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Fitch Ratings: Minimal Roadblocks for U.S. Toll Roads

Fitch Ratings-San Francisco-11 October 2018: U.S. toll road performance continues to coast along despite idiosyncratic weaknesses affecting two rated toll roads, according to Fitch Ratings in its latest U.S. Toll Roads Peer Review.

Positive operating performance across the sector has continued largely unabated since Fitch's last Peer Review. Strong traffic and revenue growth largely drove upgrades on three toll road systems (Central Florida Expressway Authority, Grand Parkway System and Maryland Transportation Authority).

"The Grand Parkway system is building liquidity faster than anticipated, and it has little to no dependence on future growth to meet its debt service obligations," said Director Scott Monroe.

Even with the likelihood that some of these systems will have to take out more debt for future ramp-ups, revenue is more than sufficient to cover all first and second tier debt service obligations.

Fitch took two negative rating actions on toll road projects over the last year. It revised the Rating Outlook on Dulles Greenway to Negative from Stable due to weakening traffic and revenue performance. Fitch similarly revised the Outlook for Miami-Dade County Expressway to Negative because of state government intervention.

"By usurping local autonomy in order to lower toll rates and divert surplus revenues, the Florida State Legislature's unprecedented intervention could affect Miami Dade County Expressway's ability to allocate funds for capital expenditures in future years and to issue additional debt," said Monroe.

Strong performance is likely to continue for the new projects and liens Fitch has added to its publicly rated portfolio over the last several months, among them Bay Area Toll Authority (subordinate lien rated 'AA-' with a Stable Outlook), San Diego Association of Governments' (SANDAG; senior lien rated 'A-' with a Positive Outlook) and West Virginia Parkways Authority's (WVPA; senior lien rated 'AA-' with a Stable Outlook).

Fitch's latest 'Peer Review of U.S. Toll Roads' is available at 'www.fitchratings.com'

Contact:

Scott Monroe
Director
+1-415-732-5618
Fitch Ratings, Inc.
1 Post Street
San Francisco, CA 94104

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@fitchratings.com

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