



FY 2017

TRAFFIC ENGINEER'S ANNUAL LETTER REPORT



Florida Department
of Transportation

Fiscal Year Ended June 30, 2017

Mr. Bren Dietrich, C.P.A.
Chief Financial Officer, Florida's Turnpike Enterprise
Florida Department of Transportation
Florida's Turnpike, Milepost 263
Building 5315, Turkey Lake Service Plaza
Ocoee, Florida 34761

December 1, 2017

Dear Mr. Dietrich:

AECOM is pleased to submit this Traffic Engineer's Annual Letter Report on Florida's Turnpike for the fiscal year ended June 30, 2017, in accordance with our role as the Traffic Engineering Consultant for the Florida Turnpike Enterprise. The Turnpike Revenue Bond Resolution, under Section 5.14, requires the Traffic Engineer to annually provide a traffic and earnings report to the Department.

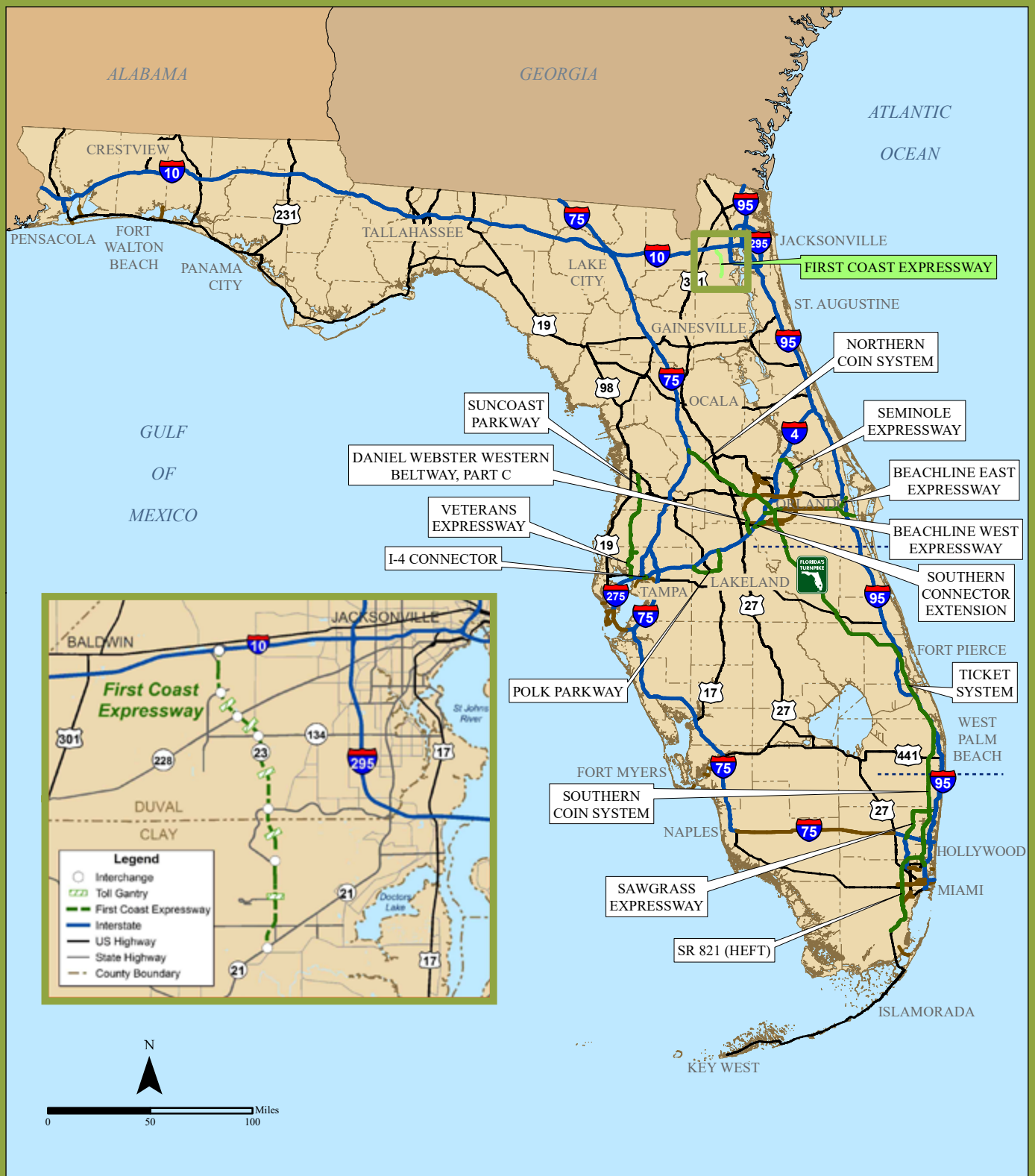
BACKGROUND

Florida's Turnpike Enterprise consists of the Turnpike System, as well as six Department-owned and two Department-operated toll facilities in the State. For the purpose of this report, traffic and revenue information for FY 2017 is reported only for those facilities that are part of the Turnpike System (referred to herein interchangeably as "Turnpike" or "Turnpike System"). Similar information for the same period on Department-owned and operated facilities is included in separate reports.

The Turnpike System consists of several components; the principal one is the Mainline with a length of 320 miles. The Mainline includes five different subcomponents: SR 821 (Homestead Extension of Florida's Turnpike - HEFT); the Southern Coin System; the Ticket System; the Northern Coin System; and the Beachline West Expressway. The first four segments of the Mainline are continuous with a north-south direction extending 312 miles from Florida City in southern Miami-Dade County to I-75 at Wildwood in Sumter County to the north. The fifth segment, the 8-mile Beachline West Expressway, intersects with the Northern Coin System in Orlando and has an east-west orientation.

The Turnpike also includes nine expansion projects that are currently open to traffic: Sawgrass Expressway in Broward County; Seminole Expressway in Seminole County; Veterans Expressway in Hillsborough County; Southern Connector Extension in Orange and Osceola counties; Polk Parkway in Polk County; Suncoast Parkway in Hillsborough, Pasco and Hernando counties; Western Beltway, Part C in Orange and Osceola counties; the I-4 Connector in Hillsborough County; and the Beachline East Expressway in Orange and Brevard Counties.

In addition, a new expansion project, the First Coast Expressway, is currently under construction with joint funding from District Two. This project is a 15-mile, four-lane, divided, and limited access facility in Duval and Clay Counties in the Jacksonville area. It connects Blanding Boulevard (SR 21) to I-10 and will feature seven interchanges and five mainline gantries. This facility will open to traffic in FY 2019. A map of the Turnpike System, including existing and the planned expansion projects, is presented in **Figure 1**.



Florida's Turnpike System Turnpike Enterprise, Florida Department of Transportation Figure 1



- Toll System Boundary
- Existing Turnpike System Facility
- Future Turnpike System Facility
- Other Toll Road
- Interstate Highway
- Arterial
- County Boundary

Sources: NAVTEQ 2015
Florida's Turnpike Enterprise, 2017

FISCAL YEAR 2017 OVERVIEW

FY 2017 is a landmark year in Florida's Turnpike history. For the first time, the Turnpike toll revenues exceeded \$1 billion. Since its opening 60 years ago, the Turnpike has grown from a 110-mile route from Miami to Ft. Pierce with nearly \$4 million revenue to a 483-mile statewide infrastructure network. This \$1 billion record revenue represents an increase of over \$52 million from the preceding year (or nearly 6 percent). This increase is largely attributed to systemwide commuter and truck traffic growth due to a strengthening economy.

As indicated in **Table 1**, the Mainline continues to provide the majority of Turnpike transactions at nearly 63 percent, while generating over 70 percent of the total gross toll revenues.

Table 1
Florida's Turnpike System
Traffic/Transactions and Gross Toll Revenue for FY 2017

Component	Miles	Transactions		Gross Toll Revenue		Average Toll
		Volume (000)	Percent of Total	Amount (\$000)	Percent of Total	
SR 821 (HEFT)	47	201,715	23.1%	\$179,416	17.8%	\$0.89
Southern Coin System	43	167,597	19.2	174,769	17.3	1.04
Ticket System	155	56,530	6.5	179,277	17.8	3.17
Northern Coin System	67	88,514	10.1	149,380	14.8	1.69
Beachline West Expressway	8	32,763	3.8	28,019	2.8	0.86
Total Mainline	320	547,119	62.7%	\$710,861	70.5%	\$1.30
Sawgrass Expressway	23	89,551	10.3	85,417	8.5	0.95
Seminole Expressway	18	42,067	4.8	55,302	5.5	1.31
Veterans Expressway	15	60,321	6.9	51,645	5.1	0.86
Southern Connector Extension	6	15,803	1.8	12,626	1.2	0.80
Polk Parkway	25	35,441	4.1	33,595	3.3	0.95
Suncoast Parkway	42	32,896	3.8	26,993	2.7	0.82
Western Beltway, Part C	11	12,487	1.4	12,930	1.3	1.04
I-4 Connector	1	17,577	2.0	13,448	1.3	0.77
Beachline East Expressway	22	19,592	2.2	5,603	0.6	0.29
Total Expansion Projects	163	325,735	37.3%	\$297,559	29.5%	\$0.91
Total System	483	872,854	100.0%	\$1,008,420	100.0%	\$1.16

Source: Turnpike Enterprise Finance Office.

Unlike the preceding fiscal year, the SunPass and TOLL-BY-PLATE toll rates were not annually indexed as the year-over-year change in Consumer Price Index (CPI) of 0.1 percent did not prompt a minimum of \$0.01 adjustment in the two-axle toll rates. As such, the Turnpike did not implement toll rate indexing on July 1, 2016 (FY 2017). Additionally, in response to the threat of Hurricane Matthew, tolls were suspended on facilities in south and central Florida to facilitate evacuation and recovery efforts for approximately 4 days starting on October 5, 2016. As depicted in **Table 2**, the total revenue loss from this suspension was nearly \$10 million.

The Turnpike continues to upgrade toll plazas with the state-of-the-art tolling equipment and the conversion of certain facilities to All-Electronic Tolling (AET). This innovative method eliminates cash toll booths and allows customers to pay tolls electronically while traveling uninterrupted at highway speeds. Electronic tolling at highway speeds increases throughput, shortens travel times, enhances safety and reduces pollution. Customers today experience the benefits of AET on the HEFT, Sawgrass and Veterans Expressways, I-4 Connector and on the southern section of Southern Coin System from Golden Glades to I-595. More conversions are planned starting with the remaining sections of the Southern Coin System in FY 2019, the Suncoast Parkway in FY 2020, the Northern Coin System in FY 2021, and the Ticket System and the Polk Parkway in FY 2022.

Table 2
Florida's Turnpike System
Revenue Loss from Hurricane Matthew

Component	Amount (\$000)
HEFT	\$1,916
Southern Coin System	1,804
Ticket System	1,866
Northern Coin System	1,633
Beachline West Expressway	335
Total Mainline	\$7,554
Sawgrass Expressway	867
Seminole Expressway	580
Southern Connector Extension	128
Polk Parkway	347
Western Beltway, Part C	124
Beachline East Expressway	66
Total Expansion Projects	\$2,112
Total System	\$9,666

Source: Turnpike Enterprise Finance Office.

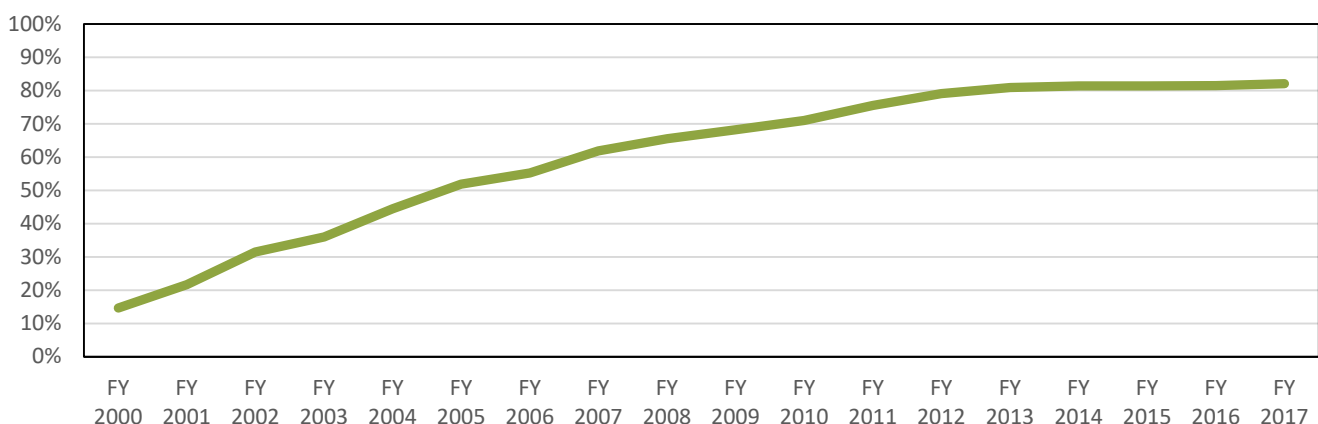
A key technology that enables AET conversion, minimizes toll operational costs and maximizes customer convenience and experience is the Turnpike's SunPass® program. This program has expanded to include over 600 miles of Turnpike-owned and operated toll roads, and to pay for parking at all major Florida international airports and at the Hard Rock Stadium in Miami. The SunPass® program is also interoperable beyond the state's borders. After a successful launch of interoperability with North Carolina's Quick Pass and Georgia's Peach Pass, effort is underway to establish regional interoperability with Texas and other south-central states. This program not only offers lower tolls and non-stop travel through the toll plazas, but also provides a convenient method of toll payment for most drivers throughout the State of Florida and beyond.

As a result of the SunPass® benefits, according to the 2016 survey, 93 percent of the respondents would recommend SunPass® to a friend. To further boost

sales, the Turnpike actively participates in numerous community and sporting events and collaborates with local partners. Additionally, convenient access to transponders through innovative channels continue to increase transponder sales. In fact, nearly 1.8 million transponders were sold in FY 2017 through numerous convenient outlets; most notably at Publix supermarkets where four out of ten transponders were sold. Equally important is the convenience of easy activation and use within minutes. To enhance customer experience and provide 24-hour and 7-day per week option to activate transponders, kiosks were added in FY 2016 on a pilot basis in two locations at I-75 Welcome Center and at Turkey Lake Service Plaza. Positive customer responses prompted the expansion of kiosks to all eight service plazas and three additional Welcome Centers in FY 2017.

Graph 1 illustrates the growth in transaction-based SunPass® participation since inception of the SunPass® program. The overall SunPass® participation has grown significantly over the years to the current 82 percent, the highest overall participation rate since the inception of the program. Higher participation is recorded during the commuter peak hours. This increase is largely attributed to cash customers recognizing the benefits of the SunPass® program, including lower SunPass® tolls and AET conversions of facilities.

Graph 1
Florida's Turnpike System
Growth in SunPass® Participation Since Inception (Transaction-Based)



To further enhance customer experience, SunPass® customers, who use roadways owned by multiple toll agencies in the state will be supported by the Centralized Customer Service Center (CCSC). When fully operational, CCSC will provide streamlined back office processing for most of the largest toll agencies in Florida under the SunPass® brand. Additionally, it will provide AET related customer support which includes invoicing, account management and violation enforcement under a single operation, while delivering operational cost savings, efficiencies and value to SunPass® customers.

The Turnpike provides convenient, affordable and high-quality services by increasing capacity through widening projects and express lanes. Key projects on the Turnpike System planned in the five-year Work Program include widening and express lanes: from SW 137th Avenue to the east of I-75 on SR 821 (HEFT); from Sunrise Boulevard to Powerline Road on the Sawgrass Expressway; from Memorial Highway to Hutchison Road on the Veterans Expressway; from Kissimmee /St. Cloud South to I-4 interchange on the Northern Coin System; and the entire Beachline West Expressway. The addition of tolled express lanes offer drivers a choice for more reliable and predictable travel time. These lanes also enhance mobility and minimize delay.

The Turnpike also invests in building more access points to the Mainline with AET technology. The newly opened Minneola (Hancock Road) interchange on the Northern Coin System in June 2017, provides congestion relief on area roads and interchanges. It also serves the residents of the planned Hills of Minneola and other residential and commercial developments in the area. Built with the combined funding of the developer, Lake County, City of Minneola and the Department, this interchange demonstrates a successful public-private partnership. Additionally, more ramps will be added at SR 417 and the Turnpike on the Northern Coin System enabling all movements between these two major roadways in FY 2019. Further, a new interchange at Sand Lake Road on the Northern Coin System is also planned for opening in FY 2024.

The Turnpike operates eight service plazas located on the Turnpike Mainline. Seven of the eight service plazas have reopened recently after the renovation, with the remaining, Fort Pierce/Port St. Lucie Service Plaza, scheduled for completion in FY 2018.

COMPARISON OF ACTUAL REVENUES TO ESTIMATED REVENUES

Table 3 provides a comparison of actual FY 2017 and FY 2016 total revenues. It also shows a comparison of actual and projected FY 2017 total revenue as included in the FY 2016 Annual Letter Report. FY 2017 total revenue of \$1.0 billion (includes over \$8 million of concession revenues) represents an increase of approximately \$54 million, or nearly 6 percent over the preceding fiscal year.

This revenue increase is attributed to the systemwide traffic growth, notably on most Central Florida facilities, in large part due to strengthening economy, record 112 million Florida visitors in 2016, and relatively low fuel prices. The systemwide commuter and truck traffic growth during FY 2017 is an indication of the overall improvement in the state economy marked by steady decline in unemployment rates, modest population growth and a growing housing market.

Overall, toll revenue growth on the Mainline exceeded 4 percent (or \$29 million), and toll revenues on expansion projects increased by approximately 8 percent (or \$23 million) over FY 2016. Significant revenue increase on most Central Florida facilities is attributed to notable traffic growth spurred by low unemployment rates, housing and commercial development in the area and a record number of tourists. The revenue growth on the HEFT, however, is tracking behind the rest of the Mainline primarily due to significant construction activities underway to widen the facility.

Table 3
Florida's Turnpike System
Comparison of FY 2017 Actual vs. FY 2016 Actual and FY 2017 Estimated Revenue

Turnpike System Component	Actual Revenue (\$000) FY 2017 vs. FY 2016		Actual Change FY 2017 vs. FY 2016		Estimated Revenue ⁽¹⁾ (\$000)	Comparison FY 2017 Actual vs. FY 2017 Estimated	
	FY 2017	FY 2016	Amount (\$000)	Change	FY 2017	Amount (\$000)	Change
HEFT	\$179,416	\$176,238	\$3,178	1.8%	\$177,111	\$2,305	1.3%
Southern Coin System	174,769	166,994	7,775	4.7	167,908	6,861	4.1
Ticket System	179,277	172,239	7,038	4.1	173,284	5,993	3.5
Northern Coin System	149,380	138,928	10,452	7.5	139,955	9,425	6.7
Beachline West Expressway	28,019	26,987	1,032	3.8	27,374	645	2.4
Total Mainline	\$710,861	\$681,386	\$29,475	4.3%	\$685,632	\$25,229	3.7%
Sawgrass Expressway	85,417	80,510	4,907	6.1	81,086	4,331	5.3
Seminole Expressway	55,302	51,713	3,589	6.9	52,668	2,634	5.0
Veterans Expressway	51,645	45,721	5,924	13.0	45,950	5,695	12.4
Southern Connector Extension	12,626	10,917	1,709	15.7	11,141	1,485	13.3
Polk Parkway	33,595	31,359	2,236	7.1	31,673	1,922	6.1
Suncoast Parkway	26,993	25,709	1,284	5.0	25,879	1,114	4.3
Western Beltway, Part C	12,930	11,032	1,898	17.2	11,342	1,588	14.0
I-4 Connector	13,448	12,071	1,377	11.4	12,646	802	6.3
Beachline East Expressway	5,603	5,512	91	1.7	5,599	4	0.1
Total Expansion Projects	\$297,559	\$274,544	\$23,015	8.4%	\$277,984	\$19,575	7.0%
TURNPIKE SYSTEM TOTAL TOLL REVENUE	\$1,008,420	\$955,930	\$52,490	5.5%	\$963,616	\$44,804	4.6%
Concession Revenue	8,457	7,226	1,231	17.0	7,532	925	12.3
TURNPIKE SYSTEM GRAND TOTAL	\$1,016,877	\$963,156	\$53,721	5.6%	\$971,148	\$45,729	4.7%

⁽¹⁾ As forecast in the Traffic Engineer's FY 2016 Annual Letter Report.

Actual concession revenues increased by over \$1 million, or 17 percent compared to the preceding fiscal year. This increase is primarily due to a change in accounting methodology related to recognition of contractual payments from the concessionaire.

COMBINED TOLL REVENUE FORECAST

The updated traffic and revenue forecasts depend on expectations about the strength of the economy, particularly population growth and the decline in unemployment rates. While uncertainty about the future is always a concern, Florida's overall economy is improving.

With these factors in mind, this year's forecast was prepared based on actual revenues in FY 2017, as well as other major events. Such events include a \$35-million revenue adjustment from the systemwide 15-day toll suspension starting on September 5, 2017 due to Hurricane Irma, capacity improvements, the future indexing of toll rates and the upcoming conversion to AET. Additionally, revenues from the First Coast Expressway in Jacksonville are included in the forecast. Furthermore, the forecast includes revenue from two new interchanges on the Northern Coin System at Minneola and Sand Lake Road in FY 2018 and FY 2024, respectively, followed by the Braddock Road interchange on Polk Parkway in FY 2022. Also, the addition of express lanes on SR 821 (HEFT) in FY 2019 and FY 2022, the Veterans Expressway starting FY 2019 and the Beachline West

Expressway starting FY 2020 are included in the forecast. Additionally, the revenue impacts from the express lanes on sections of Northern Coin System in FY 2020 and FY 2022, and on Sawgrass Expressway in FY 2022 are incorporated in the forecast. The forecast also includes the widening impact on the northern section of Polk Parkway in FY 2022.

The revenue forecasts contained in this section are a result of analyses made of the individual segments of the Turnpike System covered in this Annual Letter Report. The forecasts through FY 2028 are detailed by Turnpike System component in order to facilitate monitoring and analysis of each component's performance. Gross toll revenue forecasts for the Mainline and expansion projects are shown in **Table 4** and **Table 5**, respectively.

Table 4
Florida's Turnpike Mainline
Toll Revenue Forecast (\$000)
FY 2018 through FY 2028

Fiscal Year	SR 821 (HEFT)	Southern Coin	Ticket System	Northern Coin	Beachline West	Total
2018	\$176,389	\$173,973	\$181,315	\$153,968	\$28,915	\$714,560
2019	196,229	178,834	194,027	166,844	31,302	767,236
2020	201,365	182,777	198,776	173,638	34,270	790,826
2021	206,979	186,449	202,966	167,287	35,647	799,328
2022	217,391	189,817	198,131	173,558	37,056	815,953
2023	225,037	193,246	202,112	178,574	38,914	837,883
2024	232,717	196,737	206,173	186,122	40,285	862,034
2025	240,416	200,291	210,315	191,062	41,629	883,713
2026	248,124	203,909	214,540	195,948	42,838	905,359
2027	255,592	207,593	218,851	200,748	44,131	926,915
2028	262,745	211,343	223,248	205,516	46,001	948,853

Note: The above revenue forecasts include the impact from 15-day systemwide toll suspension due to Hurricane Irma in early September 2017. Additionally, the forecasts reflect the implementation of All-Electronic Tolling on: the Southern Coin System from I-595 to Lantana in FY 2019; the Northern Coin System in FY 2021; and the Ticket System in FY 2022. The forecasts also include the addition of express lanes on sections of the HEFT from north of SW 137th Avenue to SR 836 in FY 2019, and from SR 836 to east of I-75 in FY 2022. The Northern Coin System reflects construction of express lanes from Osceola Parkway to Orlando South in FY 2020, from Kissimmee South to Osceola Parkway in FY 2022, and from Orlando South to I-4 in FY 2024. The Beachline West forecast includes express lanes on the entire facility starting in FY 2020. The forecast also includes new interchanges opening on the Northern Coin System at Minneola and Sand Lake Road in FY 2018 and FY 2024, respectively.

Table 5
Florida's Turnpike Expansion Projects
Toll Revenue Forecast (\$000)
FY 2018 through FY 2028

Fiscal Year	Sawgrass Expressway	Seminole Expressway	Veterans Expressway	Southern Connector	Polk Parkway	Suncoast Parkway	Western Beltway - C	I-4 Connector	Beachline East	First Coast Expressway	Total
2018	\$84,732	\$56,112	\$50,923	\$13,106	\$34,196	\$27,466	\$13,566	\$13,206	\$6,008	0	\$299,315
2019	90,456	60,649	58,477	14,408	36,758	29,462	15,007	14,374	6,516	\$7,135	333,242
2020	92,823	62,641	61,111	15,006	37,715	27,892	15,789	15,056	6,629	8,296	342,958
2021	94,970	64,667	63,699	15,585	38,674	28,704	16,585	15,740	6,738	9,393	354,755
2022	101,677	66,674	66,210	16,155	37,154	29,513	17,393	16,423	6,852	10,443	368,494
2023	104,660	69,501	68,561	16,956	38,148	30,312	18,456	17,103	7,130	11,451	382,278
2024	107,821	71,371	70,870	17,540	39,125	31,136	19,316	17,775	7,248	12,451	394,653
2025	110,746	73,246	73,114	18,110	40,081	31,919	20,178	18,439	7,370	13,449	406,652
2026	113,619	75,083	75,285	18,663	41,013	32,690	21,038	19,108	7,489	14,431	418,419
2027	116,534	76,968	77,379	19,220	41,965	33,443	21,899	19,783	7,609	15,382	430,182
2028	119,484	79,793	79,383	20,043	42,938	34,250	22,993	20,461	7,922	16,349	443,616

Note: The above revenue forecasts include the impact from 15-day systemwide toll suspension due to Hurricane Irma in early September 2017. The revenue forecasts also reflect the implementation of All-Electronic Tolling on Suncoast Parkway in FY 2020 and Polk Parkway in FY 2022. The Sawgrass Expressway forecast includes express lanes in FY 2022. The Veterans Expressway forecast includes express lanes starting in FY 2019. Additionally, the forecast reflects the widening impact on Polk Parkway from CR 546 to north of Eastern Plaza and a new interchange at Braddock Road in FY 2022. The First Coast Expressway is assumed open to traffic in FY 2019.

Forecasts for the total Turnpike System toll and concession revenues are shown in **Table 6**. Toll revenue amounts in FY 2018, FY 2023 and FY 2028 reflect the cash toll rate increase that occurs every 5 years in addition to the annual toll indexing for SunPass® and TOLL-BY-PLATE® rates. (FY 2018 indexing effective October 29, 2017).

Table 6
Summary of Florida's Turnpike System
Toll and Concession Revenue Forecast (\$000)
FY 2018 through FY 2028

Fiscal Year	Mainline	Expansion Projects	Total Toll Revenue	Gross Concession Revenue	Total Gross Revenue
2018	\$714,560	\$299,315	\$1,013,875	\$7,944	\$1,021,819
2019	767,236	333,242	1,100,478	7,937	1,108,415
2020	790,826	342,958	1,133,784	8,057	1,141,841
2021	799,328	354,755	1,154,083	8,127	1,162,210
2022	815,953	368,494	1,184,447	8,160	1,192,607
2023	837,883	382,278	1,220,161	8,165	1,228,326
2024	862,034	394,653	1,256,687	8,262	1,264,949
2025	883,713	406,652	1,290,365	8,360	1,298,725
2026	905,359	418,419	1,323,778	8,459	1,332,237
2027	926,915	430,182	1,357,097	8,560	1,365,657
2028	948,853	443,616	1,392,469	8,661	1,401,130

As indicated earlier, the revenue forecasts presented in this report are subject to significant economic uncertainties and contingencies beyond the control of AECOM. As such, if any number of unforeseen events occur, the forecasts may require adjustment.

We acknowledge with thanks the cooperation and support of the Florida's Turnpike Enterprise staff in the preparation of this report.

Respectfully,
AECOM Technical Services, Inc.



William A. Nelsen, C.P.A.
Vice President



Ian Adams, C.P.A.
Manager, Financial Planning and Analysis