 9,005,000	5.00	\$ —	—	\$ 28,145,000	5.25
2019	9,450,000	5.00	—	—	30,490,000	5.25
2020	9,935,000	5.00	—	—	32,455,000	5.25
2021	—	—	—	—	35,590,000	5.25
2022	—	—	—	—	38,380,000	5.25
					165,060,000	
					Due January 1, 2025 (1)	
2023	—	—	—	—	41,365,000	5.00-5.25
2024	—	—	—	—	44,390,000	5.00
2025	—	—	—	—	47,590,000	5.00
2026	—	—	—	—	—	—
2027	—	—	—	—	—	—
2028	—	—	—	—	—	—
2029	—	—	—	—	—	—
Plus interest accretion (3)					6,205,236	
	\$ <u>125,870,000</u>		\$ <u>3,805,000</u>		\$ <u>452,616,711</u>	

Schedule 2-A

Series 1997 Bonds		Series 1997A Bonds		Series 1998 Bonds		Total
Principal amount	Interest rate	Principal amount	Interest rate	Principal amount	Interest rate	
\$ —	—	\$ 17,975,000	5.00	\$ 4,370,000	4.75	\$ 59,495,000
				<u>22,515,000</u>		<u>22,515,000</u>
				Due January 1, 2022		
		18,870,000	5.00	4,860,000	4.75	63,670,000
		19,810,000	5.00	5,315,000	4.75	67,515,000
				Due January 1, 2025 (1)		
		1,480,000	5.00	5,370,000	4.75	42,440,000
		1,555,000	5.00	6,160,000	4.75	46,095,000
				<u>22,065,000</u>		<u>187,125,000</u>
				Due January 1, 2022		
		<u>1,630,000</u>	5.00	6,610,000	4.75	<u>49,605,000</u>
		<u>4,665,000</u>				<u>4,665,000</u>
				7,075,000	4.75	51,465,000
				7,535,000	4.75	55,125,000
				8,005,000	4.75	8,005,000
				8,480,000	4.75	8,480,000
				8,950,000	4.75	8,950,000
				9,425,000	4.75	9,425,000
				<u>56,080,000</u>		<u>56,080,000</u>
<u>\$ 129,270,000</u>		<u>\$ 128,480,000</u>		<u>\$ 100,660,000</u>		<u>\$ 940,701,711</u>

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Statement of Revenues and Expenses

For the Year ended December 31, 1998
(with comparative totals for the year ended December 31, 1997)

	<u>1998</u>	<u>1997</u>
Revenues:		
Toll revenues	\$ 57,253,744	53,758,516
Interest revenue	8,726,550	8,146,115
Tolltag store revenue	5,197,365	4,251,278
Other revenue	188,697	152,641
Gross revenues	<u>71,366,356</u>	<u>66,308,550</u>
Operating expenses:		
Administration:		
General administration	1,507,633	963,740
Accounting	167,641	165,277
Data processing	140,842	121,758
Insurance	1,332,620	1,101,708
Vault	260,047	283,780
Audit	73,764	74,599
Safety and security	317,799	254,336
	<u>3,800,346</u>	<u>2,965,198</u>
Operations:		
Toll collection	4,006,613	4,494,868
Engineering and maintenance	1,179,054	893,155
Utilities	405,487	410,805
Traffic control	1,139,929	1,087,886
Tolltag store	1,805,869	1,612,517
	<u>8,536,952</u>	<u>8,499,231</u>
Total operating expenses	<u>12,337,298</u>	<u>11,464,429</u>
Net revenues available for debt service	<u>59,029,058</u>	<u>54,844,121</u>
Net increase (decrease) in the fair value of investments	1,165,390	556,763
Interest on bonded debt:		
Bond interest, net of amount capitalized	16,799,552	22,296,149
Bond discount amortized	1,257,991	1,322,601
Interest accretion	2,110,819	2,110,821
Amortization of deferred amount on refunding	1,442,041	2,422,966
	<u>21,610,403</u>	<u>28,152,537</u>
Reserve Maintenance Fund expenses	886,901	1,233,358
Capital Improvement Fund expenses	1,498,400	1,144,405
	<u>2,385,301</u>	<u>2,377,763</u>
Construction fund earnings, net of transfers to the Bond Interest Account	4,982,748	6,107,856
Net revenues	<u>\$ 41,181,492</u>	<u>30,978,440</u>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Toll Revenue and Traffic Analysis

For the year ended December 31, 1998
(with comparative totals for the year ended December 31, 1997)

	<u>1998</u>	<u>1997</u>
Toll Revenue		
Two-axle vehicles	\$ 54,909,950	52,902,366
Multi-axle vehicles	995,777	527,332
Revenue adjustments	1,348,017	328,818
Total	<u>\$ 57,253,744</u>	<u>53,758,516</u>
 Vehicles (unaudited)		
Two-axle vehicles	125,539,848	121,942,091
Multi-axle vehicles	1,217,877	611,502
Nonrevenue vehicles	625,900	623,409
Total	<u>127,383,625</u>	<u>123,177,002</u>
 Toll Revenue - Average Per Day		
Two-axle vehicles	\$ 150,438	144,938
Multi-axle vehicles	2,728	1,445
Revenue adjustments	3,693	901
Average	<u>\$ 156,859</u>	<u>147,284</u>
 Vehicles - Average Per Day (unaudited)		
Two-axle vehicles	343,945	334,088
Multi-axle vehicles	3,337	1,675
Nonrevenue vehicles	1,715	1,708
Average	<u>348,997</u>	<u>337,471</u>

See accompanying independent auditors' report.

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**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Toll Revenue and Traffic by Class of Vehicle

For the year ended December 31, 1998
(with comparative totals for the year ended December 31, 1997)

Class of Vehicle	1998	
	Revenue	Vehicles (Unaudited)
Two-axle vehicles	\$ 54,909,950	125,539,848
Three-axle vehicles and combinations	558,635	756,600
Four-axle vehicles and combinations	259,732	291,111
Five-axle vehicles and combinations	156,346	149,299
Special vehicles	21,064	20,867
	<u>995,777</u>	<u>1,217,877</u>
Toll revenue	55,905,727	126,757,725
Toll revenue variance	1,348,017	—
Nonrevenue vehicles	—	625,900
Toll revenue and traffic	<u>\$ 57,253,744</u>	<u>127,383,625</u>
	1997	
Class of Vehicle	Revenue	Vehicles (Unaudited)
Two-axle vehicles	\$ 52,902,366	121,942,091
Three-axle vehicles and combinations	234,209	323,188
Four-axle vehicles and combinations	147,774	160,270
Five-axle vehicles and combinations	142,503	125,519
Special vehicles	2,846	2,525
	<u>527,332</u>	<u>611,502</u>
Toll revenue	53,429,698	122,553,593
Toll revenue variance	328,818	—
Nonrevenue vehicles	—	623,409
Toll revenue and traffic	<u>\$ 53,758,516</u>	<u>123,177,002</u>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Cash Receipts and Disbursements

Year ended December 31, 1998

	Total (memorandum only)	Construction and property fund	Revenue fund
Balance of cash December 31, 1997	\$ 8,169,823	325,206	1,586,720
Receipts:			
Sale of 1998 Bond Series	100,660,000	100,660,000	—
Toll revenues	56,328,759	—	56,328,759
Matured investments	978,481,720	563,415,763	66,764,695
Earnings received from investments	35,375,996	27,545,779	260,259
Gain/loss from sale of investments	—	—	—
Prepaid customers' accounts	33,906,869	—	33,906,869
Tolltag deposits	175,739	—	175,739
Damage claims collected	90,518	—	—
Public telephones	599	—	599
Reimbursable receipts	59,719	54,899	—
Rental fee	28,982	—	28,982
Lane violation fee	—	—	—
Miscellaneous revenue	185,960	—	140,450
Miscellaneous revenue - store tag	4,488,663	—	4,488,663
ISTEA loan	40,000,000	40,000,000	—
	<u>1,249,783,524</u>	<u>731,676,441</u>	<u>162,095,015</u>
Disbursements:			
Transfer to escrow agent 1989 and 1990 revenue bonds	(14,610,327)	(16,205,346)	—
Bond discount on 1997 and 1997A revenue bonds	(3,343,592)	(3,343,592)	—
Interest on bonded debt	(39,278,621)	—	—
Damage claims	(12,856)	(36,993)	—
Interim investments	(1,044,714,103)	(601,612,180)	(68,144,723)
Operating expenses	(11,114,704)	—	—
Reserve maintenance fund expenses	(730,283)	—	—
Capital improvement fund expenses	(856,937)	—	—
Capitalized costs	(83,400,341)	(80,195,180)	—
Revenue bonds retired	(8,735,000)	—	—
Equipment (net of trade-in)	(616,250)	—	—
Reimbursable costs	(62,144)	—	—
	<u>(1,207,475,158)</u>	<u>(701,393,291)</u>	<u>(68,144,723)</u>

Operation and maintenance fund	Reserve maintenance fund	Capital improvement fund	Debt Service Funds		
			Bond interest account	Reserve account	Redemption account
2,570,397	—	3,687,500	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
2,389,171	17,742,712	193,234,018	72,035,198	23,427,200	39,472,963
106,249	402,216	3,666,511	471,930	2,636,759	286,293
—	—	—	—	—	—
—	—	—	—	—	—
90,518	—	—	—	—	—
—	—	—	—	—	—
4,820	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
45,540	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
2,636,298	18,144,928	196,900,529	72,507,128	26,063,959	39,759,256
—	—	—	1,532,677	—	62,342
—	—	—	—	—	—
—	—	—	—	—	—
(12,856)	—	—	—	—	—
(2,133,212)	(16,983,283)	(220,715,947)	(39,278,621)	—	—
(11,114,704)	—	—	(72,180,467)	(23,468,766)	(39,475,525)
—	(730,283)	—	—	—	—
—	—	(856,937)	—	—	—
—	(16,332)	(3,188,629)	—	—	—
—	—	—	—	—	(8,735,000)
—	(616,250)	—	—	—	—
(14,650)	(10,501)	—	—	—	—
(13,275,422)	(18,356,649)	(224,761,513)	(109,926,411)	(23,468,766)	(48,148,183)

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Cash Receipts and Disbursements, Continued

Year ended December 31, 1998

	<u>Total (memorandum only)</u>	<u>Construction and property fund</u>	<u>Revenue fund</u>
Interfund and interproject transactions:			
Distribution from Revenue Fund	\$ —	—	(70,234,700)
Transfer of capitalized interest	—	(22,607,888)	—
Transfer of excess monies	1,799,552	5,029,429	8,681,275
Transfer of deferred revenue	(32,383,740)	—	(32,383,740)
Other interfund transactions - net	(12,810,836)	(10,760,259)	—
North Texas Tollway Authority Feasibility Study Fund - net	(1,747,451)	(1,748,948)	—
Mountain Creek Lake Bridge - net	104,485	(260)	36,213
Dallas-Fort Worth Turnpike Transition Trust Fund net	41,258	—	—
	<u>(44,996,732)</u>	<u>(30,087,926)</u>	<u>(93,900,952)</u>
Receipts over (under) disbursements and interfund and interproject transactions for the year ended December 31, 1998	<u>2,688,366</u>	<u>195,224</u>	<u>49,340</u>
Balance of cash December 31, 1998	\$ <u>5,481,457</u>	<u>520,430</u>	<u>1,636,060</u>

See accompanying independent auditors' report.

Operation and maintenance fund	Reserve maintenance fund	Capital improvement fund	Debt Service Funds		
			Bond interest account	Reserve account	Redemption account
11,515,072	1,493,100	34,816,667	11,901,369	—	10,508,492
—	—	—	22,607,888	—	—
—	—	—	(6,542,710)	(1,576,877)	(3,791,565)
—	—	—	9,452,736	—	—
(232,635)	(1,281,179)	(10,643,183)	—	(1,018,316)	1,672,000
1,497	—	—	—	—	—
68,532	—	—	—	—	—
41,258	—	—	—	—	—
<u>11,393,724</u>	<u>211,921</u>	<u>24,173,484</u>	<u>37,419,283</u>	<u>(2,595,193)</u>	<u>8,388,927</u>
754,570	—	(3,687,000)	—	—	—
<u>3,324,967</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Toll Schedule

Year ended December 31, 1998

		<u>Two-axle passenger cars and trucks</u>	<u>Three-axle vehicles and vehicle combinations</u>	<u>Four-axle vehicles and vehicle combinations</u>	<u>Five-axle vehicles and vehicle combinations</u>	<u>Six or more axle vehicles and special permits</u>
Dallas North Tollway:						
Barrier No. 1	S	0.50	0.80	1.00	1.20	1.40
Mockingbird		0.40	0.60	0.80	1.00	1.20
Northwest Highway		0.30	0.50	0.70	0.90	1.10
Royal Lane		0.25	0.40	0.50	0.60	0.70
Spring Valley		0.25	0.40	0.50	0.60	0.70
Belt Line		0.30	0.50	0.70	0.90	1.10
Barrier No. 2		0.50	0.80	1.00	1.20	1.40
Keiter Springs		0.25	0.40	0.50	0.60	0.70
Frankford		0.25	0.40	0.50	0.60	0.70
FM 544		0.25	0.40	0.50	0.60	0.70
Barrier No. 3		0.50	0.80	1.00	1.20	1.40
Parker Rd.		0.25	0.40	0.50	0.60	0.70
Spring Creek		0.25	0.40	0.50	0.60	0.70
Addison Airport Toll Tunnel:		0.50	0.50	0.50	0.50	0.50
Barrier No. 5						
President George Bush Turnpike:						
West of Custer Rd.		0.25	0.50	0.75	1.00	1.25
West of Independence Parkway		0.25	0.50	0.75	1.00	1.25
Barrier No. 7		0.50	1.00	1.50	2.00	2.50
Preston Road		0.25	0.50	0.75	1.00	1.25
East of Blackburn Rd.		0.25	0.50	0.75	1.00	1.25
Shiloh Road		0.25	0.50	0.75	1.00	1.25
Barrier No. 6		0.50	1.00	1.50	2.00	2.50
East of Renner Road		0.25	0.50	0.75	1.00	1.25
East of Jupiter Road		0.25	0.50	0.75	1.00	1.25
Marsh Lane		0.25	0.50	0.75	1.00	1.25
Barrier No. 8		0.50	1.00	1.50	2.00	2.50
Kelly Boulevard		0.25	0.50	0.75	1.00	1.25
Josey Lane		0.25	0.50	0.75	1.00	1.25
Belt Line Road		0.50	1.00	1.50	2.00	2.50
Barrier No. 9		0.50	1.00	1.50	2.00	2.50

The toll schedule for the System is set forth above. The Authority has not increased the toll rates on the Dallas North Tollway System since 1982.

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM**

Year ended December 31, 1998

Historical Traffic and Toll Revenue

The table below sets forth the annual revenue vehicle transactions and gross toll revenue with respect to the Dallas North Tollway System for the ten calendar years 1989 through 1998:

Year	Annual revenue vehicle transactions (Unaudited)	Annual toll revenue
1989 (2)	60,934,081	\$ 27,028,284
1990	67,281,576	29,754,559
1991	69,797,550	30,739,282
1992	73,810,118	32,382,169
1993	78,201,173	34,248,187
1994 (3)	88,534,528	38,627,799
1995	106,222,806	46,036,092
1996	117,051,337	50,793,546
1997	123,177,002	53,758,516
1998	127,383,625	57,253,744

2) Reflects the opening of the Keller Springs ramp plaza in May 1989.

3) Reflects the opening of DNT Extension Phase 2 in September 1994.

Historical Net Revenues

The table set forth below shows the Net Revenues for debt service of the Dallas North Tollway System for the ten calendar years 1989 through 1998:

	Toll revenue	Current expenses	Investment and other earnings	Net revenues
1989	\$ 27,028,284	6,343,415	6,969,654	27,654,523
1990	29,754,559	7,389,016	4,942,946	27,308,489
1991	30,739,282	7,289,657	4,593,950	28,043,575
1992	32,382,169	7,475,298	4,382,828	29,289,699
1993	34,248,187	7,758,058	4,251,440	30,741,569
1994	38,627,799	9,269,854	6,660,762 (1)	36,018,707
1995	46,036,092	10,923,301	9,055,623 (2)	44,168,414
1996	50,793,546	11,307,470	11,173,704 (3)	50,659,780
1997	53,758,516	11,464,429	12,550,034 (4)	54,844,121
1998	57,253,744	12,337,298	14,112,612	59,029,058

(1) Reflects the impact of the issuance of the Series 1993 Bonds.

(2) Reflects the impact of the issuance of the Series 1994 Bonds.

(3) Reflects the impact of the issuance of the Series 1995 Bonds.

(4) Reflects the impact of the issuance of the Series 1997 and 1997A bonds.

See accompanying independent auditors' report.

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**NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE**

Financial Statements and Supplementary Data

December 31, 1998

(With Independent Auditors' Report Thereon)

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200 Crescent Court
Suite 300
Dallas, TX 75201-1885

Independent Auditors' Report

Board of Directors
North Texas Tollway Authority:

We have audited the special-purpose statement of assets and liabilities of the North Texas Tollway Authority (the Authority) Mountain Creek Lake Bridge (Bridge), as of December 31, 1998 and the related special-purpose statements of revenues and expenses and changes in retained earnings for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purposes of complying with the provisions of the Trust Agreement for the Mountain Creek Lake Bridge revenue bonds, as interpreted by the Authority and described in note 1 and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of the North Texas Tollway Authority Mountain Creek Lake Bridge as of December 31, 1998, and its revenues and expenses and changes in its retained earnings for the year then ended, on the basis of accounting described in note 1.



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As described in note 2 to the special-purpose financial statements, the North Texas Tollway Authority Mountain Creek Lake Bridge System adopted the provisions of Government Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investors and For External Investment Pools," in 1998.

The year 2000 supplementary information on page 18 is not a required part of the special-purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the Authority is or will become year 2000 compliant, that the Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Authority does business are or will become year 2000 compliant.

Our audit for the year ended December 31, 1998 was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules I through 5 for the year ended December 31, 1998 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

We have also previously audited, in accordance with the basis of accounting practices set forth in the provisions of the Trust Agreement for the Mountain Creek Lake Bridge revenue bonds, as interpreted by the Authority, the balance sheet of the North Texas Tollway Authority Mountain Creek Lake Bridge as of December 31, 1997 and the related statements of revenues and expenses and changes in retained earnings for the year then ended (none of which is presented herein), and we expressed an unqualified opinion on those financial statements, on the basis of accounting described above. The supplementary information included in Schedules I through 5 related to the North Texas Tollway Authority Mountain Creek Lake Bridge's 1997 financial statements was subjected to auditing procedures applied in the audit of those basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

This report is intended solely for the information and use of the Board of Directors, management of the Authority and trustees of the bonds and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 19, 1999

**NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE**

Statement of Assets and Liabilities

December 31, 1998

Assets	<u>Total</u>	<u>Construction and property fund</u>	<u>Revenue fund</u>
Cash (note 2)	\$ 224,259	—	16,181
Investments (note 2)	2,410,520	—	—
Accrued earnings receivable on investments	9,040	—	481
Interfund receivables	16,666	—	—
Accounts receivable	3,182	—	4
Prepaid expenses	6,322	—	—
Inventory and supplies, at average cost	2,059	—	—
Capitalized cost of Mountain Creek Lake Bridge (note 3)	<u>8,663,930</u>	<u>8,663,930</u>	<u>—</u>
	<u>\$ 11,335,978</u>	<u>8,663,930</u>	<u>16,666</u>
Liabilities			
Vouchers payable	\$ 8,976	—	—
Accounts payable	1,108	—	—
Interfund payables	16,666	—	16,666
Accrued interest payable on bonded debt	106,256	—	—
Accrued vacation	9,441	—	—
Recurring accrued liabilities	26,409	—	—
Accrued liabilities (notes 6 and 7)	16,070	—	—
Deferred income from damage claims	40	—	—
Mountain Creek Lake Bridge Revenue Bonds payable (note 4)	<u>3,045,000</u>	<u>3,045,000</u>	<u>—</u>
	<u>3,229,966</u>	<u>3,045,000</u>	<u>16,666</u>
Retained Earnings			
Retained earnings	8,106,012	5,618,930	—
Commitments and contingencies (notes 5, 7, 8 and 9)	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ 11,335,978</u>	<u>8,663,930</u>	<u>16,666</u>

See accompanying notes to financial statements.

Exhibit A

Operation and maintenance fund	Reserve maintenance fund	Special reserve fund	Debt Service Funds		
			Bond interest account	Reserve account	Redemption account
200,027	5,197	2,854	—	—	—
—	313,166	932,348	106,256	633,750	425,000
—	1,186	2,433	410	2,871	1,659
—	—	16,666	—	—	—
3,178	—	—	—	—	—
6,322	—	—	—	—	—
2,059	—	—	—	—	—
—	—	—	—	—	—
<u>211,586</u>	<u>319,549</u>	<u>954,301</u>	<u>106,666</u>	<u>636,621</u>	<u>426,659</u>
8,976	—	—	—	—	—
1,108	—	—	—	—	—
—	—	—	—	—	—
—	—	—	106,256	—	—
—	—	—	—	—	—
—	—	—	—	—	—
51,960	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>62,044</u>	<u>—</u>	<u>—</u>	<u>106,256</u>	<u>—</u>	<u>—</u>
149,542	319,549	954,301	410	636,621	426,659
—	—	—	—	—	—
<u>211,586</u>	<u>319,549</u>	<u>954,301</u>	<u>106,666</u>	<u>636,621</u>	<u>426,659</u>

NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE

Statement of Revenues and Expenses

Year ended December 31, 1998

Revenues:		
Toll revenues	\$	1,556,187
Interest revenue		97,517
Other		199
		<hr/>
Gross revenues		1,653,903
Operating expenses:		
Administration:		
General administration		69,658
Accounting		7,331
Data processing		5,181
Insurance		72,295
Vault		8,981
Safety and security		33,874
Audit		5,721
		<hr/>
		203,041
Operations:		
Toll collection		226,314
Engineering and maintenance		45,203
Utilities		18,858
		<hr/>
		290,375
		<hr/>
Total operating expenses		493,416
		<hr/>
Net operating revenues		1,160,487
Reserve Maintenance Fund expenses		10,471
Special Reserve Fund expenses		269
		<hr/>
Net revenues available for debt service (note 4)		1,149,747
Bond interest expense		212,513
		<hr/>
Net revenues	\$	<u>937,234</u>

See accompanying notes to financial statements.

**NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE**

Statement of Changes in Retained Earnings

Year ended December 31, 1998

Assets	Total	Construction and property fund	Revenue fund
Retained earnings at December 31, 1997	\$ 7,168,778	3,183,730	—
Gross revenues	1,653,903	—	1,559,768
Operating expenses	(493,416)	—	—
Reserve Maintenance Fund expenses	(10,471)	—	—
Special Reserve Fund expenses	(269)	—	—
Bond interest expense	(212,513)	—	—
Net revenues	937,234	—	1,559,768
Interfund transactions:			
Revenue Bonds retired	—	2,435,000	—
Distribution from Revenue Fund	—	—	(1,766,434)
Transfer of excess money	—	—	206,675
Transfer from Special Reserve Fund	—	—	—
Equipment purchase net of trade-in	—	200	—
Net changes during the year ended December 31, 1998	937,234	2,435,200	—
Retained earnings at December 31, 1998	\$ 8,106,012	5,618,930	—

See accompanying notes to financial statements.

Exhibit C

Operation and maintenance fund	Reserve maintenance fund	Special reserve fund	Debt Service Funds		
			Bond interest account	Reserve account	Redemption account
42,838	268,788	445,679	855	781,047	2,445,841
—	12,832	25,862	5,193	39,745	10,503
(493,416)	—	—	—	—	—
—	(10,471)	—	—	—	—
—	—	(269)	—	—	—
—	—	—	(212,513)	—	—
(493,416)	2,361	25,593	(207,320)	39,745	10,503
—	—	—	—	—	(2,435,000)
600,120	48,600	483,029	209,694	—	425,000
—	—	—	(2,819)	(184,171)	(19,685)
—	—	—	—	—	—
—	(200)	—	—	—	—
106,704	50,761	508,622	(445)	(144,426)	(2,019,182)
149,542	319,549	954,301	410	636,621	426,659

**NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE**

Notes to Financial Statements

December 31, 1998

(I) Organization and Summary of Significant Accounting Policies

(a) Organization

In June 1997, the Texas Legislature approved a bill to create the North Texas Tollway Authority, a regional tollway authority under Chapter 366, Transportation Code. Effective September 1, 1997, the North Texas Tollway Authority (the Authority) became the successor agency to the Texas Turnpike Authority and succeeded to all assets, rights, liabilities and other property of the Texas Turnpike Authority located in Collin, Dallas, Denton, or Tarrant County. The Authority also assumed and became liable for all duties and obligations related to the Texas Turnpike Authority at that time.

The Authority is a political subdivision of the State of Texas, authorized and empowered by the Regional Tollway Authority Act (Act) to construct, maintain, repair and operate turnpike and other projects at such locations within Collin, Dallas, Denton or Tarrant Counties, as may be determined by the Authority. The Authority is further authorized to issue revenue bonds, payable solely from tolls and other revenue of the Authority, for the purpose of paying all or any part of the cost of a project. Under the provisions of the Act, these revenue bonds shall not be deemed to constitute a debt or pledge of the faith and credit of the State of Texas or of any other political subdivision thereof.

(b) Accounting Policies

The accounts of Mountain Creek Lake Bridge are maintained in accordance with the practices set forth in the provisions of the Trust Agreement for the Mountain Creek Lake Bridge (Bridge) revenue bonds, as interpreted by the Authority. These practices are similar to generally accepted accounting principles for an enterprise fund on an accrual basis except that depreciation and amortization of the Bridge and related acquisition and revenue bond issuance costs are not included as an operating expense or otherwise provided and interest accrued for one year after official completion is capitalized as allowed by the Trust Agreement and bond resolution rather than being reflected as an expense. Otherwise, revenues are recognized when they are earned, expenses are recognized in the period in which they are incurred, and all assets and liabilities associated with the operation of the Bridge are included in the balance sheet in accordance with the Trust Agreement as described above.

The capitalized cost of the Bridge is stated at cost which includes interest paid prior to, during and one year subsequent to completion of construction, less income earned from investment of construction funds, in accordance with the terms of the Trust Agreement.

The various funds and accounts which are required by the Trust Agreement are grouped as follows in the financial statements:

**NORTH TEXAS TOLLWAY AUTHORITY
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Notes to Financial Statements

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- Construction and Property Fund - The Construction and Property Fund was created to account for that portion of the proceeds from the sale of the Mountain Creek Lake Bridge Revenue Bonds which are required to be deposited with the trustee in order to pay all costs of construction. There also may be deposited in the Construction and Property Fund any monies received from any other source for paying the cost of the Bridge, or for paying the cost of improving, extending, or enlarging the Bridge.
- Revenue Fund - The Revenue Fund was created to account for all revenues (all tolls, other revenues and income) arising or derived by the Authority from the operation and ownership of the Bridge. All revenues of this fund are distributed to other funds in accordance with the Trust Agreement.
- Operation and Maintenance Fund - The Operation and Maintenance Fund was created to account for the payment of current operating expenses of the Bridge.
- Reserve Maintenance Fund - The Reserve Maintenance Fund was created to account for those expenses of maintaining the Bridge which do not recur on an annual or shorter basis. Based on the Trust Agreement, such items include repairs, painting, renewals and replacements necessary for safe or efficient operation of the Bridge or to prevent loss of revenues, for engineering expenses relating to the functions of the Authority and for equipment, maintenance expenses and operating expenses not occurring at annual or shorter periods.
- Special Reserve Fund - The Special Reserve Fund was created to account for the cost of repairs, enlargements, resurfacing, additions, renewals, improvements, reconstruction and replacements, capital expenditures, engineering and other expenses relating to the functions of the Authority in connection with the Bridge, and for any other purpose relating to any other function of the Authority now or hereafter as authorized by law. In addition, the Special Reserve Fund may account for the payment of principal, interest and premium on subordinate lien bonds, notes or other obligations of the Authority and the purchase, payment or redemption prior to maturity of bonds issued pursuant to the Trust Agreement.
- Bond Interest Account - The Bond Interest Account was created to account for the payment of the semiannual interest requirements of the revenue bonds.
- Reserve Account - The Reserve Account was created for the purpose of paying interest on the bonds whenever and to the extent that the monies held for the credit of the Bond Interest Account and the Redemption Account shall be insufficient for such purposes.

**NORTH TEXAS TOLLWAY AUTHORITY
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- Redemption Account - The Redemption Account was created to provide for the retirement of principal on Mountain Creek Lake Bridge Revenue Bonds.

The Bridge is a turnpike project of the Authority. The Authority also operates the Dallas North Tollway System, which is a separate turnpike project, and for which separate individual financial statements are prepared in accordance with the trust agreement. In addition, separate financial statements are prepared to present the accounts of the Dallas-Fort Worth Turnpike Transition Trust Fund, the Feasibility Study Fund and the Equipment Account.

As a political subdivision of the State of Texas, the income of the Authority is not subject to federal or state income tax under the Internal Revenue Code Section 115.

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Cash and Investments

The Authority may purchase investments as authorized by the Trust Agreement and as further authorized by the revised investment policy and strategy approved by the Board of Directors in December 1998. These investments include but are not limited to obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal of and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; certificates of deposit issued by a state or national bank; fully collateralized repurchase agreements; commercial paper with a stated maturity of 270 days or fewer from the date of its issuance; and no load money market mutual funds which have a dollar-weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

The Authority does not invest in financial instruments other than those authorized by the investment policy, and does not invest in any state or local government investment pools.

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Notes to Financial Statements

December 31, 1998

The Authority adopted Statement of Governmental Accounting Standards (GASB) No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," during 1998. Statement No. 31 establishes accounting and financial reporting standards for all investments held by governmental entities. This statement generally requires all equity securities and debt instruments with readily determinable market values to be carried at fair value, with changes in fair value reflected in the statement of revenues and expenses.

(a) Deposits of Cash in Bank

The carrying amount of \$205,259 for cash in bank is presented below. The bank balance of the Authority has been classified according to the following risk categories:

- Category 1 - insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the governmental entity's name
- Category 3 - uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name).

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank balance</u>	<u>Carrying amount</u>
\$	—	94,168	—	94,168	205,259

Reconciling items comprised of deposits in transit, outstanding payments and bank errors are present which cause the difference between the bank balance and the carrying amount. The carrying amount does not include the toll attendants' change fund and petty cash of approximately \$19,000.

**NORTH TEXAS TOLLWAY AUTHORITY
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Notes to Financial Statements

December 31, 1998

(b) Investments

Both the carrying amount and fair value of investments as of December 31, 1998 are shown below.

	<u>Carrying amount</u>	<u>Fair value</u>
Uncategorized investments - money market funds	\$ 2,410,520	2,410,520

In accordance with Governmental Accounting Standards Board (GASB) Statement Number 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, amounts invested in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

(3) Construction and Property

Included in the capitalized costs of the Construction and Property Fund, in accordance with the Trust Agreement, are costs incurred in connection with the offering, sale and issuance of bonds for construction purposes; discount on the sale of bonds; bond interest expense, net of investment income earned from investment of funds; the cost of certain real estate for right-of-way requirements; and administrative and legal expenses incurred during the construction period.

(4) Revenue Bonds

To provide for the construction of the Mountain Creek Lake Bridge, the Authority authorized and issued \$9,200,000 principal amount of Mountain Creek Lake Bridge Revenue Bonds dated June 1, 1977 of which \$4,580,000 were Serial Bonds which bear interest at rates ranging from 6.30% to 7.50% and \$4,620,000 were Term Bonds which bear interest at a rate of 7.00%.

Under the terms of the Trust Agreement, redemption of the \$4,580,000 Serial Bonds began on January 1, 1981 in amounts as set forth in the Trust Agreement.

The \$4,620,000 of Term Bonds are subject to mandatory sinking fund redemption at their principal amount, in part, on January 1, 2000 and on January 1 of each year thereafter in amounts as set forth in the Trust Agreement. The bonds may also be redeemed prior to maturity at the option of the Authority at the redemption prices set forth in the Trust Agreement. The first call date of the revenue bonds was January 1, 1987.

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Notes to Financial Statements

December 31, 1998

Scheduled maturities and sinking fund requirements on the serial and term bonds payable subsequent to December 31, 1998 are as follows:

1999		\$ 637,513
2000		633,400
2001		631,900
2002		633,300
2003		632,250
Thereafter		<u>564,943</u>
		3,733,306
Less applicable interest		<u>(688,306)</u>
Principal due		<u><u>\$ 3,045,000</u></u>

The Authority exercised its option to redeem \$2,000,000 in aggregate principal amount of the Revenue Bonds on January 1, 1998, at a redemption price equal to the principal amount of the Bonds called for redemption and accrued interest thereon to the date of redemption plus a redemption premium equal to 2% of the principal amount of the Bonds to be redeemed. Accordingly, the Authority transferred \$2,040,000 from the Mountain Creek Lake Bridge Special Reserve Fund to the Redemption Account to be used to pay the principal amount of the Bonds to be redeemed and the redemption premium thereon on the redemption date. Accrued interest on the Bonds to be redeemed which is payable on the redemption date was paid from the Bond Interest Account.

Pursuant to the Trust Agreement, the Authority covenants that it will at all times keep in effect a plan for toll collecting facilities and a schedule of rates of tolls which will produce each year an amount of "Net Revenues of the Bridge" (net revenues), as defined in the Trust Agreement, at least equal to 1.2 times the scheduled debt service requirements for each fiscal year plus any additional amounts required to fund the deficiencies, if any, between such net revenues and the scheduled debt service requirements for the previous fiscal years to make up for any deficiencies. Scheduled debt service for December 31, 1998 is equal to bond interest expense for the calendar year and the principal amount due on January 1, 1999 of \$425,000. At December 31, 1998, net revenues were 1.66 times scheduled debt service.

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December 31, 1998

(5) Employees' Retirement Plan

As discussed in note 1, effective September 1, 1997, the North Texas Tollway Authority (the Authority), a regional tollway authority under Chapter 366, Transportation Code, became the successor agency to the Texas Turnpike Authority. In connection with this transition, the employees of the Authority changed from being participants in the plans administered by the Employees Retirement Systems of Texas (System), which are considered single employer defined benefit pension plans, to being participants in the Texas County and District Retirement System (TCDRS) which is a non-profit public trust fund that provides pension, disability and death benefits to eligible employees of the counties and districts that participate in TCDRS. Information related to the TCDRS and the Authority's 401(k) plan and its refrain from participation in social security is included herein.

Texas County and District Retirement System

The Texas County and District Retirement System was established by legislative act in 1967. Individuals are required to become a TCDRS member at the time of their employment regardless of their age, unless the individual is ineligible for one of the reasons specified by the System (i.e. part-time, temporary employee, etc.).

The percentage of salary that both the individual and employer contribute toward retirement is determined by the governing body of the political subdivision. The employee and employer contribution rate established by the Authority was 6% and 7.45%, respectively, at December 1, 1998.

Once an individual reaches vested status, he or she may end employment with a TCDRS subdivision and retain their right to future benefits as long as the individual does not die or withdraw personal contributions. Once a vested employee has satisfied both the service and age requirements for retirement, he or she is considered retirement eligible. Employees are eligible to receive lifetime monthly pension payments following the termination of their employment if the individual has 12 or more years of service credit at age 60 or older or the individual has 30 or more years of service credit at any age.

An individual is also eligible to receive lifetime monthly pension payments after their termination of employment if their political subdivision has authorized, and the individual has satisfied 10 years of service credit at age 60 or older or 8 years of service credit at age 60 or older or the individual's combined age and total service is 80 or more or the individual's combined age and total service is 75 or more.

If an individual is eligible for service or disability retirement pension payments, the amount of the lifetime monthly pension to be received after retirement is determined by dividing the total dollars of accumulated retirement credit earned at retirement by the appropriate annuity purchase rate used to convert dollars of retirement credit to a lifetime monthly pension payment.

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If an individual has at least eight years of service credit and becomes disabled for any reason, the individual may be approved for disability retirement benefits if the TCDRS Medical Board finds that the individual is mentally or physically incapacitated for any gainful occupation and the incapacity is considered to be permanent.

Total pension expense allocated to the Bridge by the Authority for the year ended December 31, 1998, was approximately \$17,489 based on a covered payroll of approximately \$234,762. The actuarially determined contribution was paid by the Authority.

401(k) Plan

As a state agency of the State of Texas, the Texas Turnpike Authority was a participating employer in the State of Texas TexaSaver 401(k) Profit Sharing Plan sponsored by the Employees Retirement System of Texas (System). The Texas Turnpike Authority, as a state agency, was permitted to participate in the System's retirement system under Section 812.003 of the Texas Government Code.

Because the Regional Tollway Authority Act established the Authority as a political subdivision of the State of Texas instead of a state agency, it is no longer eligible to participate in the TexaSaver 401(k) Plan maintained by the System. As a successor of the Texas Turnpike Authority, however, the Authority is eligible under current IRS rules and regulations to adopt the North Texas Tollway Authority 401(k) Plan as a successor qualified cash or deferred arrangement to the TexaSaver 401(k) Plan.

Prior to 1986, the Internal Revenue Code (IRC) of 1986 permitted state or local governments and tax-exempt organizations to maintain a qualified cash or deferred arrangement. The Tax Reform Act (TRA) of 1986 amended IRC to provide that a cash or deferred arrangement shall not be treated as a "qualified cash or deferred arrangement" if it is part of a retirement plan maintained by a Governmental Unit. However, TRA 1986 provides specific exception for cash or deferred arrangements adopted by a Governmental Unit prior to 1986 ("Grandfather Employer"). The Authority, a government entity, is eligible to adopt the 401(k) Plan because it is a successor entity, to the Texas Turnpike Authority, a Grandfathered Employer, and is adopting a cash or deferred arrangement substantially similar to the Texas Turnpike Authority's cash or deferred arrangement.

Effective September 1, 1997, each Authority employee became eligible to participate in the North Texas Tollway Authority 401(k) plan. The plan requires that each employee be required to make a mandatory employee contribution, deposited by the Authority towards the cost of the 401(k) plan, in an amount equal to (i) 6.2% of wages up to the Social Security Wage Base, for the period between September 1, 1997 and October 5, 1997 and (ii) 4% of wages up to the Social Security Wage Base, for the period between October 6, 1997 and January 11, 1998. All mandatory employee contributions to

**NORTH TEXAS TOLLWAY AUTHORITY
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Notes to Financial Statements

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the 401(k) plan for payroll periods following September 1, 1997 shall be made on a pre-tax basis, provided they are subject to the Hospital Insurance portion of the Federal Insurance Contributions Act and the Federal Unemployment Tax Act and the withholding of those Acts. Employee contributions and plan earnings are vested at all times and a terminating employee shall be paid all mandatory contributions and plan earnings pursuant to the Plan's terms. The Authority is authorized to make discretionary employer matching contributions in such amounts as may be determined by the Board and Authority employees are vested in employer contributions at 20% after 6 years of service, 40% after 7 years, 60% after 8 years, 80% after 9 years and 100% after 10 or more years. Former Texas Turnpike Authority employees employed by the Authority on or before October 31, 1997 shall receive past service credit for service with the Texas Turnpike Authority for purposes of determining the vested percentage and the Authority's Board of Directors is allowed to further amend or terminate the Plan at any time.

Total 401(k) contributions allocated to Mountain Creek Lake Bridge by the Authority for the year ended December 31, 1998, was approximately \$9,390 based on a covered payroll of approximately \$234,761.

Social Security

Effective September 1, 1997, the Authority elected to refrain from participation in Social Security and will instead participate in both the TCDRS and the Authority 401(k) plan. The Authority requires mandatory employee participation in both of these plans.

(6) Accrued Vacation

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

(7) Risk Management

The Authority has established a limited risk management program for workers' compensation. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the Operation and Maintenance Fund. As of

**NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE**

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December 31, 1998, approximately \$16,070 is accrued to recognize claim liabilities. Effective September 25, 1997, the Authority terminated its limited risk management program for workers' compensation. The Authority is now insured for workers' compensation by an external insurance company.

(8) Post-employment Benefits

The Authority provides post-employment health care benefits to all retired employees of Mountain Creek Lake Bridge, funded on a pay-as-you-go basis. Currently, 9 individuals meet these requirements. During the year ended December 31, 1998, expenses of approximately \$18,512 were recognized for post-employment health care premiums paid.

(9) Commitments

The Authority has a month to month operating lease agreement for the rental of the automatic toll collection equipment. Expense for the year ended December 31, 1998 was approximately \$36,192.

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Required Supplementary Information
Year 2000 Disclosure
(Unaudited)

December 31, 1998

The Year 2000 (Y2K) issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors.

The Authority has implemented a Y2K readiness program with the objective of having all of their significant centralized computer systems functioning properly with respect to the Y2K issue before January 1, 2000. Each system within the Authority is in a different stage of the Y2K readiness.

The first component of the Y2K readiness program was to identify the internal computer systems that are susceptible to system failures or processing errors as a result of the Y2K issue. This effort is substantially complete with respect to centrally administered systems. Those computer systems considered most critical to continuing operations are being given the highest priority.

The second component of the Y2K readiness program involves the actual remediation and replacement of the Authority's computer systems.

The Authority has elected to partially rely on the representation of third-party software, hardware and equipment suppliers regarding the Y2K compliance of purchased systems. Based on these representations received, the Authority deemed it necessary to validate or test remediated or replaced computer systems to the full extent possible to determine that no errors are introduced during the conversion process.

The Authority is developing a formal contingency plan to mitigate the possible disruption in business operations that may result from the Y2K issue. Contingency plans include developing alternative methods of processing information. Once developed, contingency plans and related cost estimates will be refined, as additional information becomes available.

It is currently estimated that the aggregate cost of the Authority's Y2K efforts will be approximately \$400,000. The Authority's Y2K readiness program is an ongoing process and the estimates of cost and completion dates for various components of the Y2K readiness program described above are subject to change.

**NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE**

Schedule of Capitalized Costs

Year ended December 31, 1998

		Cumulative total through December 31, 1998
Preliminary Costs	\$	483,970
Administration		379,131
Right-of-way		50,777
Completed Construction		5,948,691
Engineering and Maintenance		372,332
Equipment		14,246
Total excluding financing costs		<u>7,249,147</u>
Financing Costs		2,285,354
Less Earnings on Interim Investments		<u>(870,571)</u>
		1,414,783
Capitalized cost of Mountain Creek Lake Bridge at December 31, 1998	\$	<u><u>8,663,930</u></u>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE**

Statement of Revenues and Expenses

Year ended December 31, 1998
(with comparative totals for the year ended December 31, 1997)

	<u>1998</u>	<u>1997</u>
Revenues:		
Toll revenues	\$ 1,556,187	1,460,035
Interest revenue	97,517	194,096
Other	199	—
Gross revenues	<u>1,653,903</u>	<u>1,654,131</u>
Operating expenses:		
Administration:		
General administration	69,658	53,720
Accounting	7,331	7,202
Data processing	5,181	3,638
Insurance	72,295	59,550
Vault	8,981	10,634
Safety and security	33,874	32,227
Audit	5,721	3,136
	<u>203,041</u>	<u>170,107</u>
Operations:		
Toll collection	226,314	230,099
Engineering and maintenance	45,203	43,162
Utilities	18,858	18,761
	<u>290,375</u>	<u>292,022</u>
Total operating expenses	<u>493,416</u>	<u>462,129</u>
Net operating revenues	1,160,487	1,192,002
Reserve Maintenance Fund expenses	10,471	17,067
Special Reserve Fund expenses	269	2,067
Net revenues available for debt service	<u>1,149,747</u>	<u>1,172,868</u>
Bond interest expense	<u>212,513</u>	<u>379,570</u>
Net revenues	<u>\$ 937,234</u>	<u>793,298</u>

See accompanying independent auditors' report.

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MOUNTAIN CREEK LAKE BRIDGE**

Toll Revenue and Traffic Analysis

Year ended December 31, 1998
(with comparative totals for the year ended December 31, 1997)

	<u>1998</u>	<u>1997</u>
Toll Revenue		
Two-axle vehicles	\$ 1,541,222	1,444,999
Multi-axle vehicles	7,172	6,848
Revenue adjustments	7,793	8,188
Total	<u>\$ 1,556,187</u>	<u>1,460,035</u>
Vehicles (unaudited)		
Two-axle vehicles	3,082,439	2,889,998
Multi-axle vehicles	7,774	7,590
Nonrevenue vehicles	10,312	7,686
Total	<u>3,100,525</u>	<u>2,905,274</u>
Toll Revenue - Average Per Day		
Two-axle vehicles	\$ 4,223	3,959
Multi-axle vehicles	20	19
Revenue adjustments	21	22
Average	<u>\$ 4,264</u>	<u>4,000</u>
Vehicles - Average Per Day (unaudited)		
Two-axle vehicles	8,445	7,918
Multi-axle vehicles	21	21
Nonrevenue vehicles	28	21
Average	<u>8,494</u>	<u>7,960</u>

See accompanying independent auditors' report.

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MOUNTAIN CREEK LAKE BRIDGE**

Toll Revenue and Traffic by Class of Vehicle

Year ended December 31, 1998
(with comparative totals for the year ended December 31, 1997)

Class of Vehicle	1998	
	Revenue	Vehicles (unaudited)
Two-axle vehicles	\$ 1,541,219	3,082,439
Three-axle vehicles and combinations	3,042	4,055
Four-axle vehicles and combinations	2,148	2,148
Five-axle vehicles and combinations	1,982	1,571
	<u>7,172</u>	<u>7,774</u>
Toll revenue variance	7,793	—
Nonrevenue vehicles	—	10,312
Toll revenue and traffic	<u>\$ 1,556,184</u>	<u>3,100,525</u>

Class of Vehicle	1997	
	Revenue	Vehicles (unaudited)
Two-axle vehicles	\$ 1,444,999	2,889,998
Three-axle vehicles and combinations	3,289	4,385
Four-axle vehicles and combinations	1,865	1,865
Five-axle vehicles and combinations	1,694	1,340
	<u>6,848</u>	<u>7,590</u>
Toll revenue variance	8,188	—
Nonrevenue vehicles	—	7,686
Toll revenue and traffic	<u>\$ 1,460,035</u>	<u>2,905,274</u>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY
MOUNTAIN CREEK LAKE BRIDGE**

Cash Receipts and Disbursements

Year ended December 31, 1998

	Total (memorandum only)	Construction and property fund	Revenue fund
Balance of cash December 31, 1997	\$ 245,742	—	20,057
Receipts:			
Toll revenues	1,556,186	—	1,556,186
Matured investments	4,854,792	—	1,752,042
Earnings received from investments	105,684	—	3,293
	<u>6,516,662</u>	<u>—</u>	<u>3,311,521</u>
Disbursements:			
Revenue bonds retired	(2,435,000)	—	—
Interest paid on bonded debt	(296,041)	—	—
Interim investments	(3,275,607)	—	(1,745,040)
Operating expenses	(147,849)	—	—
Reserve maintenance fund expenses	(10,301)	—	—
Equipment purchase net of trade-in	(200)	—	—
Special reserve maintenance fund expenses	(1,911)	—	—
	<u>(6,166,909)</u>	<u>—</u>	<u>(1,745,040)</u>
Interfund transactions:			
Distribution from Revenue Fund	—	—	(1,740,819)
Transfer of excess monies from other funds	(36,213)	—	170,462
Reimbursements to Dallas North Tollway System	(335,023)	—	—
Transfer to redemption fund	—	—	—
	<u>(371,236)</u>	<u>—</u>	<u>(1,570,357)</u>
Receipts over (under) disbursements and interfund transactions for year ended December 31, 1998	<u>(21,483)</u>	<u>—</u>	<u>(3,876)</u>
Balance of cash December 31, 1998	\$ <u>224,259</u>	<u>—</u>	<u>16,181</u>

See accompanying independent auditors' report.

Operation and maintenance fund	Reserve maintenance fund	Special reserve fund	Debt Service Funds		
			Bond interest account	Reserve account	Redemption account
82,978	32,868	109,839	—	—	—
—	—	—	—	—	—
—	40,598	—	298,895	186,161	2,577,096
—	11,726	24,969	5,602	40,409	19,685
—	52,324	24,969	304,497	226,570	2,596,781
—	—	—	—	—	(2,435,000)
—	—	—	(296,041)	—	—
—	(117,924)	(587,817)	(215,331)	(42,399)	(567,096)
(147,849)	—	—	—	—	—
—	(10,301)	—	—	—	—
—	(200)	—	—	—	—
—	—	(1,911)	—	—	—
(147,849)	(128,425)	(589,728)	(511,372)	(42,399)	(3,002,096)
599,921	76,600	429,604	209,694	—	425,000
—	—	—	—	—	—
—	—	—	(2,819)	(184,171)	(19,685)
(335,023)	(28,170)	28,170	—	—	—
264,898	48,430	457,774	206,875	(184,171)	405,315
117,049	(27,671)	(106,985)	—	—	—
200,027	5,197	2,854	—	—	—

**NORTH TEXAS TOLLWAY AUTHORITY
DALLAS-FORT WORTH TURNPIKE TRANSITION TRUST FUND
NORTH TEXAS TOLLWAY AUTHORITY FEASIBILITY STUDY FUND
NORTH TEXAS TOLLWAY AUTHORITY EQUIPMENT ACCOUNT**

Financial Statements And Supplementary Data

December 31, 1998

(With Independent Auditors' Report Thereon)

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100



200 Crescent Court
Suite 300
Dallas, TX 75201-1885

Independent Auditors' Report

Board of Directors
North Texas Tollway Authority:

We have audited the special-purpose statements of assets and liabilities of the Dallas-Fort Worth Turnpike Transition Trust Fund, the North Texas Tollway Authority Feasibility Study Fund and the Equipment Account of the North Texas Tollway Authority (the Authority) as of December 31, 1998 and the related special-purpose statements of revenues and expenses and changes in fund equity for the year then ended. These special-purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of complying with provisions of Senate Bill 194 as discussed in Note 1, and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Dallas-Fort Worth Turnpike Transition Trust Fund, the North Texas Tollway Authority Feasibility Study Fund and the Equipment Account of the North Texas Tollway Authority as of December 31, 1998 and the results of their operations and the changes in their fund equity for the year then ended, on the basis of accounting described in note 1.

The Year 2000 supplementary information on page 11 is not a required part of the special-purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the Authority is or will become Year 2000 compliant, that the Authority's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Authority does business are or will become Year 2000 compliant.



Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management of the Authority, and trustees of the bonds and is not intended to be and should not be used by anyone other than those specified parties.

KPMG LLP

March 19, 1999

NORTH TEXAS TOLLWAY AUTHORITY

Statement of Assets and Liabilities

December 31, 1998

Assets	Total	DFW Turnpike transition trust fund	NTTA feasibility study fund	NTTA equipment account
Cash (note 2)	\$ 176,088	5,789	170,299	—
Investments (note 2)	651,236	558,888	92,348	—
Accrued interest receivable on investments	1,880	968	912	—
Deferred study costs (note 1b)	2,706,816	—	2,706,816	—
Equipment	741,764	—	—	741,764
	<u>\$ 4,277,784</u>	<u>565,645</u>	<u>2,970,375</u>	<u>741,764</u>
Liabilities				
Accounts payable	\$ 81,197	—	81,197	—
Retained from contractors	56,452	—	56,452	—
Other accrued liabilities	9,588	4,756	4,832	—
Due to Dallas North Tollway System	544,605	—	544,605	—
	<u>691,842</u>	<u>4,756</u>	<u>687,086</u>	<u>—</u>
Fund Equity				
Fund balances	3,585,942	560,889	2,283,289	741,764
Commitments and contingencies (notes 3 and 4)	—	—	—	—
Total liabilities and fund equity	<u>\$ 4,277,784</u>	<u>565,645</u>	<u>2,970,375</u>	<u>741,764</u>

See accompanying notes to financial statements.

NORTH TEXAS TOLLWAY AUTHORITY

Statement of Revenues and Expenses

Year ended December 31, 1998

Assets	Total	DFW Turnpike transition trust fund	NTTA feasibility study fund
Revenues - interest from investments	\$ 67,730	31,385	36,345
Expenses:			
Administration	32,861	4,422	28,439
Retiree health care costs (note 3)	41,994	41,258	736
Accounting	1,088	—	1,088
Write-off of deferred study costs (note 4)	—	—	—
	<u>75,943</u>	<u>45,680</u>	<u>30,263</u>
Expenses in excess of revenues	\$ <u>(8,213)</u>	<u>(14,295)</u>	<u>6,082</u>

See accompanying notes to financial statements.

NORTH TEXAS TOLLWAY AUTHORITY

Statement of Changes in Fund Equity

Year ended December 31, 1998

Assets	Total	DFW Turnpike transition trust fund	NTTA feasibility study fund	NTTA equipment account
Fund equity at December 31, 1997	\$ 3,597,048	575,184	2,277,207	744,657
Revenues	67,730	31,385	36,345	—
Expenses	(75,943)	(45,680)	(30,263)	—
	143,673	(14,295)	6,082	—
Cost of equipment retired	(2,893)	—	—	(2,893)
Net changes during the year ended December 31, 1998	(11,106)	(14,295)	6,082	(2,893)
Fund equity at December 31, 1998	\$ 3,585,942	560,889	2,283,289	741,764

See accompanying notes to financial statements.

NORTH TEXAS TOLLWAY AUTHORITY

Notes to Financial Statements

December 31, 1998

(1) Organization and Accounting Policies

(a) Organization

In June 1997, the Texas Legislature approved a bill to create the North Texas Tollway Authority, a regional tollway authority under Chapter 366, Transportation Code. Effective September 1, 1997, the North Texas Tollway Authority (the Authority) became the successor agency to the Texas Turnpike Authority and succeeded to all assets, rights, liabilities and other property of the Texas Turnpike Authority located in Collin, Dallas, Denton, or Tarrant County. As a result of this transition, the Authority paid \$1,845,000 from the Feasibility Study Fund to the Texas Department of Transportation (TxDOT) on October 1, 1997. The Authority also assumed and became liable for all duties and obligations related to the Texas Turnpike Authority at that time.

The Authority is a political subdivision of the State of Texas, authorized and empowered by the Regional Tollway Authority Act (Act) to construct, maintain, repair and operate turnpike and other projects at such locations within Collin, Dallas, Denton or Tarrant Counties, as may be determined by the Authority. The Authority is further authorized to issue revenue bonds, payable solely from tolls and other revenue of the Authority, for the purpose of paying all or any part of the cost of a project. Under the provisions of the Act, these revenue bonds shall not be deemed to constitute a debt or pledge of the faith and credit of the State of Texas or of any other political subdivision thereof.

Under the administration of the Texas Turnpike Authority, the Dallas-Fort Worth Turnpike became a toll free highway on December 31, 1977 in accordance with Senate Bill 194, an Act of the 65th Legislature of Texas, which provided for the transition of the Dallas-Fort Worth Turnpike and all related properties, as a toll free highway to TxDOT (Transition). In connection with the Transition, Senate Bill 194 provided for the following as interpreted by the Authority:

- The establishment of the Dallas-Fort Worth Turnpike Transition Trust Fund to account for the payment of transition costs and other obligations payable from funds of the Dallas-Fort Worth Turnpike at December 31, 1977, such as post-employment benefits (see note 3),
- The establishment of the Texas Turnpike Authority Feasibility Study Fund (subsequently known as North Texas Tollway Authority Feasibility Study Fund) for the financing of feasibility studies, as authorized by the Authority, and

NORTH TEXAS TOLLWAY AUTHORITY

Notes to Financial Statements

December 31, 1998

(a) Deposits of Cash in Bank

The carrying amount of \$176,088 for cash in bank is presented below. The bank balance of the Authority has been classified according to the following risk categories:

- Category 1 - insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the governmental entity's name
- Category 3 - uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name)

	Category 1	Category 2	Category 3	Bank balance	Carrying amount
\$	—	20,099	—	20,099	176,088

(b) Investments

Both the carrying amount and market value of investments as of December 31, 1998 are shown below. Investments are categorized to give an indication of the level of credit risk assumed by the agency at December 31, 1998. The three categories are:

- Category 1 - investments that are insured or registered or for which the securities are held by the agency or its agent in the agency's name.
- Category 2 - uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the agency's name.
- Category 3 - uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the agency's name.

NORTH TEXAS TOLLWAY AUTHORITY

Notes to Financial Statements

December 31, 1998

Type of security	Category			Carrying amount	Fair value
	1	2	3		
Commercial paper	\$ 313,058	—	—	313,058	313,153
Totals	\$ 313,058	—	—	313,058	313,153
Uncategorized investments - money market funds				338,178	338,178
Total investments				\$ 651,236	651,331

In accordance with Governmental Accounting Standards Board Statement Number 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, amounts invested in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

(3) Post-employment Benefits

The Authority provides post-employment health care benefits, in accordance with State law, to all retired employees of the Dallas-Fort Worth Turnpike, funded on a pay-as-you-go basis. Currently 15 individuals meet these requirements. During the year ended December 31, 1998, expenses of approximately \$42,000 were recognized for post-employment health care premiums paid.

(4) Commitments

Contract commitments at December 31, 1998 aggregate approximately \$3,632,663.

NORTH TEXAS TOLLWAY AUTHORITY

Notes to Financial Statements

December 31, 1998

- The retention for the Authority of such equipment and related assets as usable by the Authority in the operation of other projects. Such assets are accounted for in the Equipment Account and are not subjected to depreciation as the equipment and related assets are held in a custodial capacity only and will not be replaced by the Authority.

The accounts of the Dallas-Fort Worth Turnpike Transition Trust Fund and the Equipment Account assets and liabilities were transferred from the Dallas-Fort Worth Turnpike in accordance with provisions of Senate Bill 194 as described in the preceding paragraph. All assets and liabilities transferred have been recorded at predecessor carrying values, generally at cost.

The Authority currently operates the Dallas North Tollway System and Mountain Creek Lake Bridge, which are separate turnpike projects, and for which separate individual financial statements are prepared in accordance with trust agreements.

(b) Accounting Policies

In accordance with House Bill 749, an act of the 72nd Legislature of Texas, the Authority may transfer an amount from a surplus fund established for a turnpike project to the North Texas Tollway Feasibility Study Fund (Feasibility Study Fund). However, the Authority may not transfer an amount that results in a balance in the surplus fund that is less than the minimum balance required in the trust agreement for that project, if any.

Revenues are recognized when they are earned, expenses are recorded in the period in which they are incurred, and contributed capital is recorded for amounts contributed by other governments.

The costs of studies funded by the Feasibility Study Fund are deferred until such time as the feasibility of the project is determined. If the project is pursued, the Feasibility Study Fund is reimbursed for related study costs from the proceeds of the project's bond issue. However, the study costs associated with projects determined to be unfeasible are removed from the balance sheet and written off to expense when approved by the Executive Director.

As a political subdivision of the State of Texas, the income of the Authority is not subject to federal or state income tax under the Internal Revenue Code Section 115.

NORTH TEXAS TOLLWAY AUTHORITY

Notes to Financial Statements

December 31, 1998

(2) Cash and Investments

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Authority may purchase investments as authorized by the Trust Agreement and as further authorized by the revised investment policy and strategy approved by the Board of Directors in December 1998. These investments include but are not limited to obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal of and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; certificates of deposit issued by a state or national bank; fully collateralized repurchase agreements; commercial paper with a stated maturity of 270 days or fewer from the date of its issuance; and no load money market mutual funds which have a dollar-weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

The Authority does not invest in financial instruments other than those authorized by the investment policy, and does not invest in any state or local government investment pools.

The Authority adopted Statement of Governmental Accounting Standards (GASB) No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," during 1998. The impact of the adoption was immaterial to the accompanying financial statements. Statement No. 31 establishes accounting and financial reporting standards for all investments held by governmental entities. This statement generally requires all equity securities and debt instruments with readily determinable market values to be carried at fair value, with changes in fair value reflected in the statement of revenues and expenses.

NORTH TEXAS TOLLWAY AUTHORITY

Required Supplementary Information Year 2000 Disclosure (Unaudited)

The Year 2000 (Y2K) issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00". Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors.

The Authority has implemented a Y2K readiness program with the objective of having all of their significant centralized computer systems functioning properly with respect to the Y2K issue before January 1, 2000. Each system within the Authority is in a different stage of the Y2K readiness.

The first component of the Y2K readiness program was to identify the internal computer systems that are susceptible to system failures or processing errors as a result of the Y2K issue. This effort is substantially complete with respect to centrally administered systems. Those Computer Systems considered most critical to continuing operations are being given the highest priority.

The second component of the Y2K readiness program involves the actual remediation and replacement of the Authority's computer systems.

The Authority has elected to partially rely on the representation of third-party software, hardware and equipment suppliers regarding the Y2K compliance of purchased systems. Based on these representations received, the Authority deemed it necessary to validate or test remediated or replaced computer systems to the full extent possible to determine that no errors are introduced during the conversion process.

The Authority is developing a formal contingency plan to mitigate the possible disruption in business operations that may result from the Y2K issue. Contingency plans include developing alternative methods of processing information. Once developed, contingency plans and related cost estimates will be refined, as additional information becomes available.

It is currently estimated that the aggregate cost of the Authority's Y2K efforts will be approximately \$400,000. The Authority's Y2K readiness program is an ongoing process and the estimates of cost and completion dates for various components of the Y2K readiness program described above are subject to change.

NORTH TEXAS TOLLWAY AUTHORITY

Cash Receipts and Disbursements

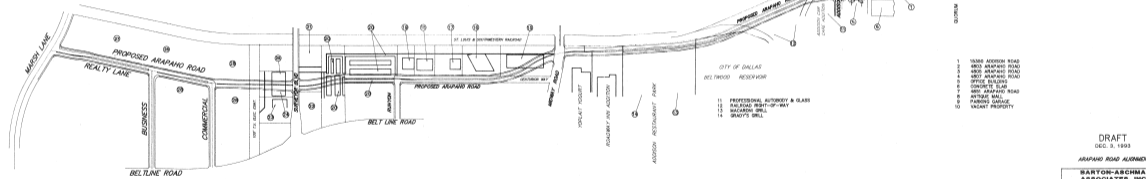
Year ended December 31, 1998

Assets	Total	DFW Turnpike transition trust fund	NTTA feasibility study fund
Balance of cash December 31, 1997	\$ 999	999	—
Receipts:			
Matured investments	4,407,993	1,323,920	3,084,073
Earnings received from investments	73,642	35,802	37,840
	<u>4,481,635</u>	<u>1,359,722</u>	<u>3,121,913</u>
Disbursements:			
Purchase of investments	(3,406,493)	(1,309,474)	(2,097,019)
Operating expenses	(19,787)	(4,200)	(15,587)
Deferred study costs	(1,420,135)	—	(1,420,135)
	<u>(4,846,415)</u>	<u>(1,313,674)</u>	<u>(3,532,741)</u>
Interproject transactions:			
Reimbursements (to) from Dallas North Tollway System	539,869	(41,258)	581,127
Receipts over (under) disbursement and interproject transactions for the year ended December 31, 1998	<u>175,089</u>	<u>4,790</u>	<u>170,299</u>
Balance of cash December 31, 1998	<u>\$ 176,088</u>	<u>5,789</u>	<u>170,299</u>

See accompanying independent auditors' report.

- 23 15107 SURVEYOR BLVD.
- 24 15109 SURVEYOR BLVD.
- 25 15115 SURVEYOR BLVD.
- 26 3861 REALTY LANE
- 27 3789 REALTY LANE
- 28 VACANT

- 15 15101 MIDWAY ROAD
- 16 4128 CENTURION WAY
- 17 4121 CENTURION WAY
- 18 4125 CENTURION WAY
- 19 4131 CENTURION WAY
- 20 TILT SLAB WAREHOUSES
- 21 GROUND MOUNT WATER TANK
- 22 VACANT PROPERTY



CITY OF DALLAS
DELWOOD RESERVOIR

- 11 PROFESSIONAL AUTOBODY & GLASS
- 12 RAILROAD RIGHT-OF-WAY
- 13 MACARDI'S DRILL
- 14 GRAY'S DRILL

- 1 15386 ADDICKS ROAD
- 2 4803 ARAPAHO ROAD
- 3 4805 ARAPAHO ROAD
- 4 4807 ARAPAHO ROAD
- 5 OFFICE BUILDING
- 6 CONCRETE SLAB
- 7 4851 ARAPAHO ROAD
- 8 ANTIQUE MALL
- 9 PARKING GARAGE
- 10 VACANT PROPERTY

DRAFT
OCT. 3, 1993

ARAPAHO ROAD ALIGNMENT

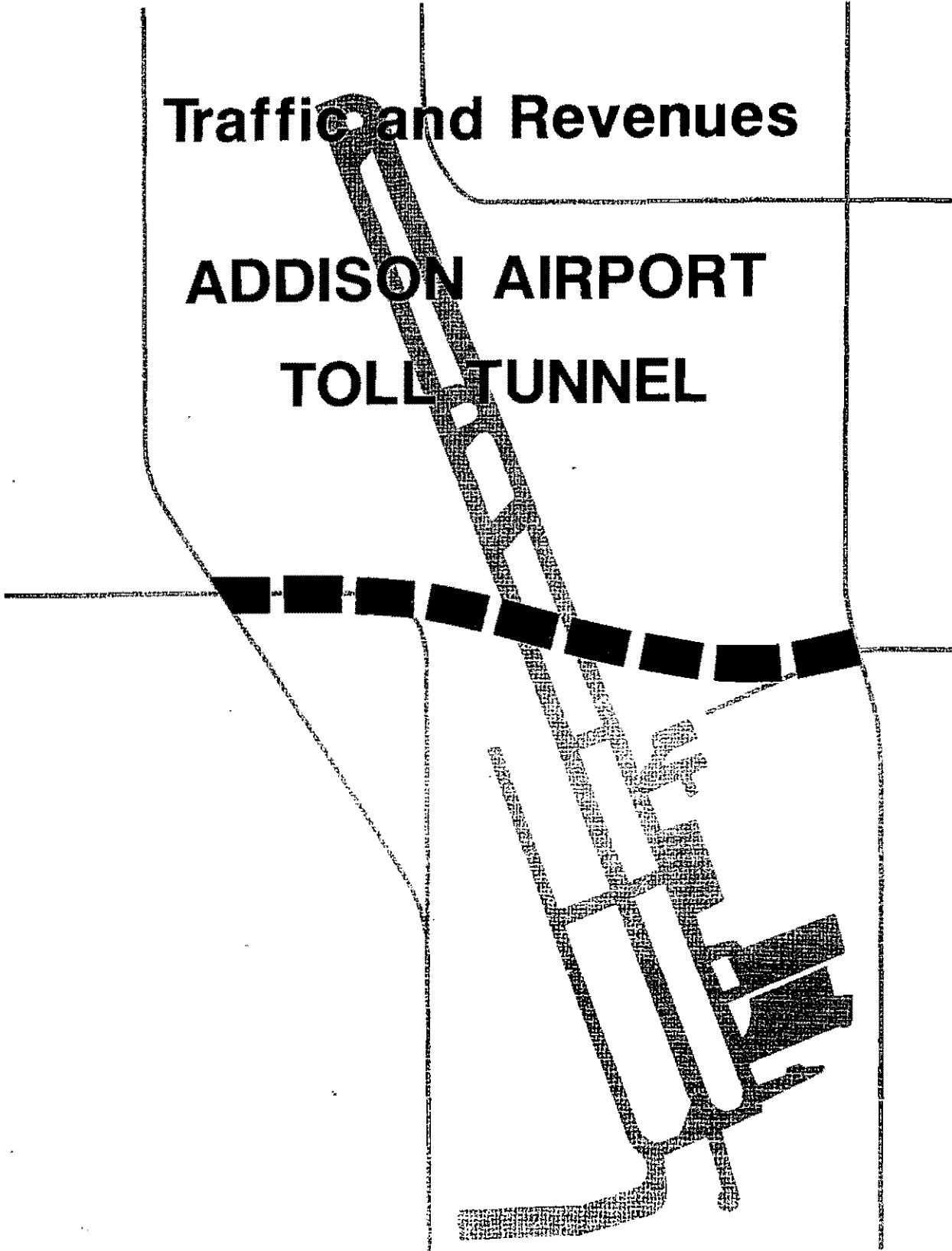
BARTON-ARCHMAN ASSOCIATES, INC.
INCORPORATED IN THE STATE OF TEXAS
 1100 WEST END AVENUE, SUITE 1000, DALLAS, TEXAS 75201
 P. BARTON
 ARCHMAN

File

Traffic and Revenues

ADDISON AIRPORT

TOLL TUNNEL



WILBUR SMITH ASSOCIATES

Traffic and Revenues

ADDISON AIRPORT TOLL TUNNEL

Prepared For



By

WILBUR SMITH ASSOCIATES

FEBRUARY, 1992

TEXAS TURNPIKE AUTHORITY

LUTHER G. JONES, JR., Chairman

CHARLES R. MATTHEWS, Vice Chairman

RAY C. STOKER, JR., Director

CLIVE RUNNELS, Director

MICHAEL Y. CHOU, Director

JERE W. THOMPSON, JR., Director

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DAVID E. BERNSEN, Director

RAUL A. BESTEIRO, JR., Director

PHILIP MONTGOMERY, Director

JAMES N. MUNS, Director

WILLIAM P. MAHOMES, JR., Director

JOHN B. RAMMING, Executive Director

HARRY KABLER, Secretary - Treasurer

JOE H. STALEY - LOCKE PURNELL RAIN HARRELL, General Counsel

WILBUR
SMITH
ASSOCIATES

ENGINEERS • ECONOMISTS • PLANNERS

135 COLLEGE STREET • P.O. BOX 9412 • NEW HAVEN, CT 06534 • (203) 865-2191 • FAX (203) 624-0484

February 1, 1992

Texas Turnpike Authority
3015 Raleigh Street
P.O. Box 190369
Dallas, TX 75219-0369

Attention: Mr. John Ramming
Executive Director

Gentlemen:

Wilbur Smith Associates (WSA) is most pleased to submit this report summarizing the results of our final study of traffic and revenue on the proposed Addison Airport Toll Tunnel.

The study was based upon travel pattern and characteristic trip data collected in 1991 and updated socioeconomic forecasts and design year travel patterns provided by the North Central Texas Council of Governments. Annual traffic and revenue estimates are provided for the proposed project from the opening year (1995) through the design year (2010).

Mr. Raymond P. Richard, Project Director, and Messrs. Jeffrey A. Byer and Robert R. Josef, gratefully acknowledge the cooperation and valued assistance provided by you and others on your staff throughout the course of this study. The efforts of the Authority's Consulting Engineers and numerous state and local agencies contacted throughout the course of the study were also greatly appreciated. We are pleased to have had the opportunity to participate in this important and interesting study.

Respectfully submitted,

WILBUR SMITH ASSOCIATES



Norman H. Wuestefeld
Executive Vice President

NHW/lao

ALBANY, NY • ALLIANCE, OH • CAIRO, EGYPT • CHARLESTON, SC • COLUMBIA, SC • COLUMBUS, OH • DES MOINES, IA • FALLS CHURCH, VA
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EMPLOYEE-OWNED COMPANY

EXECUTIVE SUMMARY

On July 12, 1991, the Board of Directors of the Texas Turnpike Authority authorized Wilbur Smith Associates (WSA) to perform an investment grade traffic and revenue study of the proposed Addison Airport Tunnel. This report summarizes the results of our analysis of the proposed toll tunnel beneath the Addison Airport. The primary purpose of this comprehensive traffic and revenue study was to present annual estimates of traffic and toll revenue and design year traffic estimates for a single 2-lane toll tunnel with an assumed opening year of 1996 over a 15-year projection period. The study was to address optimum toll rates, local area economic growth potential and obtain information on observed travel patterns and trip characteristics on competing routes in the tunnel corridor. This study built upon the earlier initial feasibility assessment studies presented in June 1991 and enhanced the available database by collecting current origin and destination information and trip characteristic data through a motorist mailback questionnaire survey.

Route reconnaissance and travel time distance studies were conducted in the corridor of the proposed tunnel. All principal arterials within the focus area bordered by Frankford Road on the north, Preston Road on the east, Alpha Road on the south and Josey Lane on the west, were included in the field reconnaissance survey. During these route reconnaissance investigations, information was obtained regarding roadway cross sections, left-turn provisions, major traffic controls, vehicle restrictions, and nature of roadside development.

Collection of travel pattern and trip characteristic information through the corridor was obtained through a motorist interview mailback questionnaire form and utilized to update the North Central Texas Council of Governments (NCTCOG) trip tables to better reflect the "real world" conditions in this specific study area. Four survey stations were operated during a 12-hour period between 7:00 a.m. and 7:00 p.m. along a north-south screenline passing through the Addison Airport.

The transportation model developed by the NCTCOG, which forecasts highway traffic in the study area, was then utilized to assist in the evaluation of traffic on the system at 1991, 1996 and 2010 levels. NCTCOG forecasts of population and employment growth in the study area were the basis for the estimation of future year traffic. Alternate toll rate assignments were used to determine the optimum toll rate for use in an assignment with the proposed S.H. 190 route included in the 1995 network. Comparing the assignments (with and without S.H. 190) provided an estimate of the traffic impact S.H. 190 will have on the proposed Addison Airport Toll Tunnel. For purposes of this analysis, S.H. 190 was assumed to be opened to traffic by January 1, 1998. The final capacity constrained computer traffic assignment tested both a \$0.75 and \$1.00 toll for all vehicle classes at 2010 levels.

Annual traffic and toll revenues for the forecast period were prepared based on the traffic assignments, optimum toll analysis and anticipated annual traffic growth schedule developed in the study.

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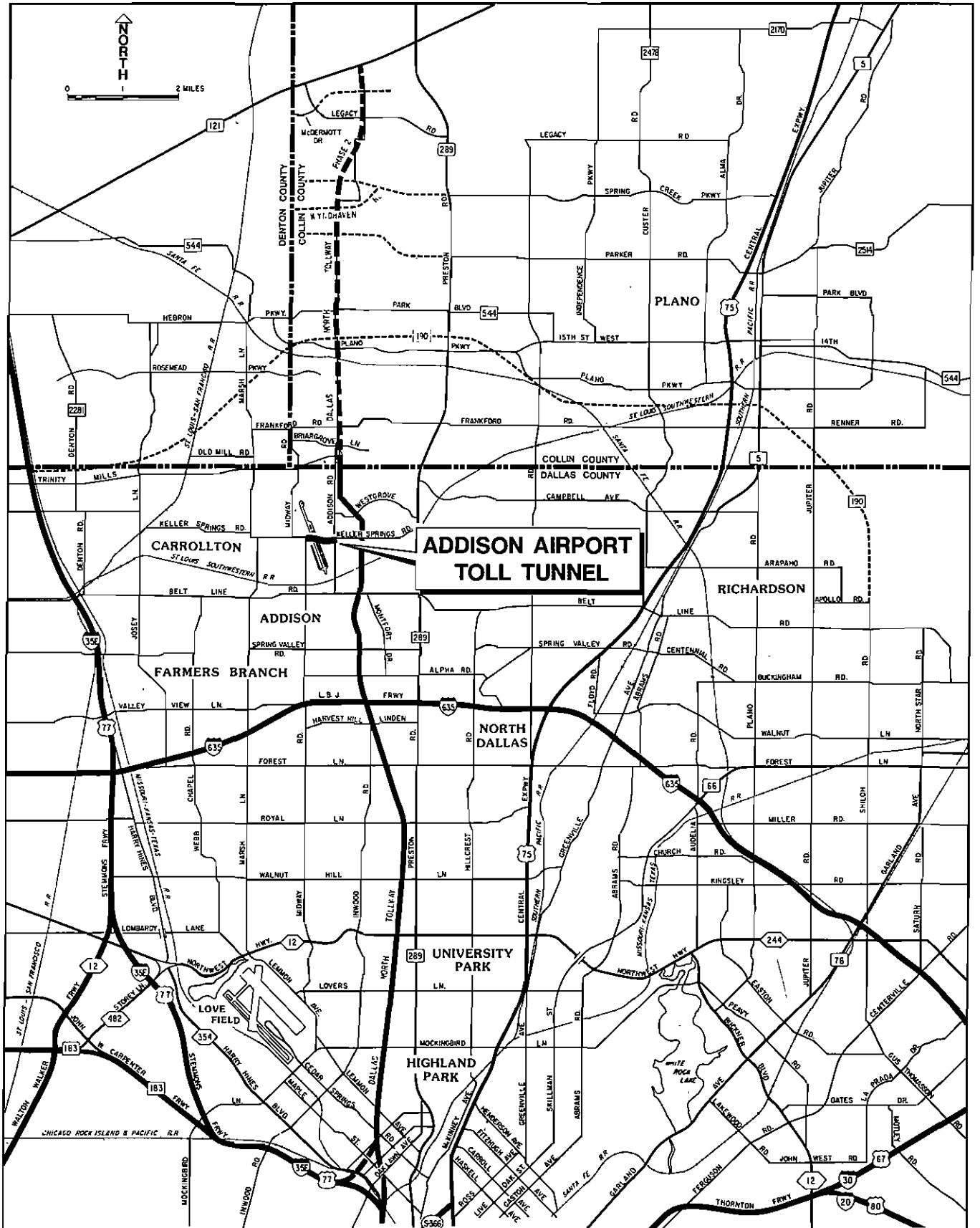
Chapter 1 INTRODUCTION

On July 12, 1991, the Board of Directors of the Texas Turnpike Authority authorized Wilbur Smith Associates (WSA) to perform an investment grade traffic and revenue study of the proposed Addison Airport Tunnel. In accord with a letter of authorization of September 9, 1991, WSA is pleased to submit this report summarizing the results of our analysis of the proposed toll tunnel beneath the Addison Airport. The primary purpose of this comprehensive traffic and revenue study is to present annual estimates of traffic and toll revenue and design year traffic estimates for the proposed Tunnel. This study built upon the earlier initial feasibility assessment studies presented in June 1991 and enhanced the available database by collecting current origin and destination information and trip characteristic data through a motorist mailback questionnaire survey.

Description of Proposed Toll Tunnel

Addison Municipal Airport lies in northern Dallas County, east of the communities of Carrollton and Farmers Branch, and west of Richardson, Texas. The regional location of the proposed Addison Airport Toll Tunnel is depicted in Figure 1. Currently, the Addison Airport disrupts the continuity of Keller Springs Road, an east-west thoroughfare that is constructed from Campbell Road in the east to Addison Road on the eastside of the Addison Airport. West of Addison Airport, Keller Springs Road connects with I.H. 35E, and Sandy Lake Road, which extends west of I.H. 35E into the City of Coppell.

Keller Springs Road is one of only a few major east-west routes north of the Belt Line Road in Dallas County. The cities of Dallas and Carrollton have planned, for quite some time, for Keller Springs Road to be a major divided roadway providing an east-west connection in the north Dallas area. Consequently, without the proposed Addison Airport Toll Tunnel to provide continuity to Keller Springs Road,



**ADDISON AIRPORT
TOLL TUNNEL**

REGIONAL MAP

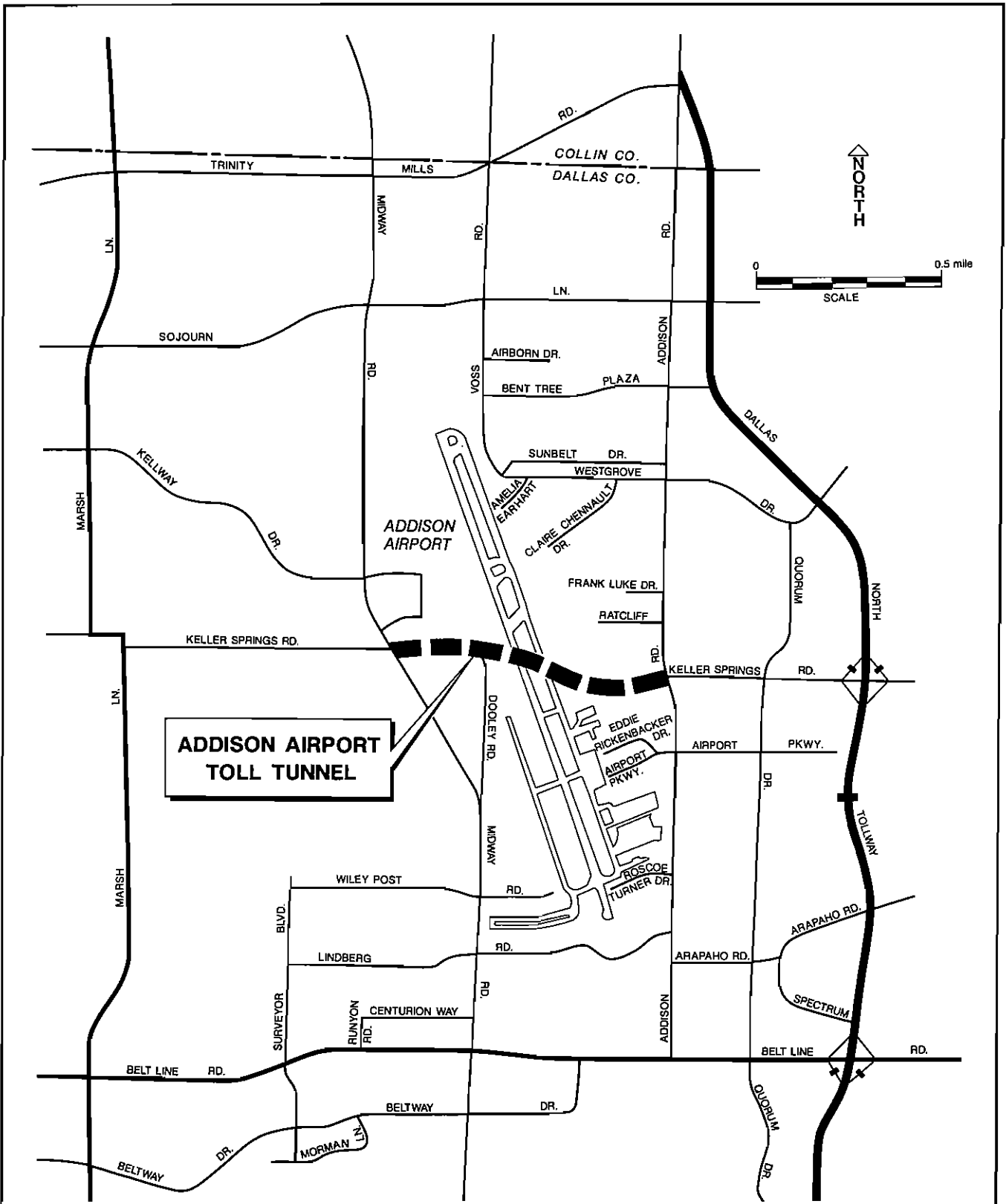
traffic impacts may be expected along Belt Line, Trinity Mills and Frankford Roads, which will have to carry the additional east-west demand.

Figure 2 depicts the proposed single 2-lane tunnel project alignment analyzed under this study. The Addison Airport is bounded on the south by the St. Louis - Southwestern Railroad tracks, Midway Road on the west, Sojourn Lane on the north, and Addison Road on the east. The Airport facilities include the 7,000 foot long runway, several taxiways and hangar buildings for general aviation and corporate type aircraft usage. The total proposed tunnel project will have a length of approximately 3,700 feet from Midway Road to Addison Road, with the actual tunnel length being 800 feet long under the runway. It is understood that Dooley Road will overpass the tunnel near its west portal in order to maintain access to properties north of Keller Spring Road. The proposed toll plaza would be located at the western terminus of the project between the proposed Dooley Road cul-de-sac and Midway Road.

Background and Study Objective

In 1985, a preliminary traffic analysis was conducted to assess the future traffic volumes surrounding the Addison Airport, as well as an engineering feasibility assessment to evaluate several alignments and tunnel designs. These initial studies were conducted on the proposed project by Ginn, Inc., in association with Barton-Aschman and Howard Needles Tammen and Bergendoff (HNTB). Although this study evaluated three construction alternatives and provided an indication of the feasibility of such a project, it did not consider the potential impacts of tolling the tunnel.

For this reason, in September 1990, the Board of Directors of the Texas Turnpike Authority authorized WSA to perform an initial feasibility assessment of traffic and revenue of the proposed Addison Airport tunnel as a toll facility under two scenarios. The first scenario assumed the construction of two separate 2-lane



LOCATION MAP

tunnels beneath the Airport. The second scenario assumed the construction of a single 2-lane tunnel. Preliminary project construction costs and maintenance and operating costs were developed by Ginn, Inc. and HNTB then provided to WSA for use in the Initial Financial Feasibility Assessment report, for the proposed tunnel. These preliminary project construction cost estimates included right-of-way costs which include costs of lease buy-outs and relocation. The purpose of that study was to provide a broad-brush measure of financial feasibility of a tolled facility, primarily to determine if more detailed studies were warranted. The results of the Initial Feasibility Assessment indicated that only the single 2-lane tunnel scenario showed promise of potential financial feasibility.

Thus, the primary objective of this comprehensive traffic and revenue study was to develop annual estimates of traffic and toll revenue for a single 2-lane toll tunnel with an assumed opening year of 1996 over a 15-year projection period. The study was to address optimum toll rates, local area economic growth potential and obtain information on observed travel patterns and trip characteristics on competing routes in the tunnel corridor.

Scope of Work

WSA was previously involved in earlier studies conducted for the proposed Tunnel project as well as the Dallas North Tollway (DNT) and the DNT Phase I and II Extension. These earlier studies provide a broad-based knowledge of the Dallas area involved and some of the related problems and issues.

Meetings were held with the Texas Turnpike Authority staff, design consultants and other parties involved in the proposed project. Discussions were also held with regional planning officials, developers and others conversant in development patterns regarding the future growth potential for the proposed corridor. Information was sought on the nature of new developments and probable build-out schedules.

Programmed highway improvements that could affect the usage of the proposed

tunnel were reviewed and the status of their development identified with regard to construction schedule and implementation programming. Route reconnaissance and travel time distance studies were conducted in the corridor of the proposed tunnel. All principal arterials within the focus area bordered by Frankford Road on the north, Preston Road on the east, Alpha Road on the south and Josey Lane on the west, were included in the field reconnaissance survey. The most important routes were covered during both peak and off-peak travel periods. During these route reconnaissance investigations, information was obtained regarding roadway cross sections, left-turn provisions, major traffic controls, vehicle restrictions, and nature of roadside development.

Collection of travel pattern and trip characteristic information through the corridor was obtained through a motorist interview mailback questionnaire form and utilized to update the North Central Texas Council of Governments (NCTCOG) trip tables to better reflect the "real world" conditions in this specific study area. Four survey stations were operated during a 12-hour period between 7:00 a.m. and 7:00 p.m. along a north-south screenline passing through the Addison Airport. Surveys were conducted on Thursday, October 3 through Saturday, October 5., in an effort to collect both weekday and weekend day data. A total of 16,738 usable interviews were received and coded during this analysis. This represents a return rate of 20.0 percent.

The transportation model developed by the NCTCOG, which forecasts highway traffic in the study area, was then utilized to assist in the evaluation of traffic on the system at 1991, 1996 and 2010 levels. NCTCOG forecasts of population and employment growth in the study area were the basis for the estimation of future year traffic. Using a windowed version of the full NCTCOG North Dallas model, WSA conducted a series of capacity constrained diversion traffic assignments. A total of eight traffic assignments were made, including a "no-build" condition at 1996 and 2010 levels, a toll-free condition with the tunnel in place, and three additional assignments analyzing three toll rates for the proposed toll tunnel at 1996 levels. These alternate rate assignments were used to determine the optimum toll rate for

use in an assignment with the proposed S.H. 190 route included in the 1995 network. Comparing the two assignments (with and without S.H. 190) provided an estimate of the traffic impact S.H. 190 will have on the proposed Addison Airport Toll Tunnel. For purposes of this analysis, S.H. 190 was assumed to be opened to traffic by January 1, 1998. The final capacity constrained computer traffic assignment tested the optimum toll rate at 2010 levels.

Annual traffic and toll revenues for the forecast period were prepared based on the traffic assignments, optimum toll analysis and anticipated annual traffic growth schedule developed in the study.

Chapter 2

SOCIOECONOMIC GROWTH CONSIDERATIONS

As an integral part of this study, a review was made of socioeconomic and land use characteristics associated with the proposed Addison Airport Toll Tunnel. Contacts were made with the NCTCOG from whom the latest regional planning data was obtained. Transportation planning models were developed directly from this data and used by WSA. Contacts were also made with planning personnel at the City of Dallas Planning Department as well as within the cities of Carrollton, Farmer's Branch and Addison.

Throughout the 1980s the far north Dallas area in which Addison is located has been the focal point of the city's fastest growing suburban sectors. Potential growth is expected to remain strong into the next decade. As such, the far north Dallas area is rapidly becoming a second regional Central Business District (CBD) which will eventually equal or surpass the current CBD in employment.

Origin/destination surveys conducted by WSA for use in traffic assignment modeling have indicated the primary demand for the proposed airport tunnel will be focused within several miles of each end of the tunnel. The western portion of the service area is described as an area approximately from Wiley Post Road on the south to halfway between Kellway Drive and Sojourn Lane on the north and west from the Addison Airport to Marsh Lane. The eastern portion is an area found along Addison Road, running north and south between Sojourn Lane and Belt Line Road and east to the Dallas North Tollway. This area of primary demand has been identified as producing the majority of the total assigned trips to the proposed project. At the present time, additional demand does originate farther west within Carrollton and Farmer's Branch and farther to the east into the towns of Richardson and North Dallas. However, the early demand profile will rely primarily on the aforementioned areas of demand.

Within the west side of the primary demand area, very large concentrations of office and manufacturing employment exists. Examples of the primary employers within this demand area includes Intreco, Inc. Reservations Systems which acts as an umbrella organization for American Airlines Data Center and the Hilton and Budget Reservation Systems. Marriott Hotel chain is also represented within the Intreco network although Marriott does not have an immediate presence in the area. Altogether the total employment within this one operation amounts to nearly 2,000 employees. Other major employers run the gamut between food processors to engineering to telecommunications equipment. Also found in the immediate study area are such companies as Intellicall, Inc. which has a headquarters in the corridor and employs 400 persons, Forney Engineering which makes control systems for power plants with manufacturing facilities employing 850, while the AER Manufacturing Company makes and remakes engine blocks for Ford Motor Company, with 350 employed. Within that area there remains many other small warehousing distribution type operations as well as other office related employment.

The eastern side of the primary service area in the town of Addison possesses a great deal of office related employment in the area previously mentioned. Records from the Addison Tax Assessors Office indicate that this area possesses 409 firms employing a total of 2,581. To the east of the Dallas North Tollway, Keller Springs Road currently changes to a two lane secondary arterial which runs through a residential area with little right-of-way on either side to accommodate any large scale development particularly of a commercial office or industrial nature.

It should be mentioned that a substantial amount of demand for the proposed project results in the presence of rapidly growing employment areas, particularly in the Town of Addison. This information is first identified in the regional socioeconomic data set by NCTCOG and later converted into the trip tables used by WSA in the traffic modeling phase. In one traffic zone alone, located between Keller Springs and Belt Line Roads employment is expected to increase by over 9,000 persons between 1986 and 2010. As a result, related trip making activity in that same zone is estimated to be increased by a factor of almost 10 between 1991 and 2010.

Socioeconomic Trends and Projections

Table 1 breaks out socioeconomic trends and projections by large Super Zone areas which are defined in Figure 3. Super Zones 7 and 8 represent population, employment and households found in the primary service corridor of the proposed Addison Airport Toll Tunnel. While growth rates of all three categories tend to compare favorably to the regionwide totals in each case, they have now ceased to grow at the once rapid pace experienced in the early part of the 1980s. For example, housing unit completions in Dallas County peaked between 1984 and 1985 with a total of 81,038 units coming on the market at that time. Real estate formation declined in each subsequent year after 1984-85. This decline was most severe in 1989 when the County's completion rate slowed dramatically. In 1989, only 6,412 units were built throughout the County compared to 42,826 completions in 1984.

In that same time period, 1980-85, the combined residential completions of Farmers Branch, Carrollton and Addison peaked, having grown from 28,573 units in 1980 to 45,097 in 1985. Since 1987 only Carrollton has seen appreciable residential development although at rates of more than ten times slower than seen during the high point of the mid 1980s. The geographic density of this accumulated growth in part necessitates the need for improved East-West linkage through that portion of the region's transportation network.

Both cities grew rapidly during the 1980s. Although this trend has slowed in recent years due to the national and regional economic slowdown, employment continues to grow at rates that are more rapid than the county. Data from the NCTCOG projects county wide employment growth at an annual rate of 1.8 percent during the 1990s. Within the primary corridor, average annual growth is expected at rates of 3.1 and 7.4 percent in Farmer's Branch and Carrollton, respectively, between 1990 and 2000.

The demographic data which has been aggregated and displayed in Table 1 is considered to be conservative. Employment growth between 1986 and 2000, for

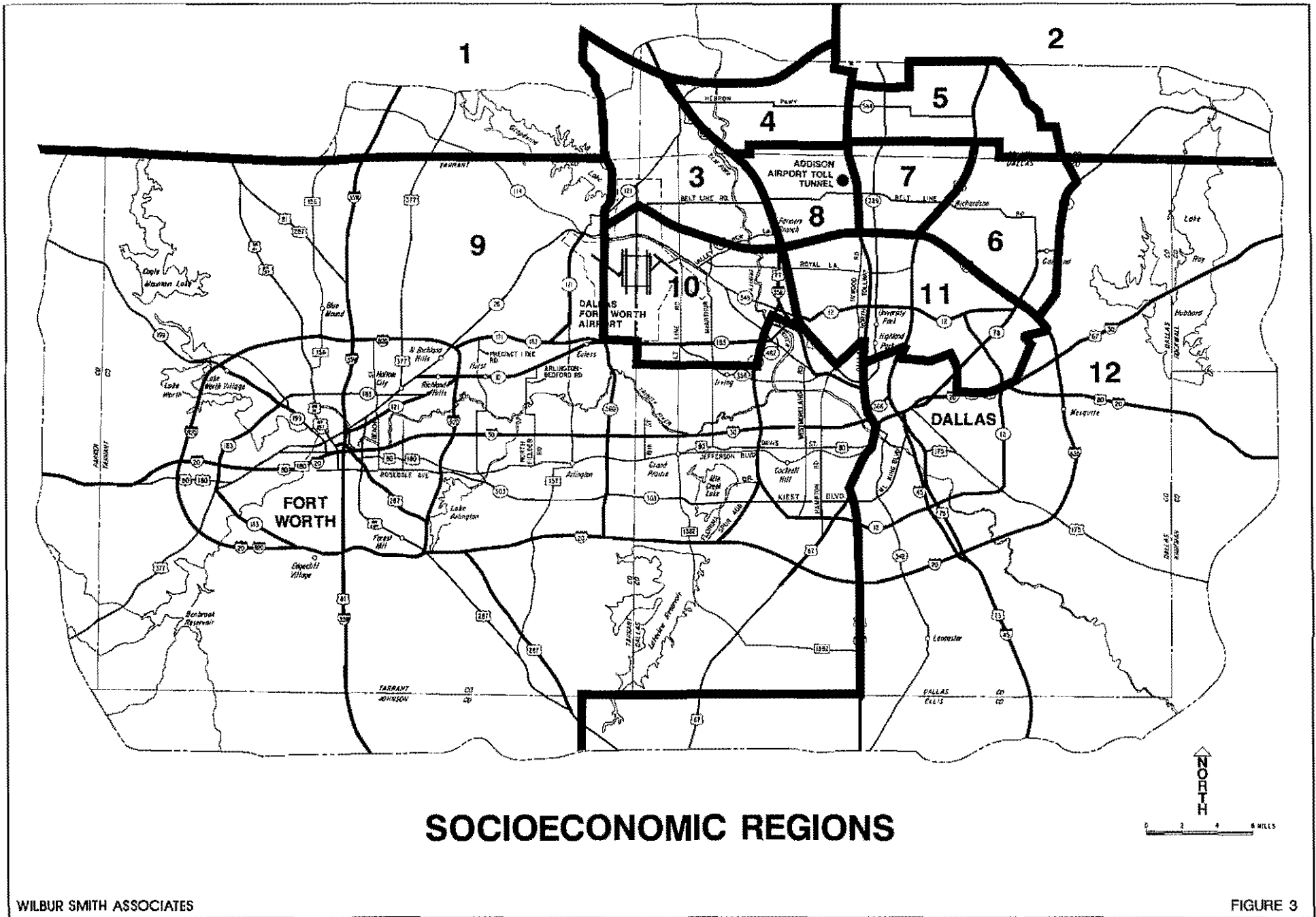
Table I
SOCIOECONOMIC TRENDS AND PROJECTIONS

SOCIOECONOMIC REGIONS	POPULATION				
	1986	Average Annual Percent Change	2000	Average Annual Percent Change	2010
1	124,990	3.1	190,444	1.3	217,280
2	85,808	4.7	164,311	2.7	214,639
3	54,529	4.3	98,171	2.2	121,785
4	38,781	3.5	62,759	2.7	82,190
5	102,298	1.2	120,285	0.3	124,534
6	153,542	1.2	181,851	0.6	192,808
7	114,599	0.7	125,676	0.2	128,660
8	82,408	1.5	101,703	0.6	108,503
9	1,494,925	1.8	1,906,557	1.0	2,110,026
10	106,084	1.5	130,092	0.7	139,492
11	347,728	0.3	363,971	0.2	370,313
12	<u>583,555</u>	1.3	<u>695,131</u>	0.7	<u>742,982</u>
TOTAL	3,289,247	1.7	4,140,951	1.0	4,553,212

SOCIOECONOMIC REGIONS	EMPLOYMENT				
	1986	Average Annual Percent Change	2000	Average Annual Percent Change	2010
1	39,701	2.5	55,854	1.6	65,781
2	28,050	5.6	59,907	3.0	80,737
3	47,324	3.2	73,297	1.9	88,241
4	8,643	6.9	21,996	3.2	30,237
5	46,011	2.1	61,196	2.4	77,468
6	121,439	1.7	154,299	0.8	166,764
7	90,526	2.6	129,763	1.2	145,727
8	88,581	2.0	117,155	1.4	134,238
9	856,676	1.9	1,112,548	1.7	1,318,783
10	135,962	2.5	191,239	2.0	234,103
11	236,568	1.5	291,621	0.8	316,126
12	<u>373,184</u>	1.4	<u>455,683</u>	1.2	<u>513,206</u>
TOTAL	2,072,665	2.0	2,724,558	1.5	3,171,411

SOCIOECONOMIC REGIONS	HOUSEHOLDS				
	1986	Average Annual Percent Change	2000	Average Annual Percent Change	2010
1	48,965	3.2	76,393	1.6	89,915
2	28,903	5.3	59,452	2.9	79,200
3	20,467	4.6	38,215	2.5	48,796
4	14,641	3.8	24,798	2.9	32,851
5	35,577	1.5	43,697	0.5	45,933
6	58,676	1.6	73,519	0.7	79,128
7	49,406	1.0	56,779	0.4	58,928
8	33,271	1.9	43,465	0.8	47,213
9	572,996	2.0	757,810	1.2	850,681
10	45,015	1.9	58,201	0.9	63,430
11	157,067	0.6	170,898	0.3	176,032
12	<u>219,767</u>	1.5	<u>270,060</u>	0.8	<u>291,769</u>
TOTAL	1,284,751	1.9	1,673,287	1.1	1,863,876

SOURCE: North Central Texas Council of Governments, North Dallas Regional Arterial Needs Assessment Study, September 1988.



SOCIOECONOMIC REGIONS

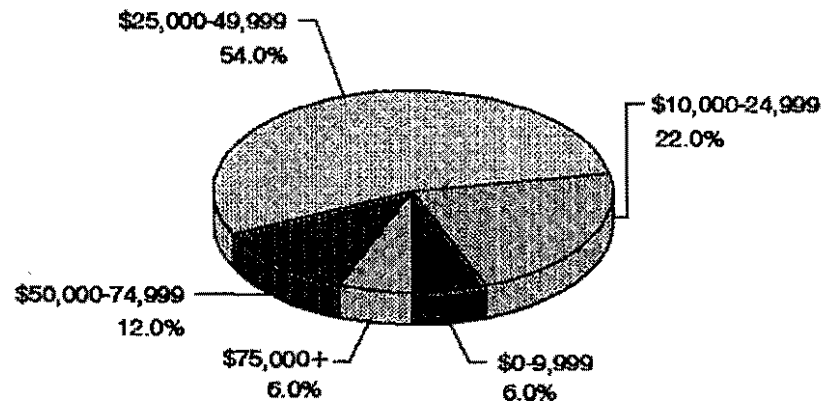
example, while expected to average 2.0 - 2.6 percent annually in the primary study area, could in fact exceed that pace. The EDS - Legacy project just to the north is one well known example, which may have been significantly underrated in the regional data set and therefore within the official transportation model used for such purposes as this study. Large office vacancies in the Dallas North Tollway Corridor could in fact successfully compete for surges in demand for office space once the local economy is revived late in the 1990s.

In 1985 the city of Dallas and the North Dallas Chamber of Commerce funded a study to review the land uses and transportation along the Dallas North Tollway. The study concluded that only if extraordinary measures were taken, such as improved infrastructure and implementation of a mandatory transportation management program, that given the maximum zoning rights in the corridor now available, land use demand could never be developed given the existing transportation structure. In order to meet the transportation needs of the build-out within the immediate area of the proposed tunnel, the level of development would require more than tripling the roadway capacity in the area requiring double decking expressways, extensive widening of collector and arterial roadways and CBD-like transit service.

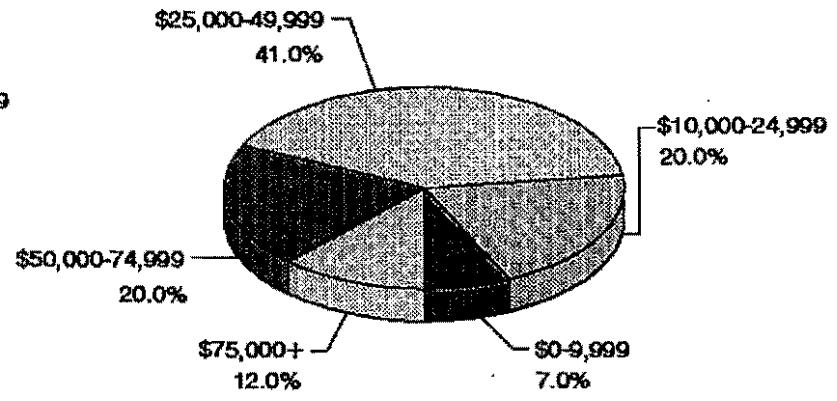
Household Income

Figure 4 profiles median household income in portions of the primary demand corridor. Statistics on household income profiles show that within the primary corridor incomes of \$25,000 per year and up amount to about 72 and 73 percent of all households in Farmer's Branch and Carrollton, respectively. Close to half of all households in these cities had 1990 incomes of between \$35,000 to \$75,000 per year. Dallas County had 60.3 percent of all households above \$25,000 per year and only 33.2 percent between \$35,000 and \$75,000 per year by contrast.(1)

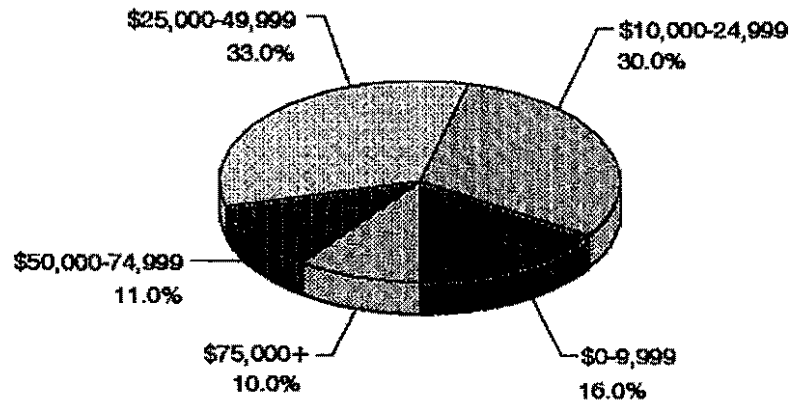
(1) Data provided to individual cities by Donnelley Marketing Information Systems.



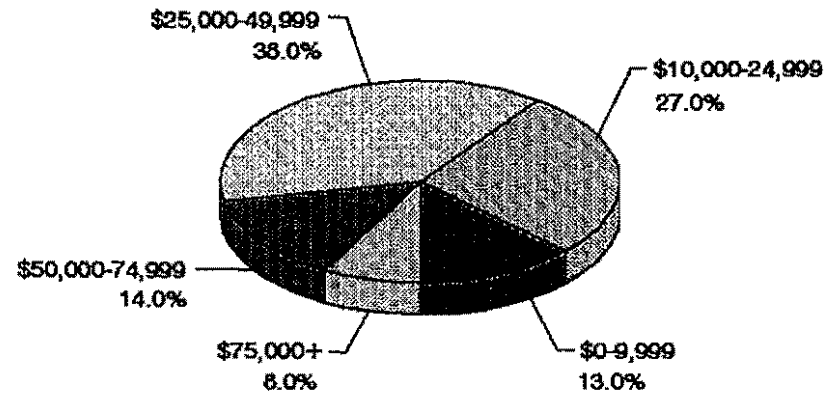
CARROLLTON



FARMERS BRANCH



DALLAS



DALLAS COUNTY

ESTIMATED MEDIAN HOUSEHOLD INCOME

Other sources of median household income such as Sales and Marketing Management also point to the unusually high household income levels found in and around the project corridor. In 1990, the cities of Richardson and Plano were identified as having median household income levels of \$35,083 and \$53,710, respectively. Furthermore, the proportion of all households earning above \$50,000 per year was 55.5 percent in the case of Plano and 44.6 percent in Richardson. By contrast, the State and the U.S. reached levels amounting to \$25,847 and \$27,912, respectively.

Economic Overview - Similar to other metropolitan areas which were dependent on petro dollars in the late 1970s and early 1980s, the Dallas metro area grew until 1986. Employment in the metropolitan area increased annually during that period at the rate of 4.4 percent in terms of non-farm employment. With the crash of oil prices in 1986 the economic expansion was notably slow by 1987 resulting from the contraction in the flow of petro dollars and construction related employment which followed and, to some extent, continues at the present time. According to figures released by the State Comptroller's Office, construction employment in Dallas fell by over 40,000, approximately 45 percent, from a 1985 high level mark of more than 87,000 jobs. By 1990, the reported number of jobs in the construction sector throughout the metroplex was in the range of 46.7 thousand. The rate of decline in construction employment which had been averaging more than 11.0 percent annually between 1985 and 1990 has now begun to lessen. Between August 1990 and August 1991 the decrease in construction employment was only 2.7 percent.

Another sector of the economy which has been severely impacted in the late 1980s has been the finance, insurance and real estate sector. Energy and real estate loans have contributed to severe financial problems throughout the metropolitan area's banking system. The peak level of employment in the finance, insurance and real estate sector occurred in 1986 creating slightly over 133,000 jobs. This sector has lost more than 11,000 jobs through August 1991. However, there are positive signs that the real estate problems of the area are slowly resolving the declining rate of new foreclosures being posted throughout Dallas County. In 1988 slightly more than 21,000 foreclosures were posted throughout the County while through all of 1990 the number had fallen to slightly above 16,000. September

foreclosures continue this trend with 576 in 1991 compared to 746 the previous September.

Other areas of weakness in recent years have focused in the manufacturing sector. Dallas has an extremely important manufacturing sector which had concentrated in areas of electronics, transportation and industrial machinery. A large portion of the transportation related manufacturing can be found to be defense related. Therefore, with the decline in demand for U.S. defense related manufacturing as well as the U.S. recession which reduced the demand for U.S. electronic consumer goods, the region suffered once again. Of course, not all sectors are now showing declines in employment. Employment in the trades, service, government and transportation, public utilities and communications sectors are showing modest growths. Overall employment is increasing slightly, but at only 0.01 percent between August 1991 over August 1990.

The outlook for the Dallas metropolitan area is positive although not considered robust in the near term of two years. In terms of the overall employment outlook for the metropolitan area, the worst performance is likely in 1992 with slight improvements being registered into the short-term with total non-farm employment growing by 1 percent into 1993 and then 1.8 percent the following year.(2) Construction which had been severely negative is expected to regain a positive growth path along with the finance and real estate industries. Only mining shows some decline and is relatively unimportant due to its overall percentage of the metropolitan area employment. Unemployment rates which are now near 6 percent are expected to fall to around 5 percent by 1993-94.

The longer term economic outlook for the Dallas metropolitan area is considered promising. As has been the trend over the last decade, service related business and

(2) Texas Comptroller of Public Accounts, The Texas Outlook - Dallas Metropolitan Area, 1991.

employment will grow and dominate while manufacturing and goods producing employment will tend to represent smaller portions of the economic picture. While the economic outlook for the Dallas metropolitan area will have leverage on the nature of travel demand through the proposed tunnel, it should be pointed out that a large number of companies within the immediate service area of the project represent national headquarters or businesses with a national orientation. Therefore, while the local economy may respond to the price of oil and the flow of funds resulting from it in the short-term, other factors related to the larger U.S. economic picture will have a bearing on the service area of the proposed Addison Airport Toll Tunnel and therefore, may be expected to offset local business cycle turns particularly those of a negative nature.

Energy Considerations - Another important factor impacting vehicular travel is energy price availability. Over the past 20 years, the price and availability of crude oil has been negatively impacted twice to the point of disrupting normal travel patterns on the nation's highways and toll facilities. The resulting impact was further complicated during those episodes via an economic downturn which followed specifically in the wake of the 1973 and 1979 episodes. In the past year and a half, between August 1990 and the end of the Persian Gulf war in the early part of 1991 motor fuel prices rose rapidly. The effect did not seem to create the same impact as in the 1973 and 1979 energy crises.

Unlike the earlier situations which were marked by rapid unprecedented price rises and erratic disruption of supplies, the recent situation was much more orderly and seemingly less unpredictable. Motor fuel prices in Dallas-Fort Worth and throughout the U.S. increased on the order of 30 to 50 percent over the period of October 1990 - January 1991. Although these increases have been unusually rapid, they have not reached the potential levels they could have if prices had increased at nominal rates of inflation since 1982. During this time period, average incomes have increased nominally, making the cost of fuel (in real terms) less. In conjunction with this, the U.S. automobile fleet's average fuel efficiency has also increased from approximately 14 miles per gallon to about 20 miles per gallon. In

fact, many automobiles exceed this average, thereby further decreasing the effect of motor fuel price increases.

Motor fuel prices for all grades of gasoline in the Dallas-Fort Worth area increased in late 1990 similarly to prices nationwide, increasing approximately 30 percent during January 1991. Since that time, like prices nationwide, those in the Dallas-Fort Worth area have also declined although not to levels seen during early 1990. At the present time motor fuel prices in the Dallas-Fort Worth area have declined to levels between \$1.10 and \$1.15 per gallon. This trend is not so much a result of increased demand for motor fuel, shortages of supply, or a type of panic buying by traders around the world, but it seems to be primarily the result of increases in taxes at all levels.

According to the Petroleum Industry Research Foundation from December 1989 to September 1991 the states and local communities have raised taxes on gasoline by an average of \$0.037 per gallon (more than 20 percent). As of September 1991 the national weighted average gasoline tax charged by states and local communities - beyond the \$0.1445 per gallon federal tax - was \$0.204 per gallon compared to December 1, 1989's \$0.167 a gallon. The Federal government has raised its excise tax by \$0.05 (more than 50 percent) during this period and imposed additional new fees. Total gasoline taxes, at \$0.348 per gallon, represented a total of 30 percent of the average retail price prevailing by September 1991. In December 1989 at \$0.26, it represented 26 percent of the prevailing retail price. After the closing date of the survey by the Petroleum Industry Research Foundation from which this information was obtained, additional tax increases have been imposed: Nevada and Texas at \$0.025 and \$0.05 per gallon, respectively on October 1, 1991.(3) Despite this trend of increasing taxation the current level of prices for motor fuel are still within a range which are not expected to impact a motorist's decision to purchase fuel and make normal travel decisions.

(3) Petroleum Industry Research Foundation, Inc., The Rising Tax Burden on Gasoline, December 1991.

Ultimately, fuel availability will be the focus of any disruption great enough to effect travel patterns. The world's shortfall of crude oil, which developed following the Iraqi invasion of Kuwait, was immediately replaced by worldwide overproduction. In fact, worldwide storage today continues to be at levels which more than meet demand. In addition to that the U.S. and other international energy agency members of the western industrialized nations continue to coordinate and stock pile petroleum in various ways. The United States continues to increase its Strategic Petroleum Reserve which at current levels of demand could supply approximately three months of U.S. demand for crude oil. The real value of the petroleum reserve is to be able to alleviate a panic buying spree should the unlikely event of an oil embargo or other serious form of disruption occur. As we saw during the early days of the Persian Gulf situation the rise in oil prices was primarily driven by international oil traders and not a shortage of supply.

Overall, the assumptions of supply for motor fuel and prices used for this report do not contain any unusual disruption or availability constraint. Unprecedented price rise or constrained supplies would potentially impact the annual levels of demand for traffic and revenue calculated and presented in this report.

Chapter 3
RECENT TRAFFIC TRENDS ON CORRIDOR ROUTES

Traffic trends in the Addison Airport Toll Tunnel area are reasonably defined by the recorded volumes on the roadways within the limits of the study area. The town of Addison as well as the county of Dallas, maintains a traffic count data base and provided WSA with available count data at several key locations within the study area.

Annual Traffic Volume Trends

Table 2 summarizes the average annual daily traffic for the period from 1982 through 1989 at six selected arterials within the study corridor. The town of Addison conducts traffic counts approximately every three years. The most recent traffic count data was obtained in 1989 and appears in Table 2. Traffic growth in the north Dallas area was strong during the period between 1982 and 1986 as evidenced by the 39.4 percent annual growth rate on Midway Road between Wiley Post and Keller Springs Roads. Development was still expanding rapidly at this time and the impact of the economic recession and the oil production cutback was not reflected until the following period when the area traffic decreased. In most cases, traffic declines are shown in the next three years, due mostly to the economic downturn.

Also during this time period sections of the DNT Extension were opened to traffic with ramps at Spring Valley and Belt Line Roads opening in the fourth quarter of 1986. The DNT Mainline Barrier, Toll Plaza 2, opened to traffic in the second quarter of 1987 with the Keller Springs ramp toll plazas opening in the second quarter of 1989. A summary of the annual toll transactions for the three ramp toll plazas and one mainline barrier of the Dallas North Tollway within the proposed tunnel corridor are presented in Table 3.

Table 2
ANNUAL TRAFFIC TRENDS

<u>LOCATION</u>	<u>1982</u>	<u>AVERAGE ANNUAL PERCENT CHANGE</u>	<u>1986</u>	<u>AVERAGE ANNUAL PERCENT CHANGE</u>	<u>1989</u>
	(-----average daily traffic-----)				
Keller Springs Road between Quorum and Dallas North Tollway	5,900	9.1	8,359	(1.7)	7,942
Soujourn Lane between Addison and Voss Road	4,700	2.0	5,091	(7.7)	4,001
Midway Road between Wiley Post and Keller Springs Road	8,500	39.4	32,137	(1.7)	30,562
Belt Line Road between Midway and Runyon Roads	25,200	11.1	38,435	(1.8)	36,396
Belt Line Road between Dallas North Tollway and Quorum	NA	--	38,084	2.3	40,788
Araphao Road between Dallas North Tollway and Quorum Roads	8,300	8.8	11,640	(3.7)	10,379

Table 3
 ANNUAL TRAFFIC EXPERIENCE
 SELECTED TOLL PLAZAS
 Dallas North Tollway

<u>TOLL PLAZA</u>	<u>1987</u>	<u>PERCENT CHANGE</u>	<u>1988</u>	<u>PERCENT CHANGE</u>	<u>1989</u>	<u>PERCENT CHANGE</u>	<u>1990</u>	<u>PERCENT CHANGE</u>	<u>1991</u>
Spring Valley									
Road	2,421,681	3.3	2,501,534	7.1	2,678,644	11.0	2,971,984	1.8	3,024,296
Belt Line									
Road	5,028,247	(9.4)	4,555,898	11.5	5,081,798	11.5	5,668,078	5.6	5,987,071
Main Barrier									
Plaza 2 (1)	--	--	14,249,169	16.3	16,568,981	14.6	18,981,408	5.6	20,045,060
Keller Springs									
Road (2)	--	--	--	--	--	--	327,487	10.8	362,924

(1) DNT Mainline Barrier, Toll Plaza 2, opened to traffic in June 1987.

(2) Keller Springs ramp toll plazas opened to traffic in May 1989.

SOURCE: Texas Turnpike Authority.

Transactions at the Spring Valley Road ramp toll plazas have grown at an average annual rate of 5.7 percent between 1987 and 1991. Belt Line Road has grown at an average annual rate of 4.5 percent during the same time period. The mainline barrier, Toll Plaza 2, opened to traffic in June of 1987. The year 1989 showed a 16.3 percent growth over the first full year of operation and then continued to show a strong growth rate of 14.6 percent into 1990. Ramp toll plazas at Keller Springs Road opened in May of 1989 and showed 10.8 percent annual growth rate between 1991 and 1990.

Monthly Traffic Volume Trends

Monthly toll transactions for all vehicles using the DNT ramps at Belt Line and Keller Springs Roads are presented in Table 4. This monthly growth comparison clearly indicates the influence of many events which have occurred over the last several years. One such event is the opening of the Tollway Extension to Keller Springs Road which included the north mainline toll barrier on June 28, 1987 and the Keller Springs ramp plazas opened May 11, 1989.

Over the past 16 months at the Belt Line Road Toll ramps, the percent change on a month by month basis ranged from 1.5 to 10.7 resulting in an annual percent change of 5.6 percent for 1991 versus 1990. Exceptionally strong growth continued during the first 12 months from June of 1989 to May of 1990 being influenced by the opening of the Keller Springs Road ramps. The past seven months reflect a 11.9 percent growth for 1991 versus 1990.

Table 5 shows monthly traffic variations for ramp plazas on the DNT at Belt Line and Keller Springs Roads during 1991. Average daily transactions peaked during the month of October at the Belt Line Ramp Plaza reaching 17,295, or 5 percent above the monthly average. The peak month occurred in December at the Keller Springs Road toll plazas reaching 1,167 or 15.9 percent above the monthly average. Traffic volumes typically are above the monthly average during the months of April through August.

Table 4
MONTHLY TRANSACTIONS TREND
Dallas North Tollway

BELTLINE ROAD TOLL RAMP PLAZAS							
<u>MONTH</u>	<u>1988</u>	<u>Percent Change</u>	<u>1989</u>	<u>Percent Change</u>	<u>1990</u>	<u>Percent Change</u>	<u>1991</u>
January	328,234	21.6	399,077	14.2	455,725	4.4	475,794
February	334,524	5.1	351,537	19.4	419,824	8.6	455,736
March	377,065	11.7	421,305	15.3	485,773	3.6	503,237
April	365,899	11.1	406,332	13.4	460,821	10.7	510,036
May	371,282	16.1	430,876	13.2	487,920	6.7	520,692
June	390,102	10.6	431,468	11.6	481,442	3.3	497,244
July	383,172	7.9	413,457	14.9	475,075	5.0	498,641
August	407,922	11.1	453,250	11.3	504,262	1.5	511,714
September	386,848	10.2	426,347	6.8	455,279	5.0	478,037
October	401,578	13.3	454,957	9.0	496,057	7.4	532,576
November	385,775	13.9	439,305	7.3	471,236	4.0	490,070
December	<u>423,497</u>	7.2	<u>453,887</u>	4.6	<u>474,664</u>	8.1	<u>513,294</u>
TOTAL	4,555,898	11.5	5,081,798	11.5	5,668,078	5.6	5,987,071

KELLER SPRINGS ROAD TOLL RAMP PLAZAS							
<u>MONTH</u>	<u>1988</u>	<u>Percent Change</u>	<u>1989</u>	<u>Percent Change</u>	<u>1990</u>	<u>Percent Change</u>	<u>1991</u>
January	--	--	--	--	25,264	(3.3)	24,441
February	--	--	--	--	23,520	9.7	25,811
March	--	--	--	--	27,496	6.4	29,261
April	--	--	--	--	24,973	20.4	30,069
May	--	--	--	--	28,219	12.7	31,804
June(1)	--	--	18,252	61.7	29,508	6.3	31,380
July	--	--	19,417	52.5	29,617	6.9	31,658
August	--	--	21,673	33.1	28,856	13.0	32,603
September	--	--	22,225	15.3	25,617	13.7	29,138
October	--	--	22,635	19.2	26,988	14.4	30,871
November	--	--	23,582	14.5	27,013	12.1	30,288
December	--	--	<u>28,025</u>	8.5	<u>30,416</u>	17.0	<u>35,600</u>
SEVEN MONTH TOTAL	--	--	155,809	27.1	198,015	11.9	221,538
TOTAL	--	--	--	--	327,487	10.8	362,924

(1) First full month of operation. Ramps opened to traffic on May 11, 1989.
SOURCE: Texas Turnpike Authority

Table 5
MONTHLY TRAFFIC VARIATIONS
1991

<u>MONTH</u>	<u>BELT LINE ROAD RAMP TOLL PLAZA</u>		<u>KELLER SPRINGS ROAD RAMP TOLL PLAZA</u>	
	<u>Average Daily Transactions</u>	<u>Percent of Average Month</u>	<u>Average Daily Transactions</u>	<u>Percent of Average Month</u>
January	15,348	93.4	788	78.5
February	15,715	95.6	890	88.6
March	16,234	98.8	944	94.0
April	17,002	103.5	1,003	99.9
May	16,915	103.0	1,045	104.1
June	16,682	101.5	1,060	105.6
July	16,194	98.6	1,040	103.6
August	16,616	101.1	1,070	106.6
September	16,047	97.7	994	99.0
October	17,295	105.3	1,016	101.2
November	16,448	100.1	1,030	102.6
December	16,667	101.4	1,167	116.3
AVERAGE	16,430	100.0	1,004	100.0

SOURCE: Texas Turnpike Authority.

Variations at the ramp plazas at Belt Line Road are generally shown to be less significant than at Keller Springs Road. The average daily traffic in 1991 for each month ranges from a high of 105.3 percent of ADT in October to a low of 93.4 percent in January for the Belt Line Road plazas and 116.3 percent in December to 78.5 in January for Keller Springs Road. This pattern is indicative of a commuter oriented facility.

Daily Traffic Variations

Data for the month of June 1991 was used for daily variations for the total DNT System. As shown in Table 6, the peak day continues to be Friday, which averaged 25.9 percent above the average day for five weeks in June. Thursday was next with 18.0 percent above average, while Saturday and Sunday averaged 78.1 percent and 54.1 percent of average, respectively. This pattern is highly indicative of a commuter oriented facility.

Hourly Traffic Variations

Hourly traffic variations at four selected locations within the proposed tunnel corridor are presented in Tables 7 through 10. They represent a Thursday or Friday condition, by direction, during the month of October 1991. The peaking characteristics of eastbound and westbound traffic on each of the four arterials show up very clearly. Each location indicates a peak period during the morning hours of 7:00 a.m. and 9:00 a.m. For each of the four locations, the p.m. peak hour occurs between 5:00 and 6:00 p.m. A spike or traffic influx occurs during 12:00 and 1:00 p.m. at each of the four locations. This hourly data, along with the daily variations discussed previously, illustrates the commuter orientated nature of the major roadways within this corridor.

Vehicle Mix

Table 11 presents the vehicle classification mix currently found on the existing

Table 6
DAILY TRAFFIC VARIATIONS
 Dallas North Tollway
 Total System
 1991

<u>DAY</u>	<u>WEEK ENDING</u>					<u>AVERAGE DAY</u>	<u>PERCENT OF AVERAGE DAY</u>
	<u>June 2</u>	<u>June 9</u>	<u>June 16</u>	<u>June 23</u>	<u>June 30</u>		
Monday	99,744	215,670	209,103	210,039	214,248	189,761	96.9
Tuesday	214,574	222,356	221,914	219,830	225,334	220,802	112.8
Wednesday	224,329	222,255	224,889	221,719	225,303	223,699	114.2
Thursday	232,850	229,646	228,735	229,495	234,569	231,059	118.0
Friday	253,357	237,359	246,652	244,973	249,956	246,459	125.9
Saturday	158,334	151,565	150,134	153,696	150,833	152,912	78.1
Sunday	110,207	104,585	101,021	108,844	105,371	106,006	54.1
SEVEN DAY AVERAGE	184,771	197,634	197,493	198,371	200,802	195,814	100.0

SOURCE: Texas Turnpike Authority.

Table 7
 HOURLY TRAFFIC VARIATIONS
 12 Hour Period(1)
 Belt Line Road

<u>HOUR BEGINNING</u>	<u>EASTBOUND</u>		<u>WESTBOUND</u>		<u>TOTAL</u>	
	<u>Volume</u>	<u>Percent of Total</u>	<u>Volume</u>	<u>Percent of Total</u>	<u>Volume</u>	<u>Percent of Total</u>
7:00 a.m.	1,581	7.6	1,518	8.0	3,099	7.8
8:00	1,503	7.3	1,708	9.1	3,211	8.1
9:00	1,239	6.0	1,201	6.4	2,440	6.2
10:00	1,272	6.1	1,160	6.1	2,432	6.1
11:00	1,482	7.2	1,684	8.9	3,166	8.0
12:00 p.m.	2,284	11.0	1,746	9.3	4,030	10.2
1:00	1,994	9.6	1,532	8.1	3,526	8.9
2:00	1,670	8.1	1,479	7.8	3,149	8.0
3:00	1,649	8.0	1,424	7.6	3,073	7.8
4:00	1,929	9.3	1,584	8.4	3,513	8.9
5:00	2,236	10.8	2,212	11.7	4,448	11.2
6:00	<u>1,875</u>	<u>9.0</u>	<u>1,622</u>	<u>8.6</u>	<u>3,497</u>	<u>8.8</u>
TOTAL	20,714	100.0	18,870	100.0	39,584	100.0

(1) Data collected at survey station location as depicted in Figure 5. Survey conducted on Thursday, October 3, 1991.

Table 8
 HOURLY TRAFFIC VARIATIONS
 12 Hour Period(1)
 Lindberg Drive

<u>HOUR BEGINNING</u>	<u>EASTBOUND</u>		<u>WESTBOUND</u>		<u>TOTAL</u>	
	<u>Volume</u>	<u>Percent of Total</u>	<u>Volume</u>	<u>Percent of Total</u>	<u>Volume</u>	<u>Percent of Total</u>
7:00 a.m.	320	8.6	303	8.3	623	8.4
8:00	348	9.4	453	12.3	801	10.9
9:00	221	5.9	185	5.0	406	5.5
10:00	180	4.9	178	4.9	358	4.9
11:00	184	5.0	254	6.9	438	5.9
12:00 p.m.	417	11.2	410	11.2	827	11.2
1:00	238	6.4	347	9.5	585	7.9
2:00	238	6.4	215	5.9	453	6.1
3:00	302	8.1	232	6.3	534	7.2
4:00	379	10.2	342	9.3	721	9.8
5:00	581	15.6	488	13.3	1,069	14.5
6:00	<u>309</u>	<u>8.3</u>	<u>262</u>	<u>7.1</u>	<u>571</u>	<u>7.7</u>
TOTAL	3,717	100.0	3,669	100.0	7,386	100.0

(1) Data collected at survey station location as depicted in Figure 5. Survey conducted on Friday, October 4, 1991.

Table 9
 HOURLY TRAFFIC VARIATIONS
 12 Hour Period(1)
 Sojourn Lane

<u>HOUR BEGINNING</u>	<u>EASTBOUND</u>		<u>WESTBOUND</u>		<u>TOTAL</u>	
	<u>Volume</u>	<u>Percent of Total</u>	<u>Volume</u>	<u>Percent of Total</u>	<u>Volume</u>	<u>Percent of Total</u>
7:00 a.m.	191	14.0	127	8.7	318	11.2
8:00	121	8.9	87	5.9	208	7.4
9:00	67	4.9	56	3.8	123	4.4
10:00	64	4.7	49	3.4	113	4.0
11:00	93	6.8	82	5.6	175	6.2
12:00 p.m.	131	9.6	127	8.7	258	9.1
1:00	147	10.7	153	10.5	300	10.6
2:00	78	5.7	122	8.3	200	7.1
3:00	98	7.2	106	7.2	204	7.2
4:00	99	7.2	131	9.0	230	8.1
5:00	154	11.3	282	19.3	436	15.4
6:00	<u>123</u>	<u>9.0</u>	<u>140</u>	<u>9.6</u>	<u>263</u>	<u>9.3</u>
TOTAL	1,366	100.0	1,462	100.0	2,828	100.0

(1) Data collected at survey station location as depicted in Figure 5. Survey conducted on Friday, October 4, 1991.

Table 10
 HOURLY TRAFFIC VARIATIONS
 12 Hour Period(1)
 Trinity Mills Road

HOUR BEGINNING	EASTBOUND		WESTBOUND		TOTAL	
	Volume	Percent of Total	Volume	Percent of Total	Volume	Percent of Total
7:00 a.m.	1,183	11.1	388	4.0	1,571	7.7
8:00	1,367	12.9	607	6.3	1,974	9.7
9:00	800	7.5	568	5.9	1,368	6.7
10:00	630	5.9	473	4.9	1,103	5.4
11:00	628	5.9	770	7.9	1,398	6.9
12:00 p.m.	897	8.4	908	9.4	1,805	8.9
1:00	884	8.3	687	7.1	1,571	7.7
2:00	707	6.7	828	8.5	1,535	7.6
3:00	751	7.1	748	7.7	1,499	7.4
4:00	823	7.7	1,164	12.0	1,987	9.8
5:00	1,102	10.4	1,490	15.4	2,592	12.8
6:00	<u>856</u>	<u>8.1</u>	<u>1,056</u>	<u>10.9</u>	<u>1,912</u>	<u>9.4</u>
TOTAL	10,628	100.0	9,687	100.0	20,315	100.0

(1) Data collected at survey station location as depicted in Figure 5. Survey conducted on Thursday, October 3, 1991.

Table 11
VEHICLE CLASSIFICATION

VEHICLE CLASSIFICATION	<u>BELT LINE ROAD (1)</u>		<u>LINDBERG DRIVE (2)</u>		<u>SOJOURN LANE (2)</u>		<u>TRINITY MILLS ROAD (1)</u>		<u>TOTAL</u>	
	<u>Volume</u>	<u>Percent Of Total</u>	<u>Volume</u>	<u>Percent Of Total</u>	<u>Volume</u>	<u>Percent Of Total</u>	<u>Volume</u>	<u>Percent Of Total</u>	<u>Volume</u>	<u>Percent Of Total</u>
1 Two-Axle Vehicles	72,689	97.3	7,190	97.3	2,730	96.6	37,100	97.7	119,709	97.4
2 Two-Axle 6-Tire Vehicles	1,281	1.7	121	1.7	12	0.4	230	0.6	1,644	1.3
3 Three-Axle Vehicles and Combinations	559	0.7	22	0.3	63	2.2	614	1.6	1,258	1.0
4 Four-Axle Vehicles and Combinations	45	0.1	21	0.3	23	0.8	19	0.1	108	0.1
5 Five-Axle Vehicles and Combinations	<u>148</u>	<u>0.2</u>	<u>32</u>	<u>0.4</u>	<u>--</u>	<u>--</u>	<u>5</u>	<u>--</u>	<u>185</u>	<u>0.2</u>
Subtotal (Classes 2-5)	<u>2,033</u>	<u>2.7</u>	<u>196</u>	<u>2.7</u>	<u>98</u>	<u>3.4</u>	<u>868</u>	<u>2.3</u>	<u>3,195</u>	<u>2.6</u>
TOTAL	74,722	100.0	7,386	100.0	2,828	100.0	37,968	100.0	122,904	100.0

- (1) Manual Vehicle Classification Counts conducted for a 12-hour period on Thursday, October 3, and Saturday, October 5, 1991.
- (2) Manual Vehicle Classification Counts conducted for a 12-hour period on Friday, October 4, 1991.

four roadways. Two-axle vehicles represent approximately 97.4 percent of the total vehicle traffic. Two-axle, six-tire vehicles represent 1.7 percent of the traffic found on Belt Line and Lindberg Drive, with approximately 0.4 percent of the traffic mix on Soujourn Lane and 0.6 percent on Trinity Mills Road. These two vehicle classifications make up approximately 98.7 percent of the total vehicles.

Chapter 4
TRAVEL PATTERNS AND CHARACTERISTICS SURVEY

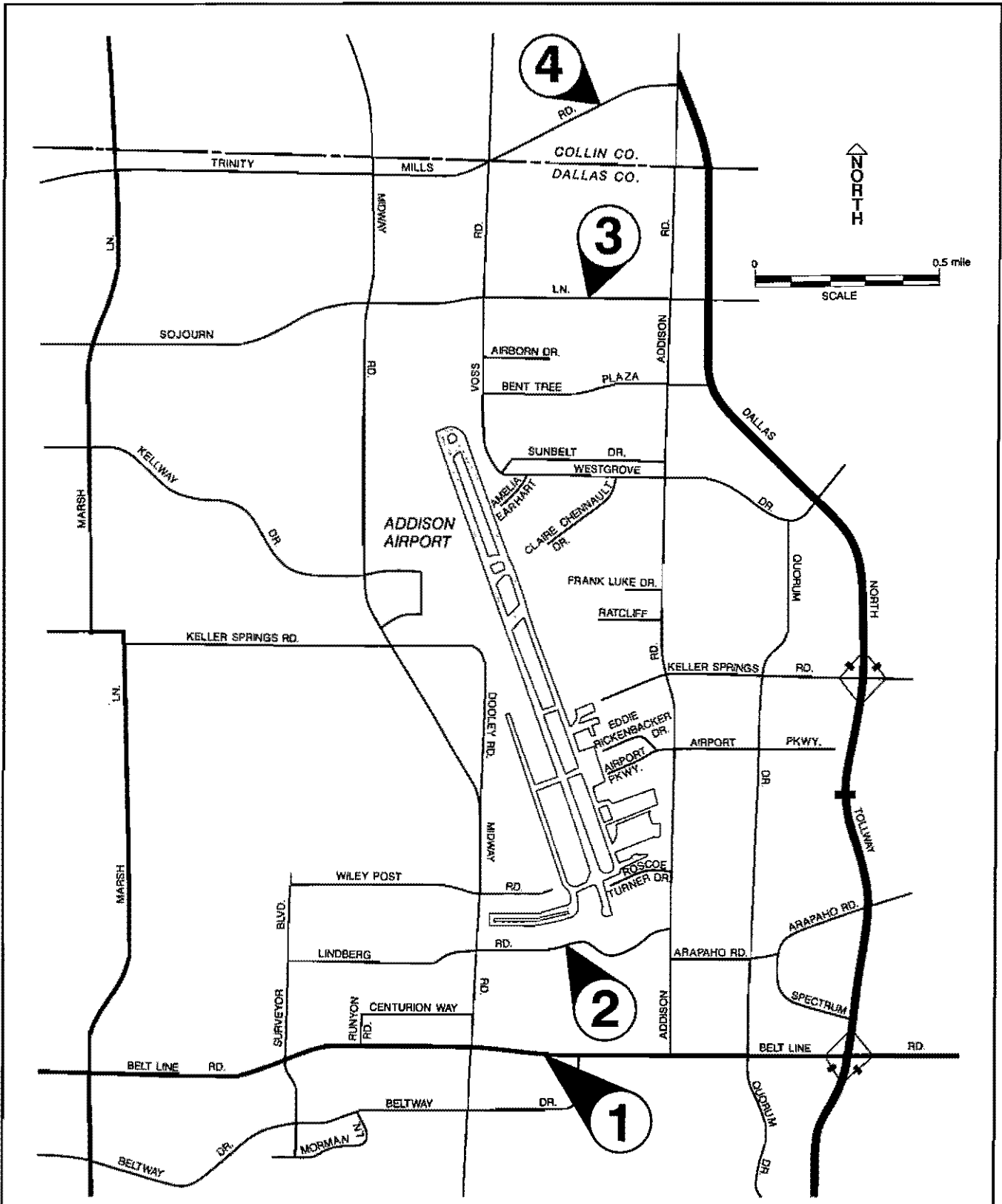
A major effort in the data collection and update stage of this study was to conduct a mailback and roadside motorist interview survey at four locations within the proposed tunnel corridor. An extensive route reconnaissance effort was included during the early stages of the study to obtain a current measure of travel distances, speeds, and highway characteristics. Manual vehicle classification count programs were conducted at each of the four survey station locations during a 12-hour period to provide information on traffic volumes and the mix of vehicle classifications currently in the corridor. Some machine traffic counts were also taken at key locations in the corridor on east-west routes by WSA.

The field reconnaissance and motorist interview survey was completed in order to obtain an up-to-date and accurate database from which to estimate the traffic potential of the proposed Addison Toll Tunnel.

Motorist Interview Survey

The mailback and roadside motorist interview survey was conducted in October of 1991. This method of surveying allowed for minimal disruption of traffic. A sample mailback survey form is shown in Figure A-1 of the Appendix. Motorists were asked to complete this questionnaire at their convenience, and drop it in the mail free of charge to the survey respondent. As shown in the Appendix Figure A-1, questions were asked relative to the motorist's origin and destination, trip purpose, frequency and vehicle occupancy.

Figure 5 depicts the four survey station locations. Placement of the four survey stations was done to maximize the probability of interception of potential tunnel trips with minimal delay or inconvenience to the motoring public. Survey Stations 1 and 4 were located on the major east-west routes both north and south of



SURVEY STATION LOCATION MAP

the Addison Airport. Survey Stations 2 and 3 are located on two minor east-west routes within the proposed project corridor.

Table 12 shows the motorist interview survey station locations and schedule. Four survey stations were operated during daylight hours (from 7:00 a.m. to 7:00 p.m.) positioned along a north-south screenline passing through the Addison Airport. This table also summarizes the number of usable interviews obtained and corresponding sample size as a percent of passing traffic.

Station 1 was located on Belt Line Road between Midway and Addison Roads. Station 2 was located on Lindberg Road between Midway and Addison. Stations 3 and 4 were located between Voss and Addison Roads on Soujourn and Trinity Mills Roads, respectively. As shown in Table 12, the total usable coded interviews obtained was 17,821 interviews, or 14.5 percent of the passing traffic. This represented about 68.2 percent sample size. The return rate ranged between 14.4 percent and 33.0 percent resulting in an average total return rate of 21.3 percent for the entire survey effort. Based on our experience on a national level, this is considered a reasonable return rate for surveys of this nature.

The motorist survey data was factored to 1991 average annual daily traffic levels, and then used in developing a current profile of motorists in the proposed tunnel corridor. Tabulations of this survey data are summarized in Tables 13 through 15.

Table 13 and Figure 6 presents a summary of trip purpose distribution for each of the four survey station locations. As shown in this table, trips to/from work accounted for the highest percentage of motorists for all stations. This category, when combined with the "company business" category amounts to over 48.7 percent of the total responses at all four survey stations. The combined categories of "personal business" and "shopping" amounted to 34.4 percent of the total.

Table 14 and Figure 7 summarizes the trip frequency distribution by survey station, recorded during the October 1991 surveys. Consistent with the trip purpose

Table 12
 MOTORIST INTERVIEW SURVEY SAMPLE SIZE
 October 1991

STATION	ROUTE	LOCATION	DAY(1)	DIRECTION	PASSING TRAFFIC	SURVEY FORMS DISTRIBUTED	NUMBER OF CODED INTERVIEWS	CODED INTERVIEWS AS A PERCENT OF		SAMPLE SIZE
								Passing Traffic	Survey Forms Distributed	
1	Belt Line Road	Between Midway and Addison Roads	Thursday October 3	Eastbound	20,714	13,588	3,389	16.4	24.9	65.6
				Westbound	18,870	12,869	2,916	15.5	22.7	68.2
			Saturday October 5	Eastbound	16,452	12,310	1,770	10.8	14.4	74.8
				Westbound	18,686	8,295	1,336	7.2	16.1	44.4
2	Lindberg Rd.	Between Midway and Addison Roads	Friday October 4	Eastbound	3,717	2,899	752	20.2	25.9	78.0
				Westbound	3,669	2,477	724	19.7	29.2	67.5
3	Sojourn Lane	Between Voss and Addison Roads	Friday October 4	Eastbound	1,366	906	299	21.9	33.0	66.3
				Westbound	1,462	877	280	19.2	31.9	60.0
4	Trinity Mills Road	Between Voss and Addison Roads	Thursday October 3	Eastbound	10,628	8,146	2,134	20.1	26.2	76.6
				Westbound	9,687	7,654	1,898	19.6	24.8	79.0
			Saturday October 5	Eastbound	9,218	7,331	1,323	14.4	18.0	79.5
				Westbound	8,435	6,401	1,000	11.9	15.6	75.9
TOTAL					122,904	83,753	17,821	14.5	21.3	68.2

(1) Survey stations were operated for a 12-hour period between 7:00 a.m. and 7:00 p.m. Values shown in this table are for the 12-hour period.

Table 13
ESTIMATED TRIP PURPOSE
Total Vehicles

<u>STATION(1)</u>	<u>TRIP PURPOSE</u>							<u>TOTAL</u>
	<u>Journey To/From Work</u>	<u>Company Business</u>	<u>Personal Business</u>	<u>School</u>	<u>Shopping</u>	<u>Recreation</u>	<u>Social</u>	
	(-----percent-----)							
1	31.3	14.0	16.7	1.7	20.1	7.1	9.1	100.0
2	56.6	17.6	11.4	0.9	6.2	3.2	4.1	100.0
3	42.6	8.5	19.4	15.2	9.8	2.1	2.4	100.0
4	38.4	9.4	18.9	2.8	16.7	6.6	7.2	100.0
PERCENT OF TOTAL	36.0	12.7	17.0	2.7	17.4	6.4	7.8	100.0

(1) See Table 12 for stations locations.

Table 14
ESTIMATED TRIP FREQUENCY
Total Vehicles

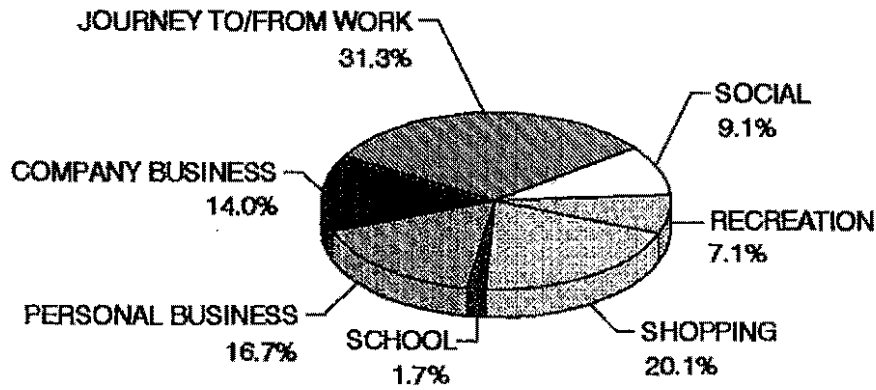
<u>STATION(1)</u>	<u>TRIPS PER WEEK</u>							<u>TOTAL</u>
	<u>Less Than One</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>	
1	30.0	11.1	11.1	9.4	4.3	17.6	16.5	100.0
2	12.7	6.3	9.5	8.4	5.8	33.4	23.9	100.0
3	12.2	7.3	8.6	9.3	4.2	29.4	29.0	100.0
4	22.9	10.5	9.5	9.1	5.3	20.9	21.8	100.0
PERCENT OF TOTAL	25.5	10.3	10.4	9.3	4.7	20.5	19.3	100.0

(1) See Table 12 for station locations.

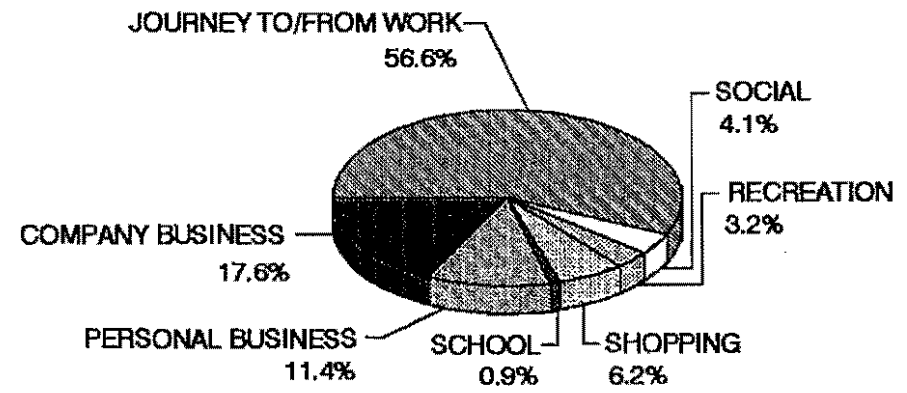
Table 15
ESTIMATED VEHICLE OCCUPANCY
Total Vehicles

<u>STATION(1)</u>	<u>VEHICLE OCCUPANCY</u>						<u>AVERAGE VEHICLE OCCUPANCY</u>
	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five or more</u>	<u>Total</u>	
1	69.5	22.6	4.6	2.3	1.0	100.0	1.43
2	84.2	12.5	2.0	0.8	0.5	100.0	1.21
3	73.6	16.3	7.0	1.6	1.5	100.0	1.41
4	73.1	19.5	4.5	2.1	0.8	100.0	1.38
PERCENT OF TOTAL	72.1	20.5	4.4	2.1	0.9	100.0	1.39

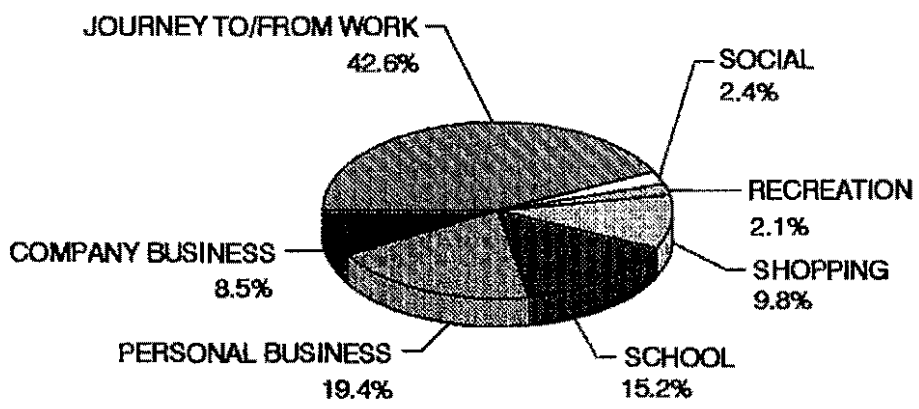
(1) See Table 12 for station locations.



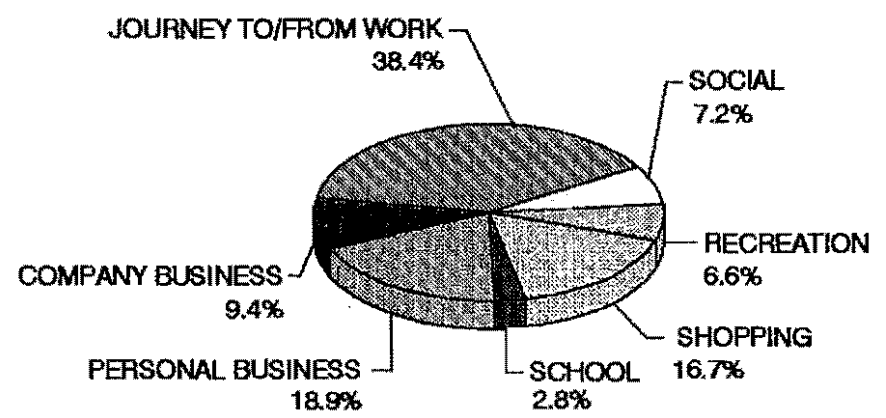
STATION ONE
BELT LINE ROAD



STATION TWO
LINDBERG ROAD

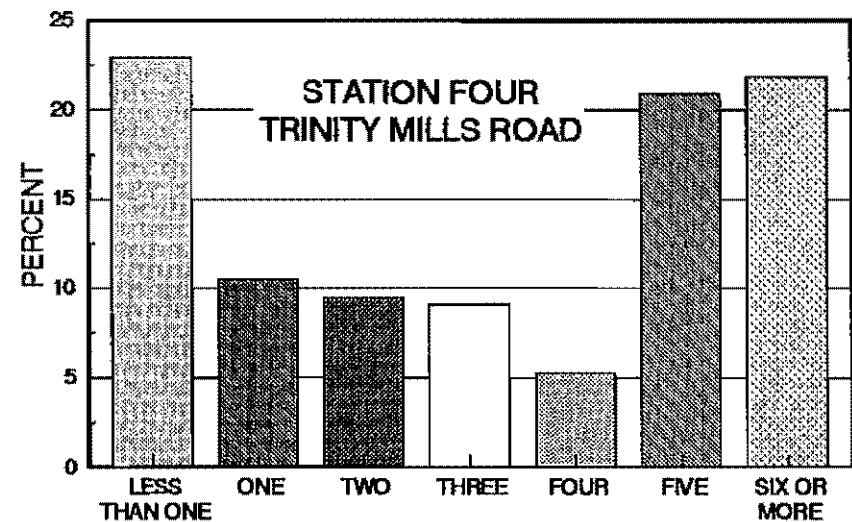
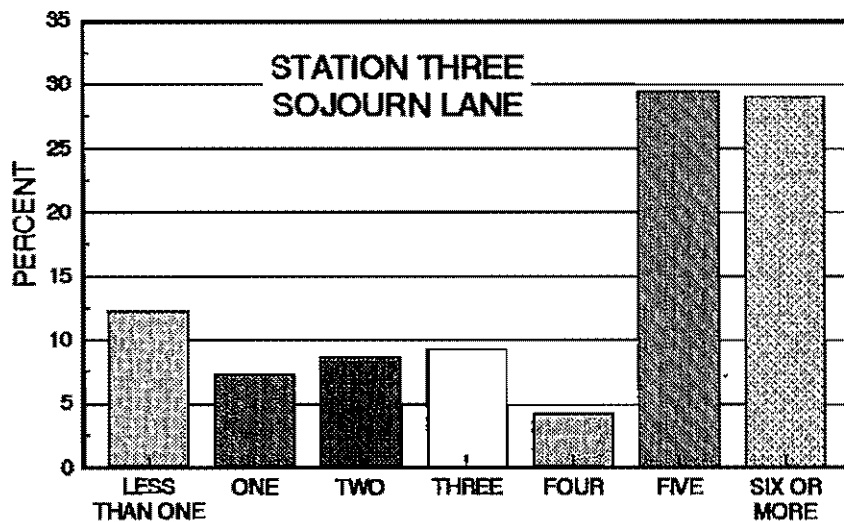
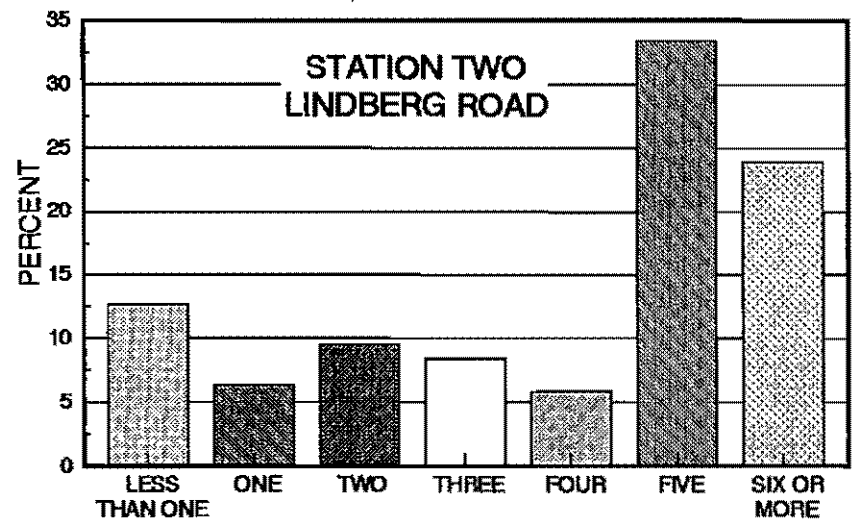
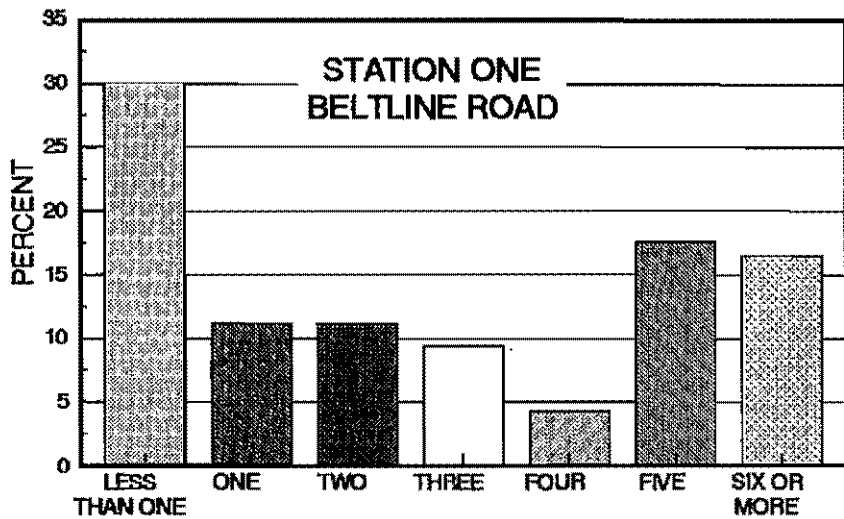


STATION THREE
SOJOURN LANE



STATION FOUR
TRINITY MILLS ROAD

ESTIMATED TRIP PURPOSE TOTAL VEHICLES



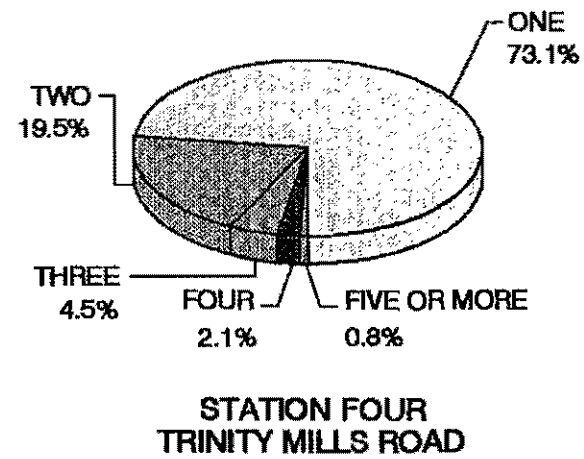
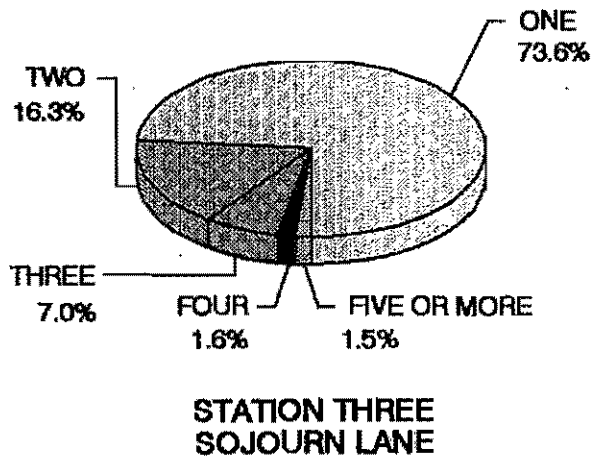
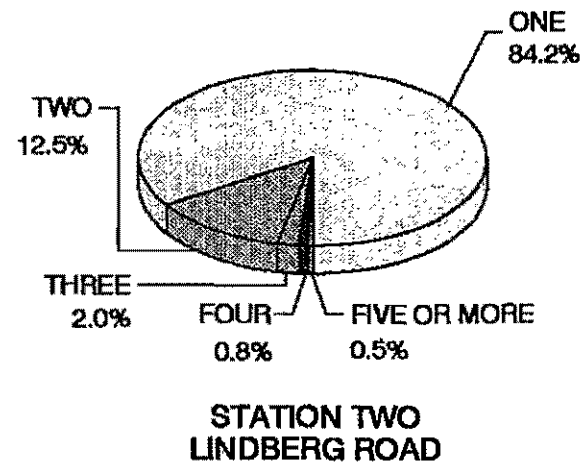
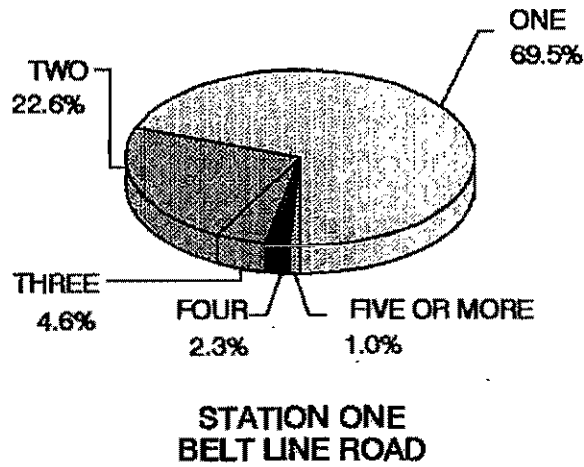
**ESTIMATED TRIP FREQUENCY
TOTAL VEHICLES**

distribution results, the highest percentage of surveyed trips were made five or more times per week; 39.8 percent of the motorists responding to the survey. The next highest percentage related to less than one trip per week. This category represented 25.5 percent of the total motorists responding to the survey.

A vehicle occupancy summary is presented in Table 15 and Figure 8. Between 69.5 and 84.2 percent of motorists passing through the survey station were driving alone. The average for the four survey stations for vehicle occupancies of one, amounted to 72.1 percent. Approximately 20.5 percent of the vehicles contained a driver and one passenger. The average vehicle occupancy for the four survey locations amounted to approximately 1.39 persons. This occupancy level is comparable to national averages, and is consistent with the higher proportion of work trips which traditionally have low average occupancies.

Typical Travel Time Distance Relationships

The development of the proposed Addison Airport Toll Tunnel will be expected to create a bypass of the Airport by producing continuity for a section of Keller Springs Road currently being used by traffic destined from the west to the east on Keller Springs Road on either Trinity Mills Road to the north or Belt Line Road to the south. Travel time studies were conducted on the major east/west routes in this area as well as the existing Keller Springs Road to understand the current conditions by which traffic flows in the corridor. Table 16 summarizes the anticipated travel distance/time savings produced by the construction of the proposed tunnel. The configuration of the extended Keller Springs Road will only be attractive to a user group from either the Carrollton or Addison area to the east along the Dallas North Tollway and Richardson, Texas. The most significant time savings, as presented in the table, is between the University of Texas and Carrollton which amounts to a time savings of 8.4 minutes and a distance reduction of 2.1 miles. These relationships generally represent current travel conditions; travel time savings may be expected to increase in the future as traffic continues to grow and congestion on competing routes increases.



ESTIMATED VEHICLE OCCUPANCY TOTAL PASSENGER CARS

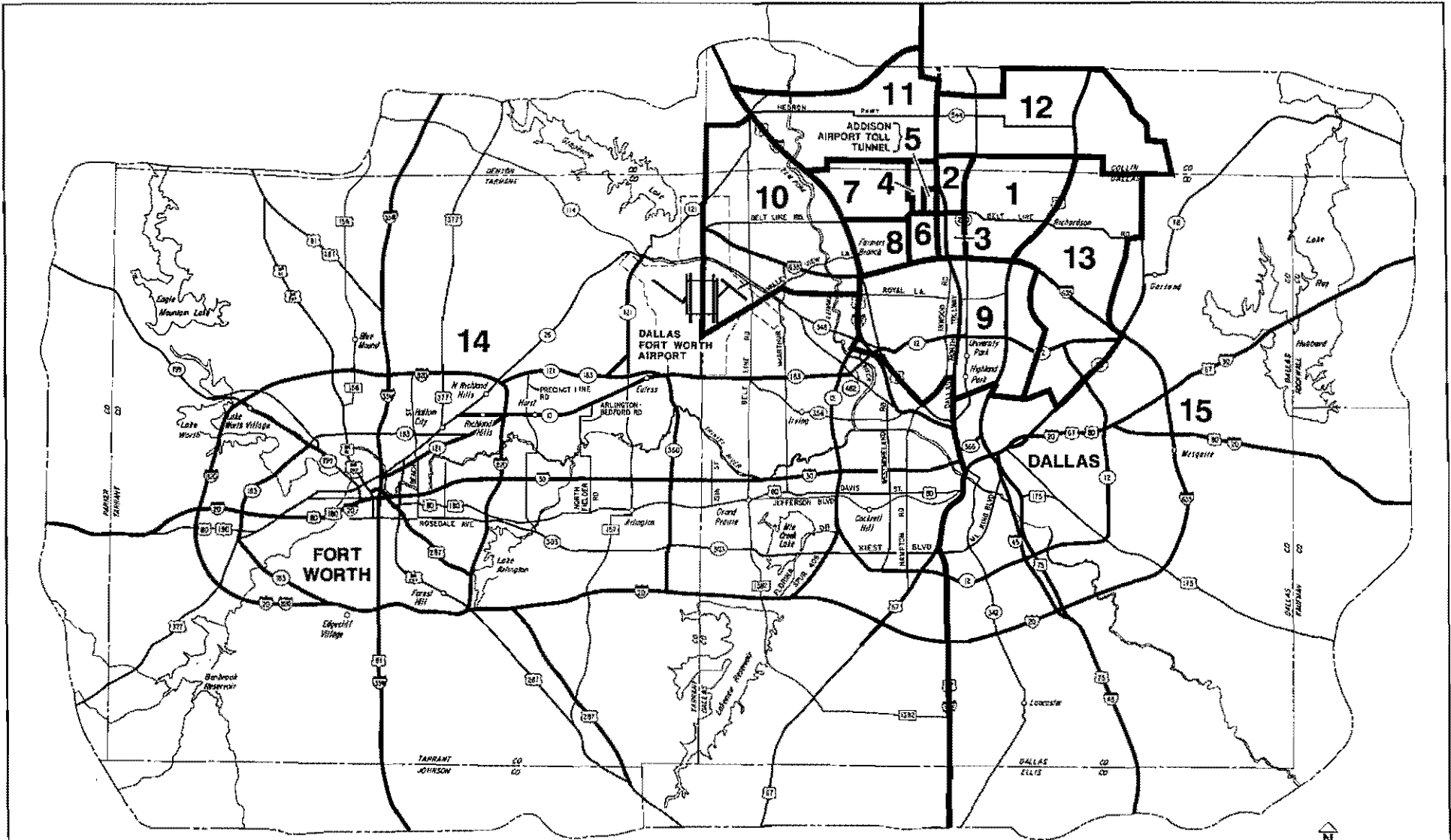
Table 16
 SAMPLE TRAVEL TIME SAVINGS
 Proposed Toll Tunnel vs Existing Routing
 P.M. Peak Travel Period

<u>MOVEMENT BETWEEN</u>		<u>VIA</u>	<u>MILES</u>	<u>MINUTES</u>	<u>SAVINGS USING ADDISON TUNNEL</u>	
<u>From</u>	<u>To</u>				<u>Miles</u>	<u>Minutes</u>
University of Texas	Josey Lane (Carrollton)	Campbell, Keller Springs, Toll Tunnel	8.7	16.0	2.1	8.4
		Campbell, Belt Line Road and Josey Lane	10.8	24.4		
DNT and Keller Springs	IH 35E and Keller Springs Rd.	Keller Springs and Tunnel	5.7	13.6	1.9	6.4
		Keller Springs Addison Belt Line, Midway	7.6	20.0		
Preston & Arapaho Roads	Marsh Lane & Keller Springs Rd.	Keller Springs and Tunnel	4.2	11.3	0.5	4.3
		Keller Springs, Midway, Belt Line, and Preston Road	4.7	15.6		
Preston and West- grove	Keller Springs & Marsh Lane	Preston, Keller, Springs and Tunnel	3.5	9.3	1.9	6.4
		Westgrove, Addison Trinity Mills, Marsh Lane	5.4	15.7		

Distribution of Potential Tunnel Trips

An analysis was performed using the computer traffic model developed by NCTCOG at 1991 levels, to identify the origins and destinations of potential trips. An output from this assignment is the number of trips originating and terminating in 15 superzone groupings. The 743 NCTCOG traffic zones were aggregated together in the windowing process into 453 traffic zones to which the survey responses were coded. The network zone system was then further aggregated into 15 Super Zones in order to simplify the travel pattern analysis. Figure 9 depicts the location of these super zone groupings. Tables 17 through 20 presents the percentages of origins and destinations of potential trips utilizing the proposed tunnel.

Super Zone 5 represents the Addison Airport, which is estimated to be the origin or destination of 3.6 percent of all trips using the proposed tunnel. The regional significance and patronage of the tunnel is evidenced by the fact that 74.6 percent of all potential trips have an origin or destination within Super Zones 1, 2, 3, 4, 5, 6, 7 and 8. Traffic destined for Super Zones 14 and 15, which include downtown Dallas, makes up approximately 6.8 percent of the potential trips using the tunnel. The patronage of the tunnel will be primarily from motorists traveling east and west within the eight localized Super Zones listed above.



SUPERZONE GROUPING

Table 17
 TRAVEL PATTERN SUMMARY
 1991 Daily Traffic
 Beltline Road

SUPERZONE REGION	SUPERZONE NUMBER															TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1	14	36	244	435	112	2,799	796	1,342	375	412	250	28	--	337	25	7,205
2	--	4	55	188	11	1,076	356	482	197	224	154	--	5	236	39	3,027
3	--	30	64	287	46	1,134	721	633	249	318	338	4	--	287	26	4,137
4	419	356	504	40	21	222	15	78	245	9	--	29	82	73	163	2,256
5	64	93	56	29	--	82	22	40	63	5	4	14	38	57	32	599
6	1,277	879	1,292	149	121	284	83	122	331	37	72	303	285	45	284	5,564
7	902	875	1,097	31	29	245	--	37	395	4	6	106	289	39	316	4,371
8	1,225	911	1,215	64	73	359	--	9	276	13	19	247	463	49	233	5,156
9	275	337	552	283	145	766	362	282	119	44	131	93	24	52	72	3,537
10	396	315	563	11	44	107	--	4	63	--	--	47	94	9	74	1,727
11	271	336	696	4	14	202	35	3	202	9	5	5	64	49	52	1,947
12	6	45	105	72	40	927	85	352	81	111	38	--	--	59	27	1,948
13	10	32	31	118	25	548	248	338	32	87	46	24	--	64	18	1,621
14	310	408	489	103	55	286	49	41	102	9	8	85	72	19	64	2,100
15	<u>28</u>	<u>30</u>	<u>121</u>	<u>207</u>	<u>87</u>	<u>552</u>	<u>219</u>	<u>198</u>	<u>41</u>	<u>69</u>	<u>42</u>	<u>24</u>	<u>5</u>	<u>94</u>	<u>26</u>	<u>1,743</u>
TOTAL	5,197	4,687	7,084	2,021	823	9,589	2,991	3,961	2,771	1,351	1,113	1,009	1,421	1,469	1,451	46,938

Table 18
TRAVEL PATTERN SUMMARY
 1991 Daily Traffic
 Lindberg Road

SUPERZONE REGION	SUPERZONE NUMBER															TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1	--	--	3	411	6	194	72	82	45	28	22	--	--	12	--	875
2	--	--	--	158	6	93	89	25	20	24	18	--	--	6	--	439
3	--	--	3	146	10	67	178	10	--	14	49	--	--	17	--	494
4	238	308	320	37	29	93	--	15	109	10	--	22	112	13	48	1,354
5	32	18	23	54	--	44	28	61	18	15	--	6	21	20	6	346
6	117	112	40	60	80	151	90	10	13	--	34	41	47	26	61	882
7	141	142	206	11	46	61	--	--	41	--	--	4	91	--	38	781
8	45	39	30	31	30	7	--	--	--	--	--	5	16	--	5	208
9	18	26	--	76	23	18	35	--	5	--	--	6	5	5	--	217
10	27	6	16	5	6	7	--	--	--	--	--	6	--	--	--	73
11	25	52	85	8	14	43	--	--	11	--	--	5	--	--	6	249
12	--	--	--	49	--	53	--	5	--	--	--	--	--	10	--	117
13	6	--	--	138	9	102	49	8	--	--	--	--	3	--	--	315
14	37	40	13	34	31	12	--	--	13	--	--	--	9	--	--	189
15	--	10	--	148	15	91	48	11	--	--	9	--	--	6	--	338
TOTAL	686	753	739	1,366	305	1,036	589	227	275	91	132	95	304	115	164	6,877

Table 19
TRAVEL PATTERN SUMMARY
 1991 Daily Traffic
 Sojourn Lane

SUPERZONE REGION	SUPERZONE NUMBER															TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1	--	--	--	72	--	--	6	--	9	--	17	--	--	9	--	113
2	--	--	--	244	8	9	48	7	--	--	108	--	--	--	--	424
3	--	--	--	18	--	--	21	--	--	--	36	--	--	--	--	75
4	82	260	36	591	83	41	228	53	159	9	98	9	53	89	54	1,845
5	--	27	--	69	--	--	32	--	18	--	29	--	--	--	--	175
6	--	11	--	46	--	--	9	--	--	--	15	7	--	--	--	88
7	26	88	23	137	32	9	--	--	35	--	--	23	--	--	9	382
8	--	40	--	66	9	--	--	--	--	--	--	9	--	--	--	124
9	9	9	--	204	--	--	--	--	17	--	15	7	--	--	--	261
10	--	9	--	19	8	--	--	--	--	--	--	--	--	--	--	36
11	12	80	28	106	17	3	--	--	17	--	--	--	8	8	--	279
12	--	--	--	104	8	5	9	8	--	--	--	--	--	18	--	152
13	--	--	--	14	--	--	--	--	--	--	--	--	--	9	--	23
14	--	30	--	81	18	--	--	--	--	--	--	9	--	--	--	138
15	--	--	--	65	9	--	11	--	--	--	--	--	--	--	--	85
TOTAL	129	554	87	1,836	192	67	364	68	255	9	318	64	61	133	63	4,200

Table 20
TRAVEL PATTERN SUMMARY
 1991 Daily Traffic
 Trinity Mills Road

<u>SUPERZONE REGION</u>	<u>SUPERZONE NUMBER</u>															<u>TOTAL</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	
1	15	2	4	486	18	40	645	63	4	58	246	--	--	67	17	1,665
2	19	--	--	804	9	33	528	16	31	15	367	38	4	51	11	1,926
3	--	6	--	200	--	5	254	4	5	--	200	10	--	13	--	697
4	496	563	231	737	15	61	301	53	517	34	125	511	111	148	515	4,418
5	20	7	--	61	--	--	4	--	--	--	26	92	7	7	23	247
6	39	19	8	45	--	--	40	--	--	--	14	209	--	4	3	381
7	849	877	542	332	50	44	11	8	687	7	52	637	269	98	653	5,116
8	68	41	7	40	--	4	8	4	--	--	4	144	--	19	4	343
9	40	45	--	403	19	--	647	6	7	9	299	79	5	14	8	1,581
10	101	22	8	34	--	--	4	--	4	--	--	61	12	--	10	256
11	269	478	243	309	29	68	73	24	229	7	--	26	82	62	244	2,143
12	--	29	6	890	79	160	519	150	94	78	37	2	--	78	23	2,145
13	8	12	--	115	6	--	373	8	--	3	83	--	--	21	--	629
14	111	102	61	183	20	7	132	--	18	--	51	86	19	4	15	809
15	<u>17</u>	<u>23</u>	<u>2</u>	<u>427</u>	<u>30</u>	<u>16</u>	<u>451</u>	<u>10</u>	<u>11</u>	<u>--</u>	<u>203</u>	<u>34</u>	<u>--</u>	<u>19</u>	<u>8</u>	<u>1,251</u>
TOTAL	2,052	2,226	1,112	5,066	275	438	3,990	346	1,607	211	1,707	1,929	509	605	1,534	23,607

Chapter 5
ESTIMATED TRAFFIC AND REVENUE

As part of the preliminary study of the Addison Airport Toll Tunnel completed in June 1991, WSA had previously obtained the year 2010 North Dallas focused area model from the NCTCOG. For this final traffic and revenue study, WSA made use of these networks and trip tables and also obtained the 1986 base year network and trip table for the same model, previously not available.

Traffic Modeling Methodology

The original focused model developed by NCTCOG covered the entire metropolitan Dallas/Fort Worth area. Maximum network and zone detail were included only in the North Dallas area. The remainder of the metropolitan area outside the primary study area was presented by larger zones and a "skeleton" network, or major freeway links. These serve the purpose in the model of carrying trips into and through the focused study area.

Due to the localized nature of the impact of implementing the Addison Airport Toll Tunnel, it was decided to create a still more concentrated network by "windowing" out a portion of the network and trip table. The windowed network consists of the area generally bounded by I.H. 635 to the south, I.H. 35 to the west, F.M. 544 to the north and U.S. 75 to the east.

The windowing process was accomplished by first running a traditional capacity restrained assignment on the complete NCTCOG focused model for both years 1986 and 2010. The minimum time travel paths created by this assignment were saved. Once the cordon stations around the boundary of the focused windowed network were determined, the trip patterns on the links entering and leaving the windowed area, as well as trips generated inside the windowed area were retained. The remainder of the network and the trip table consisting of trips not generated within

or passing to, from, or through the focused windowed area were eliminated. This greatly reduced the size of the model and yet retained the original trip patterns of the larger focused model within the windowed area.

Once the WSA 1986 windowed network was created, the network was updated to 1991 levels by adjusting speeds and capacities on certain selected links based on information collected during the route reconnaissance. Additional zone detail was added in the immediate vicinity of the proposed Toll Tunnel. The 1995 "no-build" network was then created by including the extension of the Dallas North Tollway. Another network was then created at 1995 levels which included the proposed Addison Airport Toll Tunnel. The 2010 windowed network was updated to include accurate speeds, capacities and committed and funded highway improvements.

Trip tables were then created. The 1986 windowed trip table was then grown to 1991 levels using what is called the Fratar process. In this process, the socioeconomic data provided by NCTCOG is used to estimate changes in trip potential for each zone within the windowed area. Trips from the original 1991 trip table which pass through the links which represent the survey stations where the travel pattern surveys were conducted are removed. These were replaced by the trip table developed from the travel pattern surveys. This hybrid trip table incorporates a "real world" measure of travel patterns which would be most likely to use the Addison Airport Toll Tunnel into the model, while still retaining model estimates of other trips in area.

After model calibration, traffic assignments were run with this new hybrid trip table. The traffic assignment was checked for reasonableness, particularly on the links representing the survey stations. When the assignment was judged reasonable, which resulted in a good base for estimating future travel, the hybrid 1991 trip table was grown to 1995 levels using the same Fratar process. This trip table was then assigned to the 1995 windowing networks; one under the no-build and five with the proposed Tunnel. This included the Tunnel toll-free, and with passenger car toll rates of \$0.50, \$0.75, \$1.00, and \$1.25.

The traffic assignments were run using a capacity constrained diversion technique. With this technique, the model builds two paths between each pair of zones, one including the Tunnel link (where appropriate) and the next best path excluding the Tunnel link. The travel cost using both of these travel paths is then computed. The amount of trips using the "free" routes and the amount diverted to the Tunnel for each zone pair are determined. The travel cost is computed for each toll rate charged on the proposed Tunnel

At the same time an incremental capacity restrained process is occurring, in which the travel times on the links are increased as the speeds change due to increased loading of trips. Therefore, the expected motorists decision to use a toll or free route, depending on differences in the time and cost to use those routes, is effectively simulated. The same process was repeated with the year 2010 model with a no-build, toll-free, and alternative toll routes on the Tunnel.

The assignment output was evaluated for reasonableness using a screenline analysis, and a select link analysis. Minor adjustments were made to the assignment output based on capacity considerations on parallel routes and any trips that may have been assigned to the proposed tunnel that appeared to be marginal.

The trip table, traffic networks and growth factors that were used within this analysis of the Addison Airport Toll Tunnel were initially developed as part of a focus study in the north Dallas County area by the NCTCOG. The NCTCOG, which has historically developed the basis for the traffic forecasting in the area, provided updated estimates related to this specific corridor. The NCTCOG network used in this study contained 678 traffic zones and 65 external stations. Committed highway improvement projects were identified from the 1991 Transportation Improvement Program, provided for use on this project by the NCTCOG.

Toll Sensitivity Analysis

As discussed previously, traffic assignments were made to the proposed toll Tunnel under a toll-free condition and under a variety of progressively higher toll

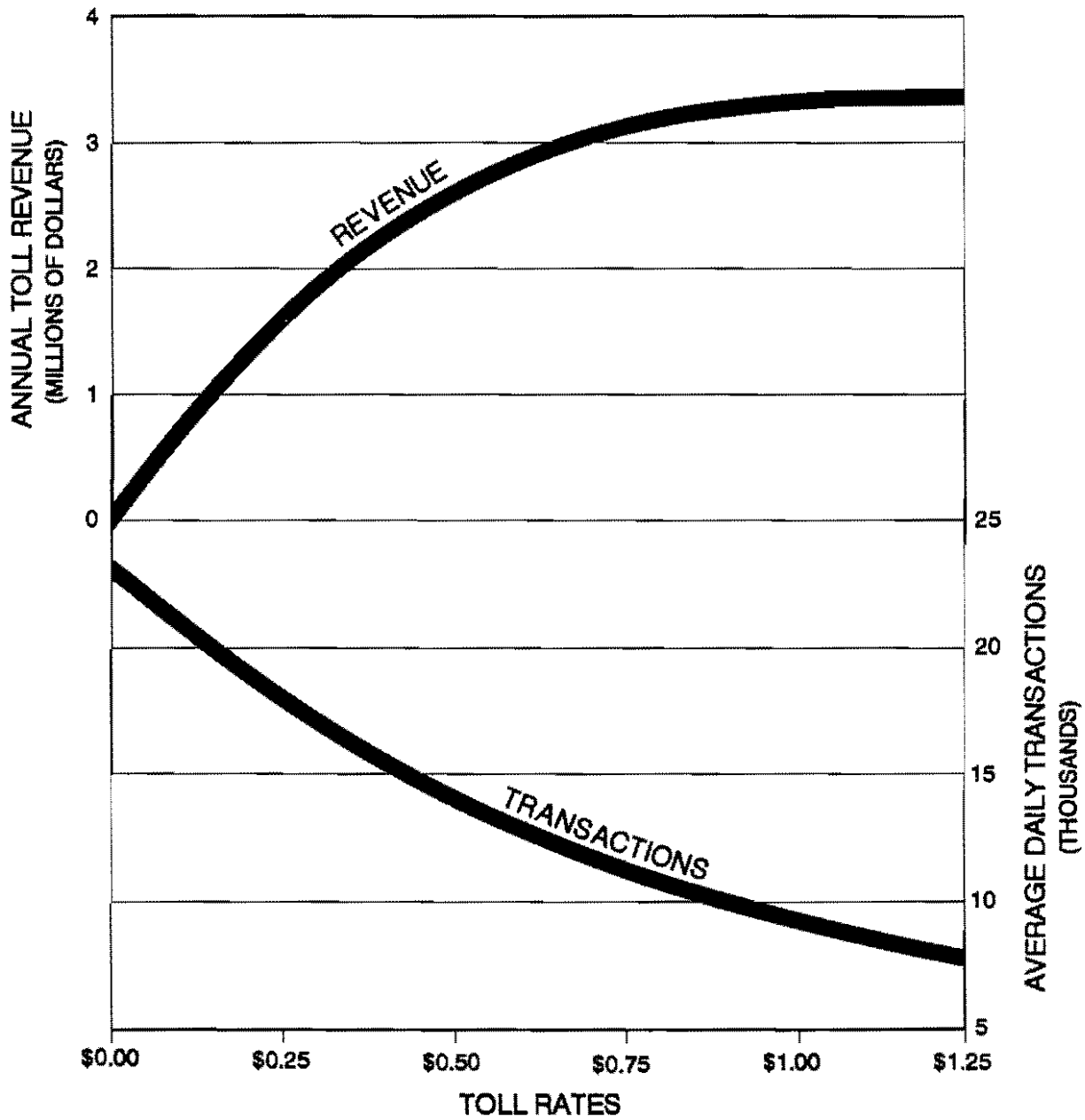
rates. The results of this toll sensitivity analysis are shown graphically in Figure 10.

Under a toll-free condition, average daily traffic at opening year, 1995 levels is estimated at a approximately 22,000 daily vehicles. This would be expected to decrease significantly as progressively higher toll rates are introduced. Under a toll rate of \$0.50, average daily traffic estimates are reduced to approximately 12,500 vehicles, and at a toll rate of \$0.75, estimated opening year average daily traffic falls to approximately 10,200 vehicles per day.

Annual toll revenues are estimated at slightly more than \$2 million at the \$0.50 rate. This would be expected to increase to about \$2.8 million at the \$0.75 rate. Beyond this rate, the toll revenue curve is shown to begin to flatten considerably, with relatively little increase in revenues. For example, at an assumed toll rate of \$1.00 per trip, toll revenue is estimated at approximately \$3.0 million, an increase of about 7 percent in toll revenue over that which would be expected under the toll of \$0.75, as a result of the 33 percent increase in toll rates.

The results of the toll sensitivity analysis shows that the optimum toll is generally in the range of \$0.75 to \$1.00. Tolls above this rate would not be expected to significantly increase revenues and would significantly dampen the effectiveness of the Tunnel in meeting regional traffic demands. As a result of this toll sensitivity analysis, the toll rates of \$0.75 and \$1.00 were used to develop estimated traffic and gross toll revenues for the proposed Toll Tunnel.

Based on the existing traffic mix on adjacent routes, passenger cars would be expected to make up the vast majority of Tunnel users, with total two-axle vehicles accounting for over 98 percent of the traffic. As such, and following discussions with Authority staff, it is suggested a single toll rate be assessed all categories of vehicles. Due to the large proportion of the anticipated traffic using the Tunnel being passenger cars and the high commuter use of the facility, it may be more operationally efficient to assess a single toll rate to all vehicle classes and not vary the toll rate based on the weight or number of axles of the vehicle. It is



**TOLL SENSITIVITY CURVE
1996 LEVELS
TOTAL VEHICLES**

suggested that the Authority analyze the levels of commercial vehicle traffic that develops after the project opening to determine if such volume is sufficient to merit a more complex auditing system and use of a multiple axle toll surcharge.

Until such time that the single toll collection per vehicle is amended the Authority has an opportunity to collect tolls at significant savings. A simple toll collection system will make minimal use of expensive equipment and auditing procedures. Loop detection and modified equipment designed only to secure monies should prove sufficient. It is understood that more sophisticated equipment and software may be implemented in the future if the vehicle mix warrants. However, revenue estimates included in this report assume all vehicles would be charged the same rate.

Basic Assumptions

Traffic and revenue estimates for the proposed Addison Airport Toll Tunnel are predicated on the following basic assumptions:

1. The alignment of the Addison Airport Toll Tunnel will be generally as shown in this report, and constructed with one travel lane in each direction.
2. Access to the proposed toll facility will be limited to the two end points; at the intersection of Keller Springs Road/Midway Road on the west and Keller Springs Road/Addison Road on the east. Existing Dooley Road would be terminated in a cul-de-sac preventing access to Keller Springs Road.
3. The proposed Addison Airport Toll Tunnel will be opened to traffic on January 1, 1996.
4. The toll schedule will remain constant, with all vehicle classes being assessed the same toll. The toll rate will not be increased during the projection period.

- 5 Presently programmed and funded highway improvements in or near the project corridor and identified in the 1991 Transportation Improvement Program are assumed to be in place at or near the same time that the proposed project is expected to be opened to traffic.
6. No other competing highway projects, toll or toll free, are assumed to be constructed in the project corridor during the forecast period.
7. The proposed Arapaho Road Extension is not assumed to be constructed at any time during the forecast period, since this project is not yet finalized and its implementation is generally considered an alternative to the proposed Tunnel, and may not be warranted should the proposed Tunnel be constructed.
8. Proposed S.H. 190 was assumed to be completed and opened to traffic by January 1, 1998.
9. The proposed Addison Airport Toll Tunnel will be well maintained, efficiently operated, and effectively signed to encourage maximum usage.
10. The present supply level of motor vehicle fuel will continue to be in adequate supply and the rate of increase in the price of motor fuel will not significantly exceed the overall rate of inflation.
11. No local, regional or national emergency will arise which would abnormally restrict the use of motor vehicles.
12. The overall level of economic development and growth in the project corridor will be substantially as projected in the 2010 travel pattern matrices provided by the NCTCOG for use in this study.

Any significant departure from the above assumptions could materially affect estimated traffic and revenue for the proposed project.

Estimated Annual Traffic Growth

Contacts were made with various planning agencies in the Dallas region in order to ascertain and confirm population trends and projections as well as employment factors affecting growth in recent years so that traffic growth estimates that might be anticipated for the tunnel corridor could be prepared. Growth factors were developed to reflect the anticipated growth during the forecast period assuming a 1996 opening year.

Table 21 shows estimated annual traffic growth for the proposed Toll Tunnel, with the figures representing the growth over the previous year in each case. Traffic growth during the early years of Tunnel operation is expected to be relatively high, coincident with significant employment increases in the local service area, particularly on the east side of the Airport. Normal annual traffic growth is estimated in the range of 5-7 percent per year for the first five years of operation. This would be expected to decrease somewhat over time, dropping to 3 percent per year and less after 2005.

The Toll Tunnel would be added to a travel corridor which already includes significant alternative routes, as therefore not expected to result in extremely high levels of induced travel demand. It is likely, however, that some additional travel would be induced by the construction of the Tunnel, particularly for local trips which would recognize significant time savings over the congested alternative routes. Induced traffic growth is estimated at 6.0 percent in 1996, dropping to 4 percent the following year and 2 percent after the second year of operation.

Estimated Average Daily Traffic Estimates and Annual Toll Revenue

Average daily traffic and gross toll revenue estimates for the 15-year projection period under both toll rate scenarios are presented in Tables 22 and 23.

Table 21
ESTIMATED ANNUAL TRAFFIC GROWTH SCHEDULE
 (Growth Over Previous Year)

<u>YEAR</u>	<u>NORMAL</u>	<u>INDUCED</u>	<u>TOTAL</u>
1996	7.0	6.0	13.4
1997	6.0	4.0	10.2
1998	6.0	2.0	8.1
1999	5.0	--	5.0
2000	5.0	--	5.0
2001	4.5	--	4.5
2002	4.5	--	4.5
2003	4.0	--	4.0
2004	4.0	--	4.0
2005	3.0	--	3.0
2006	3.0	--	3.0
2007	3.0	--	3.0
2008	2.0	--	2.0
2009	2.0	--	2.0
2010	2.0	--	2.0

Addison Airport Toll Tunnel

email to Mike Murphy at mmurphy@ci.addison.tx.us
phone number at Addison 972-450-2871

AUDITED TRAFFIC COUNTS

Opened February 18, 1999

Only the most current audited week's information will be sent as the file is getting large.
(beginning April 21, 1999)

<u>Date</u>	<u>Traffic</u>	<u>Week Total</u>	<u>Daily Average</u>
07/31/2000	8,578		
08/01/2000	8,931		
08/02/2000	8,848		
08/03/2000	9,075		
08/04/2000	9,527		
08/05/2000	4,241		
08/06/2000	3,081	52,281	7,469

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08/06/2000	3,081	52,281	7,489

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08/03/2000	9,075		
08/04/2000	9,527		
08/05/2000	4,241		
08/06/2000	3,081	52,281	7,469

CLOSE

9:03:25

TOWN OF ADDISON DAILY PUMP STATION ACTIVITY 08/14/2000

MANUAL PRINT

CELESTIAL ROAD PUMP STATION

G.S.R.		DALLAS INFLUENT TOTAL	
MIN. LEVEL	13.37 FT.	TODAY'S TOTAL	3,622,000 MGD
MAX. LEVEL	19.19 FT.	YESTERDAY'S TOTAL	9,954,000 MGD
CURRENT LEVEL	14.68 FT.	MONTH TOTAL	121,097,000 MGD

DISCHARGE PSI		TOTAL DISCHARGE	
MIN.	56.09	TODAY'S TOTAL	4,517,000 MGD
MAX.	83.84	YESTERDAY'S TOTAL	8,524,000 MGD
CURRENT	71.09	MONTH TOTAL	114,154,000 MGD

	PUMP STARTS		PUMP RUNTIME (Hr.)	
	THIS		THIS	
	DAILY	MONTH	DAILY	MONTH
P#1 500 HP	2	17	6.4	74.3
P#2 200 HP	0	6	0.0	11.3
P#3 500 HP	1	18	11.8	115.9
P#4 125 HP	0	1	0.0	3.3
P#5 500 HP	1	13	3.2	103.5
GENERATOR		0		0.0

GENERATOR FUEL LEVEL	93.4 %	DAILY RAINFALL	0.00 IN
		MONTHLY RAINFALL	0.00 IN
		PREV. MO. RAINFALL	0.05 IN

SURVEYOR PUMP STATION

G.S.R.		DALLAS INFLUENT TOTAL	
MIN. LEVEL	9.95 FT.	TODAY'S TOTAL	298,000 MGD
MAX. LEVEL	17.98 FT.	YESTERDAY'S TOTAL	797,000 MGD
CURRENT LEVEL	14.16 FT.	MONTH TOTAL	10,361,000 MGD

DISCHARGE PSI		TOTAL DISCHARGE	
MIN.	58.80	TODAY'S TOTAL	467,000 MGD
MAX.	80.13	YESTERDAY'S TOTAL	804,000 MGD
CURRENT	73.49	MONTH TOTAL	10,895,000 MGD

	PUMP STARTS		PUMP RUNTIME (Hr.)	
	THIS		THIS	
	DAILY	MONTH	DAILY	MONTH
PUMP #1	1	7	1.8	20.0
PUMP #2	0	0	0.0	0.0
PUMP #3	0	7	0.0	24.7

WATER TOWER

CURRENT VALUE	33.14 FT.	MINIMUM VALUE	19.39 FT.
		MAXIMUM VALUE	38.09 FT.

KELLWAY LIFT STATION

WETWELL LEVEL		DISCHARGE TOTALS	
MINIMUM VALUE	3.95 FT.	TODAY'S TOTAL	039,000 MGD
MAXIMUM VALUE	12.06 FT.	YESTERDAY'S TOTAL	126,000 MGD
CURRENT VALUE	11.20 FT.	MONTH TOTAL	2,062,000 MGD

	PUMP STARTS		PUMP RUNTIME (Hr.)	
	THIS		THIS	
	DAILY	MONTH	DAILY	MONTH
PUMP #1	4	60	1.8	28.9
PUMP #2	4	60	1.5	25.4

DAILY RAINFALL	0.00 IN
MONTHLY RAINFALL	0.00 IN
PREV. MO. RAINFALL	0.17 IN

DALLAS OUTSIDE ROF

CELESTIAL P.S.	SURVEYOR P.S.
TODAY _____	TODAY _____
YESTERDAY _____	YESTERDAY _____
TOTAL _____	TOTAL _____

GRAND TOTAL _____

COMMENTS _____

NAME _____

CLOSE

9:03:25

TOWN OF ADDISON DAILY PUMP STATION ACTIVITY 08/14/2000

MANUAL PRINT

CELESTIAL ROAD PUMP STATION

G.S.R.		DALLAS INFLUENT TOTAL	
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	PUMP STARTS		PUMP RUNTIME (Hr.)	
	THIS		THIS	
	DAILY	MONTH	DAILY	MONTH
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P#2 200 HP	0	6	0.0	11.3
P#3 500 HP	1	18	11.8	115.9
P#4 125 HP	0	1	0.0	3.3
P#5 500 HP	1	13	3.2	103.5
GENERATOR		0		0.0

GENERATOR FUEL LEVEL	98.4 %	DAILY RAINFALL	0.00 IN.
		MONTHLY RAINFALL	0.00 IN.
		PREV. MO. RAINFALL	0.05 IN.

SURVEYOR PUMP STATION

G.S.R.		DALLAS INFLUENT TOTAL	
MIN. LEVEL	9.95 FT.	TODAY'S TOTAL	298,000 MGD
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	THIS		THIS	
	DAILY	MONTH	DAILY	MONTH
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PUMP #3	0	7	0.0	24.7

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CURRENT VALUE	11.20 FT.	MONTH TOTAL	2,062,000 MGD

	PUMP STARTS		PUMP RUNTIME (Hr.)	
	THIS		THIS	
	DAILY	MONTH	DAILY	MONTH
PUMP #1	4	60	1.8	28.9
PUMP #2	4	60	1.5	25.4

DAILY RAINFALL	0.00 IN.
MONTHLY RAINFALL	0.00 IN.
PREV. MO. RAINFALL	0.17 IN.

DALLAS OUTSIDE ROF

CELESTIAL P.S.		SURVEYOR P.S.	
TODAY	_____	TODAY	_____
YESTERDAY	_____	YESTERDAY	_____
TOTAL	_____	TOTAL	_____

GRAND TOTAL _____

COMMENTS _____

NAME _____

CLOSE

MANUAL PRINT

CELESTIAL ROAD PUMP STATION

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	DAILY	MONTH	DAILY	MONTH
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P#5 500 HP	1	13	3.2	103.5
GENERATOR		0		0.0

GENERATOR	DAILY RAINFALL	0.00	IN
FUEL LEVEL	MONTHLY RAINFALL	0.00	IN
98.4 %	PREV. MO. RAINFALL	0.05	IN

SURVEYOR PUMP STATION

G.S.R.		DALLAS INFLUENT TOTAL	
MIN. LEVEL	9.95 FT.	TODAY'S TOTAL	298,000 MGD
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	PUMP STARTS		PUMP RUNTIME (Hr.)	
	THIS		THIS	
	DAILY	MONTH	DAILY	MONTH
PUMP #1	1	7	1.8	20.0
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CURRENT VALUE	11.20 FT.	MONTH TOTAL	2,062,000 MGD

	PUMP STARTS		PUMP RUNTIME (Hr.)	
	THIS		THIS	
	DAILY	MONTH	DAILY	MONTH
PUMP #1	4	60	1.8	28.9
PUMP #2	4	60	1.5	25.4

DAILY RAINFALL	0.00	IN
MONTHLY RAINFALL	0.00	IN
PREV. MO. RAINFALL	0.17	IN

DALLAS OUTSIDE ROF

	CELESTIAL P.S.	SURVEYOR P.S.
TODAY	_____	TODAY _____
YESTERDAY	_____	YESTERDAY _____
TOTAL	_____	TOTAL _____

GRAND TOTAL _____

COMMENTS _____

NAME _____

Table 22
**ESTIMATED AVERAGE DAILY TRAFFIC
 AND GROSS TOLL REVENUE**
 Addison Airport Toll Tunnel
 \$0.75 Toll Rate Scenario

<u>YEAR</u>	<u>AVERAGE DAILY TRAFFIC</u>	<u>ANNUAL GROSS TOLL REVENUE(1)</u>
1996(2)	11,600	3,176,000
1997	12,700	3,477,000
1998(3)	13,100	3,586,000
1999	13,700	3,750,000
2000	14,400	3,942,000
2001	15,100	4,134,000
2002	15,700	4,298,000
2003	16,400	4,490,000
2004	17,000	4,654,000
2005	17,500	4,791,000
2006	18,000	4,928,000
2007	18,500	5,064,000
2008	19,000	5,201,000
2009	19,400	5,311,000
2010	19,800	5,420,000

(1) Assumes a \$0.75 toll rate for all vehicle classes.

(2) Assumes opening data January 1, 1996.

(3) Assumes S.H. 190 will be completed between U.S. 75 and the Dallas North Tollway and opened to traffic on January 1, 1998.

Table 23
**ESTIMATED AVERAGE DAILY TRAFFIC
 AND GROSS TOLL REVENUE**
 Addison Airport Toll Tunnel
 \$1.00 Toll Rate Scenario

<u>YEAR</u>	<u>AVERAGE DAILY TRAFFIC</u>	<u>ANNUAL GROSS TOLL REVENUE(1)</u>
1996(2)	9,200	3,358,000
1997	10,100	3,687,000
1998(3)	10,400	3,796,000
1999	10,900	3,979,000
2000	11,500	4,198,000
2001	12,000	4,380,000
2002	12,500	4,563,000
2003	13,000	4,745,000
2004	13,500	4,928,000
2005	13,900	5,074,000
2006	14,400	5,256,000
2007	14,800	5,402,000
2008	15,100	5,512,000
2009	15,400	5,621,000
2010	15,700	5,731,000

- (1) Assumes a \$1.00 toll rate for all vehicle classes.
 (2) Assumes opening date January 1, 1996.
 (3) Assumes S.H. 190 will be completed between U.S. 75 and the Dallas North Tollway and opened to traffic on January 1, 1998.

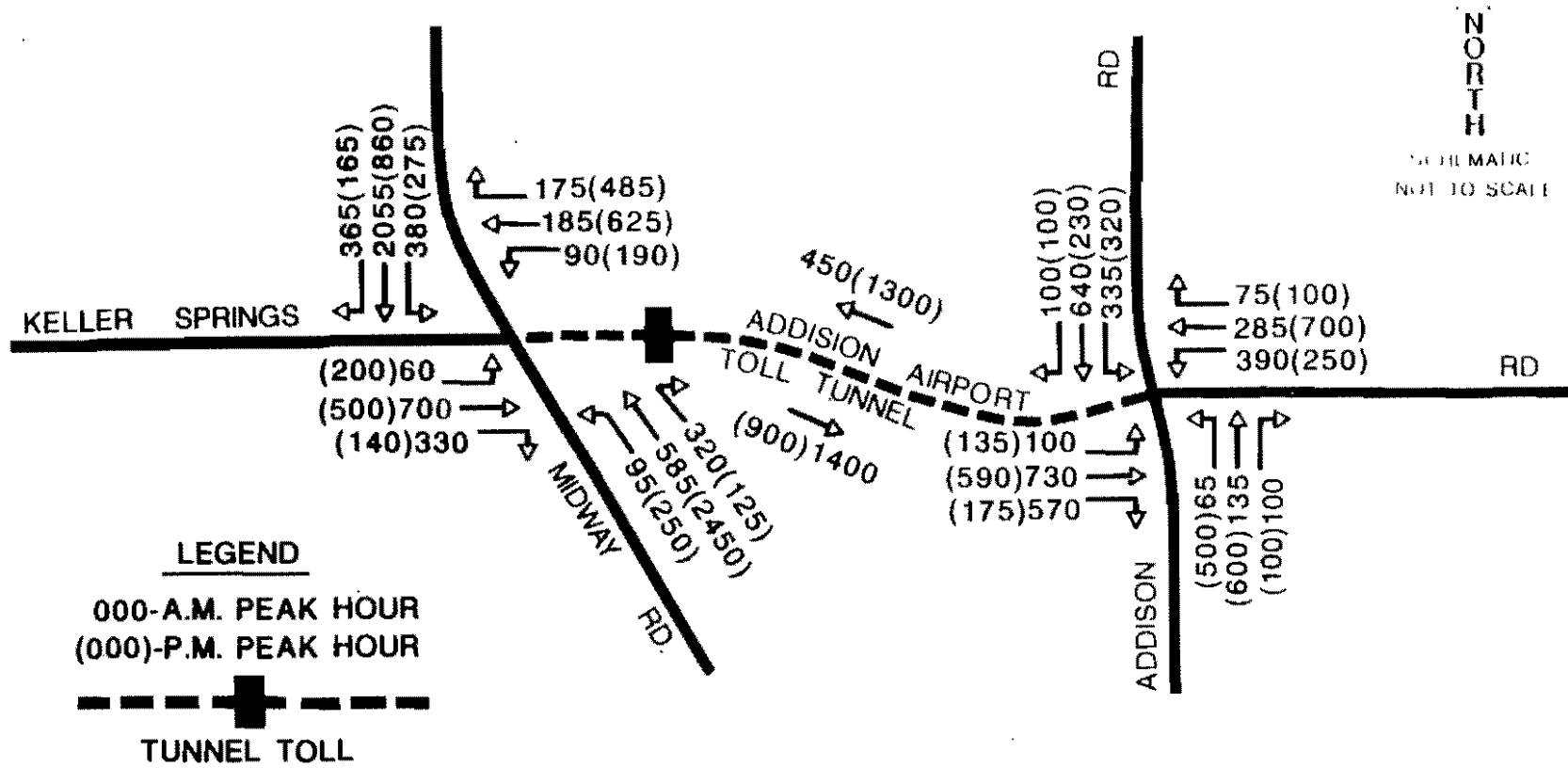
Estimated average daily traffic and gross toll revenue under a \$0.75 toll rate scenario is shown in Table 22 for the proposed Tunnel. Normal average daily traffic in the opening year 1996, is estimated at 11,600. Annual gross toll revenue generated in 1995, therefore has been estimated to be \$3,176,000. As a result of traffic growth from the anticipated development in the corridor, average daily traffic is estimated to reach 14,400 by the year 2000, generating annual gross toll revenue of \$3,942,000. By the year 2005 annual gross toll revenue is estimated to be \$4,791,000, reaching \$5,420,000 by the year 2010.

Table 23 presents estimated average daily traffic and gross toll revenues under an assumed toll rate of \$1.00. Average daily traffic in 1996 is estimated at 9,200 generating an annual gross toll revenue of \$3,358,000 in that year. Under this toll rate scenario, average daily traffic is estimated to reach 11,500 by the year 2000, resulting in an estimated annual gross toll revenue of \$4,198,000. By the year 2005 annual gross toll revenue is estimated to be \$5,074,000, from an average daily traffic volume of 13,900. In the final forecast year, average daily traffic is estimated to reach 15,700 generating annual gross toll revenues of \$5,731,000.

The most current accepted professional practices and procedures were used in the development of these findings. However, there are sometimes differences between forecasted and actual results, caused by events and circumstances beyond the control of the forecasters and these differences could be material.

Estimated 2010 Peak Hour Traffic Volumes

Anticipated 2010 peak hour traffic volumes for the proposed Addison Airport Toll Tunnel and complementary major highway connections are presented in Figure 11 under the \$0.75 toll scenario. Traffic estimates for the \$1.00 toll level would be somewhat lower. Directional volumes are presented for both a.m. and p.m. peak hours. Estimated turning movement volumes are provided at the intersections with Addison and Midway Roads.



ANTICIPATED 2010 PEAK HOUR TRAFFIC VOLUMES

Traffic volumes through the proposed Toll Tunnel during the a.m. peak hour are estimated to be 1,850 vehicles, representing approximately 9.4 percent of the estimated daily traffic. This would be heavily oriented to the east in the morning peak. Estimated traffic volume during the p.m. peak hour is 2,200, with the major travel direction during the p.m. peak hour becomes westbound with an estimated 1,300 vehicles. This represents approximately 11 percent of the estimated total daily traffic.

APPENDIX A
Survey Questionnaire

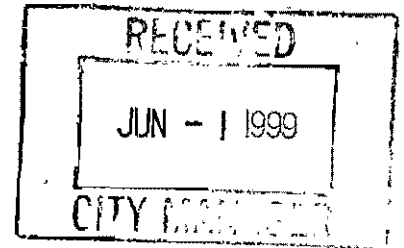


NORTH TEXAS TOLLWAY AUTHORITY

3015 Raleigh Street
P.O. Box 190369 • Dallas, TX 75219
214-522-6200 • Fax 214-528-4826

May 24, 1999

Ron Whitehead
City Manager
City of Addison
P. O. Box 9010
Addison, TX 75001-9010



Dear Mr. Whitehead: *pan*

The North Texas Tollway Authority (NTTA) is pleased to provide you with a copy of our annual report and annual summary.

1998 was an exciting year for the NTTA. Substantial progress was made toward construction of the President George Bush Turnpike (PGBT). The two mile section between Midway and Preston opened to traffic in December. Bonds were sold in September to finance construction of the PGBT from I-635 to Belt Line Road. At the present time, 15.3 miles of the PGBT are either opened to traffic or under construction.

In addition to construction on the PGBT, the Addison Airport Toll Tunnel was recently completed and opened to traffic.

Several potential future projects of the NTTA were significantly advanced during 1998. A preliminary feasibility study for the Trinity Parkway was completed and showed the ability to support some of the construction through toll revenues. An interlocal agreement between the City of Dallas and NTTA was adopted by both entities, and the environmental impact study for the project is now underway.

An interlocal agreement was also executed between the City of Fort Worth and the NTTA relative to the design and funding of the proposed Southwest Parkway in Tarrant County.

Corridor studies for the future extension of the Dallas North Tollway (DNT) and connections between the DNT and I-35 E are presently underway for portions of Collin and Denton counties.

The North Texas Tollway Authority is ready to be an active partner with county and local governments as the mobility and transportation needs of the region are identified, planned and constructed. We look forward to an exciting and challenging 1999.

Best Wishes,

Jerry Hiebert
Executive Director

cc: NTTA Board of Directors