

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 28, 2018

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, 2018, in accordance with our role as the Traffic Engineering Consultant for the Florida's 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.

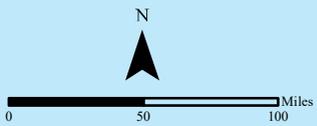
BACKGROUND

Florida's Turnpike Enterprise consists of the Turnpike System, as well as seven Department-owned and two Department-operated toll facilities in the State. For the purpose of this report, traffic and revenue information for FY 2018 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, with joint funding from District Two will open to traffic in the second half of FY 2019. This project is a 15-mile, four-lane, divided, and limited access All-Electronic Tolling (AET) facility in Duval and Clay Counties in the Jacksonville area. It connects Blanding Boulevard (SR 21) to I-10 and will feature five mainline gantries. 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



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

Sources: NAVTEQ/HERE: 2017
 Florida's Turnpike Enterprise, 2018

FISCAL YEAR 2018 OVERVIEW

FY 2018 marks another milestone year in Florida's Turnpike history with revenue continuing to exceed \$1 billion as shown in **Table 1**. The combined revenue impact from the cash, SunPass® and TOLL-BY-PLATE® toll rate adjustments in October 2017, and the normal traffic growth was offset by a \$45 million revenue loss for the entire Turnpike System prompted by the 15-day toll suspension due to Hurricane Irma starting September 5, 2017, as depicted in **Table 2**. This resulted in a net revenue increase of nearly \$9 million, or 0.9 percent in FY 2018, compared to the preceding year.

Table 1
Florida's Turnpike System
Traffic/Transactions and Gross Toll Revenue for FY 2018

Component	Miles	Transactions		Gross Toll Revenue		Average Toll
		Volume (000)	Percent of Total	Amount (\$000)	Percent of Total	
SR 821 (HEFT)	47	201,103	22.2%	\$170,216	16.7%	\$0.85
Southern Coin System	43	170,582	18.8	173,999	17.1	1.02
Ticket System	155	57,458	6.3	176,191	17.3	3.07
Northern Coin System	67	94,482	10.4	157,042	15.4	1.66
Beachline West Expressway	8	34,422	3.8	28,984	2.8	0.84
Total Mainline	320	558,047	61.6%	\$706,432	69.4%	\$1.27
Sawgrass Expressway	23	93,614	10.3	86,650	8.5	0.93
Seminole Expressway	18	44,558	4.9	58,308	5.7	1.31
Veterans Expressway	15	65,238	7.2	53,670	5.3	0.82
Southern Connector Extension	6	17,932	2.0	14,409	1.4	0.80
Polk Parkway	25	37,279	4.1	35,482	3.5	0.95
Suncoast Parkway	42	34,976	3.9	27,620	2.7	0.79
Western Beltway, Part C	11	14,753	1.6	15,106	1.5	1.02
I-4 Connector	1	18,907	2.1	13,856	1.4	0.73
Beachline East Expressway	22	20,226	2.2	5,770	0.6	0.29
Total Expansion Projects	163	347,483	38.4%	\$310,871	30.6%	\$0.89
Total System	483	905,530	100.0%	\$1,017,303	100.0%	\$1.12

Source: Turnpike Enterprise Finance Office.

As indicated in **Table 1**, the Mainline continues to provide the majority of Turnpike transactions at nearly 62 percent, while generating over 69 percent of the total gross toll revenues.

The Turnpike continues to invest in the state-of-the-art tolling equipment and the conversion of certain facilities to 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 such conversions are planned with the remaining sections of the Southern Coin System and the Suncoast Parkway starting in FY 2020 and continuing to the following year, the Northern Coin System in FY 2021, the Ticket System in FY 2022, and the Polk Parkway in FY 2024.

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, including North Carolina's Quick Pass and Georgia's Peach Pass. This program not only offers lower tolls and

**Table 2
Florida's Turnpike System
Revenue Loss from Hurricane Irma**

Component	Amount (\$000)
HEFT	\$9,727
Southern Coin System	7,409
Ticket System	7,672
Northern Coin System	6,263
Beachline West Expressway	650
Total Mainline	\$31,721
Sawgrass Expressway	3,677
Seminole Expressway	2,418
Veterans Expressway	2,269
Southern Connector Extension	556
Polk Parkway	1,416
Suncoast Parkway	1,124
Western Beltway, Part C	570
I-4 Connector	569
Beachline East Expressway	237
Total Expansion Projects	\$12,836
Total System	\$44,557

Source: Turnpike Enterprise Finance Office.

non-stop travel experience through the toll plazas, but also provides a convenient method of toll payment for most drivers throughout the State of Florida and beyond.

The overall transaction-based SunPass® participation has grown significantly over the years to the current 83 percent, the highest overall participation rate since the inception of the program nearly 20 years ago. 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, as well as convenient access to transponders (over 16 million sold since inception) and the resulting growth in active SunPass accounts.

Graph 1 illustrates the rapid growth trend of active SunPass® accounts over the past five years. With an average annual increase of nearly 500 thousand, SunPass® accounts increased approximately 42 percent during the five-year period.

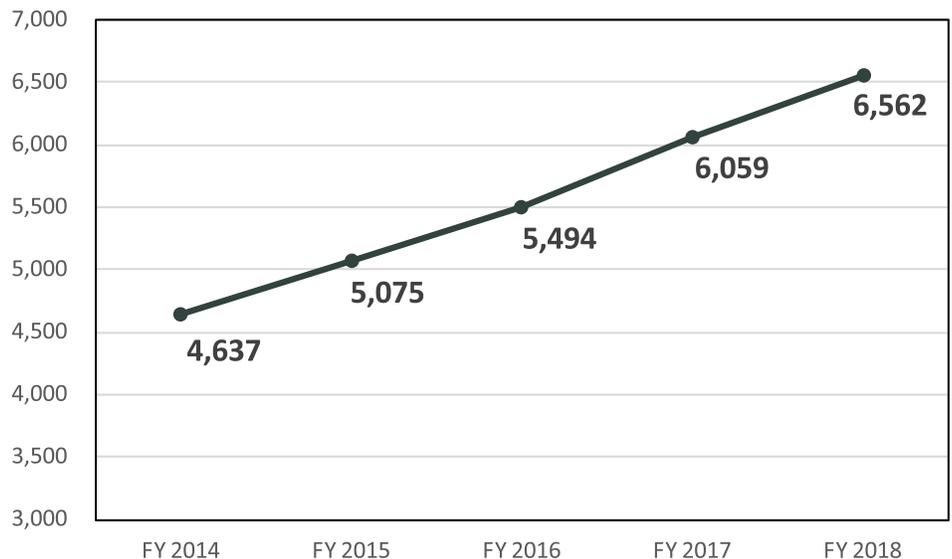
The Turnpike provides convenient, affordable and high-quality services by increasing capacity through widening

projects. Key projects on the Turnpike System planned in the five-year Work Program include widenings: 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 Kissimmee /St. Cloud South to I-4 interchange on the Northern Coin System; and the entire Beachline West Expressway.

The Turnpike also continues to invest in building more access points to the Mainline with AET technology. After the opening of the Minneola (Hancock Road) interchange on the Northern Coin System in June 2017, more ramps will be added on this roadway segment at SR 417 enabling all movements between these two major roadways in FY 2021. Further, a new interchange at NW 170th Street on the HEFT and at Sand Lake Road on the Northern Coin System are also planned for opening in FY 2023 and FY 2024, respectively.

The Turnpike operates eight

**Graph 1
Florida's Turnpike System
Growth in Active SunPass® Accounts Over Five Years
(In Thousands)**



service plazas located on the Turnpike Mainline. With the opening of the Fort Pierce/Port St. Lucie Service Plaza in January 2018 (FY 2018), all eight service plazas are now fully reopened after the renovation that started in FY 2011.

COMPARISON OF ACTUAL REVENUES TO ESTIMATED REVENUES

Table 3 provides a comparison of actual FY 2018 and FY 2017 total revenues. It also shows a comparison of actual and projected FY 2018 total revenue as included in the FY 2017 Annual Letter Report. FY 2018 total revenue of over \$1.0 billion (includes nearly \$10 million of concession revenues) represents an increase of approximately \$10 million, or 1 percent over the preceding fiscal year.

The combined revenue impact from the cash, SunPass® and TOLL-BY-PLATE® toll rate adjustments in October 2017, and the normal traffic growth, offset by the revenue loss prompted by Hurricane Irma, resulted in a slight net toll revenue increase of nearly \$9 million, or 0.9 percent in FY 2018. The systemwide traffic growth, notably on most Central Florida facilities, in large part was due to continuing low unemployment rates, a record setting increase in Florida visitors and a significant growth in truck traffic.

Overall, toll revenue on the Mainline declined 0.6 percent (or over \$4 million) and the actual revenue was \$8 million less than projected, while toll revenues on expansion projects increased by 4.5 percent (or approximately \$13 million) over FY 2017. The decline in Mainline toll revenue is primarily due to the revenue loss on the Mainline prompted by Hurricane Irma. The revenue increase on the expansion projects, and most notably on Central Florida facilities, is

Table 3
Florida's Turnpike System
Comparison of FY 2018 Actual vs. FY 2017 Actual and FY 2018 Estimated Revenue

Turnpike System Component	Actual Revenue (\$000) FY 2018 vs. FY 2017		Actual Change FY 2018 vs. FY 2017		Estimated Revenue ⁽¹⁾ (\$000) FY 2018	Comparison FY 2018 Actual vs. FY 2018 Estimated	
	FY 2018	FY 2017	Amount (\$000)	Change		Amount (\$000)	Change
HEFT	\$170,216	\$179,416	(\$9,200)	(5.1%)	\$176,389	(\$6,173)	(3.5%)
Southern Coin System	173,999	174,769	(770)	(0.4)	173,973	26	0.0
Ticket System	176,191	179,277	(3,086)	(1.7)	181,315	(5,124)	(2.8)
Northern Coin System	157,042	149,380	7,662	5.1	153,968	3,074	2.0
Beachline West Expressway	28,984	28,019	965	3.4	28,915	69	0.2
Total Mainline	\$706,432	\$710,861	(\$4,429)	(0.6%)	\$714,560	(\$8,128)	(1.1%)
Sawgrass Expressway	86,650	85,417	1,233	1.4	84,732	1,918	2.3
Seminole Expressway	58,308	55,302	3,006	5.4	56,112	2,196	3.9
Veterans Expressway	53,670	51,645	2,025	3.9	50,923	2,747	5.4
Southern Connector Extension	14,409	12,626	1,783	14.1	13,106	1,303	9.9
Polk Parkway	35,482	33,595	1,887	5.6	34,196	1,286	3.8
Suncoast Parkway	27,620	26,993	627	2.3	27,466	154	0.6
Western Beltway, Part C	15,106	12,930	2,176	16.8	13,566	1,540	11.4
I-4 Connector	13,856	13,448	408	3.0	13,206	650	4.9
Beachline East Expressway	5,770	5,603	167	3.0	6,008	(238)	(4.0)
Total Expansion Projects	\$310,871	\$297,559	\$13,312	4.5%	\$299,315	\$11,556	3.9%
TURNPIKE SYSTEM TOTAL TOLL REVENUE	\$1,017,303	\$1,008,420	\$8,883	0.9%	\$1,013,875	\$3,428	0.3%
Concession Revenue	9,878	8,457	1,421	16.8	7,944	1,934	24.3
TURNPIKE SYSTEM GRAND TOTAL	\$1,027,181	\$1,016,877	\$10,304	1.0%	\$1,021,819	\$5,362	0.5%

⁽¹⁾ As forecast in the Traffic Engineer's FY 2017 Annual Letter Report.

attributed to significant traffic growth spurred by low unemployment rates, housing and commercial development in the area and a record number of tourists. These factors offset the revenue loss due to Hurricane Irma.

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 strong as evidenced by 3.3 percent November 2018 unemployment rate, which is lower than the national unemployment rate of 3.7 percent, and another record breaking year of 122 million tourists in FY 2018.

With these factors in mind, this year's forecast was prepared based on actual revenues in FY 2018, as well as the previously mentioned projects. Further, indexing of toll rates is assumed for FY 2020. Toll revenue amounts in 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.

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 2029 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. Forecasts for the total Turnpike System toll and concession revenues are shown in **Table 6**.

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.

Table 4
Florida's Turnpike Mainline
Toll Revenue Forecast (\$000)
FY 2019 through FY 2029

Fiscal Year	SR 821 (HEFT)	Southern Coin	Ticket System	Northern Coin	Beachline West	Total
2019	\$188,473	\$183,690	\$189,391	\$167,462	\$30,738	\$759,754
2020	195,846	187,225	196,933	175,447	33,822	789,273
2021	200,786	195,600	201,900	175,753	35,243	809,282
2022	208,980	201,459	199,463	191,155	36,670	837,727
2023	216,166	206,520	212,160	197,954	39,229	872,029
2024	222,315	211,297	217,067	206,963	40,567	898,209
2025	228,412	215,328	221,428	214,021	41,881	921,070
2026	234,447	219,218	225,877	222,696	43,198	945,436
2027	240,630	223,178	230,415	229,219	44,449	967,891
2028	246,922	227,209	235,044	234,768	46,871	990,814
2029	253,368	231,314	239,766	239,849	48,823	1,013,120

Note: The above revenue forecasts reflect the implementation of All-Electronic Tolling on: the Southern Coin System from I-595 to Sawgrass Expressway in FY 2020, and from Sawgrass Expressway to Lantana in FY 2021; the Northern Coin System in FY 2021; and the Ticket System in FY 2022. The forecasts also include revenues from additional lanes on the 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. Similarly, the Beachline West forecast includes the impact from additional lanes on the entire facility starting in FY 2020. Additionally, the Northern Coin System reflects impact from additional lanes from Osceola Parkway to Orlando South in FY 2022, from Kissimmee South to Osceola Parkway in FY 2024, and from Orlando South to I-4 in FY 2026. Further, the forecasts reflect new interchanges opening on the HEFT at NW 170th Street in FY 2023 and on the Northern Coin System at SR 417 (remaining movements) in FY 2021 and at Sand Lake Road in FY 2024.

Table 5
Florida's Turnpike Expansion Projects
Toll Revenue Forecast (\$000)
FY 2019 through FY 2029

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
2019	\$91,518	\$62,162	\$59,075	\$15,358	\$37,510	\$29,029	\$16,302	\$14,378	\$6,251	\$3,568	\$335,151
2020	95,815	64,931	62,815	16,242	39,104	29,495	17,339	15,375	6,371	8,296	355,783
2021	99,002	67,151	65,610	16,993	40,421	30,423	18,223	16,089	6,493	9,393	369,798
2022	102,098	69,245	68,214	17,690	41,674	31,895	19,064	16,787	6,617	10,443	383,727
2023	105,080	72,853	70,591	18,935	44,123	32,758	20,477	17,447	7,329	11,451	401,044
2024	108,042	74,825	72,784	19,572	43,634	33,616	21,208	18,099	7,472	12,451	411,703
2025	110,870	76,700	74,968	20,172	46,349	34,495	21,858	18,737	7,611	13,449	425,209
2026	117,174	78,546	77,147	20,771	47,438	35,325	22,485	19,360	7,753	14,431	440,430
2027	120,211	80,402	79,315	21,372	48,548	36,177	23,137	20,005	7,902	15,382	452,451
2028	123,084	83,896	81,465	22,587	49,677	37,010	24,437	20,670	8,613	16,349	467,788
2029	126,013	85,915	83,520	23,187	50,829	37,904	25,086	21,358	8,776	17,293	479,881

Note: The above revenue forecasts reflect the implementation of All-Electronic Tolling on Suncoast Parkway in FY 2020 and FY 2021, and on Polk Parkway in FY 2024. The Sawgrass Expressway forecast includes revenues from additional lanes on most sections of the facility in FY 2026. Additionally, the forecasts reflect the widening impact on Polk Parkway from CR 546 to north of Eastern Plaza and a new interchange at Braddock Road in FY 2024. The First Coast Expressway will open to traffic in the second half of FY 2019.

Table 6
Summary of Florida's Turnpike System
Toll and Concession Revenue Forecast (\$000)
FY 2019 through FY 2029

Fiscal Year	Mainline	Expansion Projects	Total Toll Revenue	Gross Concession Revenue	Total Gross Revenue
2019	\$759,754	\$335,151	\$1,094,905	\$8,778	\$1,103,683
2020	789,273	355,783	1,145,056	8,908	1,153,964
2021	809,282	369,798	1,179,080	9,029	1,188,109
2022	837,727	383,727	1,221,454	9,142	1,230,596
2023	872,029	401,044	1,273,073	9,291	1,282,364
2024	898,209	411,703	1,309,912	9,330	1,319,242
2025	921,070	425,209	1,346,279	9,485	1,355,764
2026	945,436	440,430	1,385,866	9,644	1,395,510
2027	967,891	452,451	1,420,342	9,805	1,430,147
2028	990,814	467,788	1,458,602	9,970	1,468,572
2029	1,013,120	479,881	1,493,001	10,139	1,503,140

Respectfully,
AECOM Technical Services, Inc.

William A. Nelsen, C.P.A.
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