Department-Operated Facilities

Garcon Point Bridge

Page 87

- $4.7 million total toll revenue
- 1.3 million total transactions
- SunPass participation increased to 38.5 percent during the year.

Mid-Bay Bridge

Page 97

- $15.8 million total toll revenue
- 6.6 million total transactions
- SunPass participation increased to 64.1 percent during the year.

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Garcon Point Bridge

7.1 Background

The Garcon Point Bridge is a 3.5-mile bridge that spans Pensacola/East Bay between Garcon Point (south of Milton) and Redfish Point (between Gulf Breeze and Navarre) in southwest Santa Rosa County. The bridge and roadway segments that comprise this facility are designated as SR 281 and provide access to the Gulf Breeze peninsula from areas north and east of Pensacola Bay. On the south side of the bay, the road continues as a one-mile, two-lane highway that connects to US 98. On the north side of the bay, SR 281 connects to I-10 approximately 7.5 miles north of the toll plaza. Overall, the distance between US 98 and I-10 is 12 miles.

Figure 7.1 shows a map of Garcon Point Bridge and the surrounding area. The toll plaza is located at the southern end of Garcon Point, and tolls are collected in both directions. Beyond the Gulf Breeze peninsula, south of Santa Rosa Sound, the Sikes Bridge (SR 399) and Navarre Bridge provide access to the resort communities on Santa Rosa Island.

The Santa Rosa Bay Bridge Authority, established in 1984, oversaw the financing and construction of the Garcon Point Bridge. Construction of this two-lane facility was financed by the Series 1996 Revenue Bonds. The two-lane bridge opened to traffic on May 14, 1999.

The Authority entered into a lease-purchase agreement with the Department, whereby the Department maintains and operates the bridge and remits all tolls collected to the Authority as lease payments. The term of the lease runs concurrently with the bonds, and matures in 2028. At that time the Department will own the bridge, assuming the bonds are fully paid. Should the bonds, or any additional issuance of bonds, be outstanding in 2028, the lease term will be extended through the payoff date of the outstanding bonds.

As a result of the debt service reserve fund being depleted, it was determined that the Santa Rosa Bay Bridge Authority would not have enough funds for the July 1, 2011 debt service payment. Consequently, on April 27, 2011, The Bank of New York Mellon sent a notice of default to the Authority. A second notice of default was sent to the Authority on June 29, 2012 from the Bank of New York Mellon stating that there would not be enough funds to pay the debt service owing as of July 1, 2012 and thus no payment would be made. On January 1, 2013 another notice of default was sent to the Authority which included a notice of acceleration stating that the principal of all the bonds outstanding were immediately due and payable. On February 1, 2013 the trustee sent a notice of payment to the bondholders stating the amount net of reserves that was available for distribution to holders of bonds as of January 1, 2013 (the "Special Record Date"). The notice of payment does not waive the default status.

As a result of the first debt service payment default, a majority of the board members resigned and a new board was formed to look into possible restructuring of the Authority's debt. The bond documents clearly

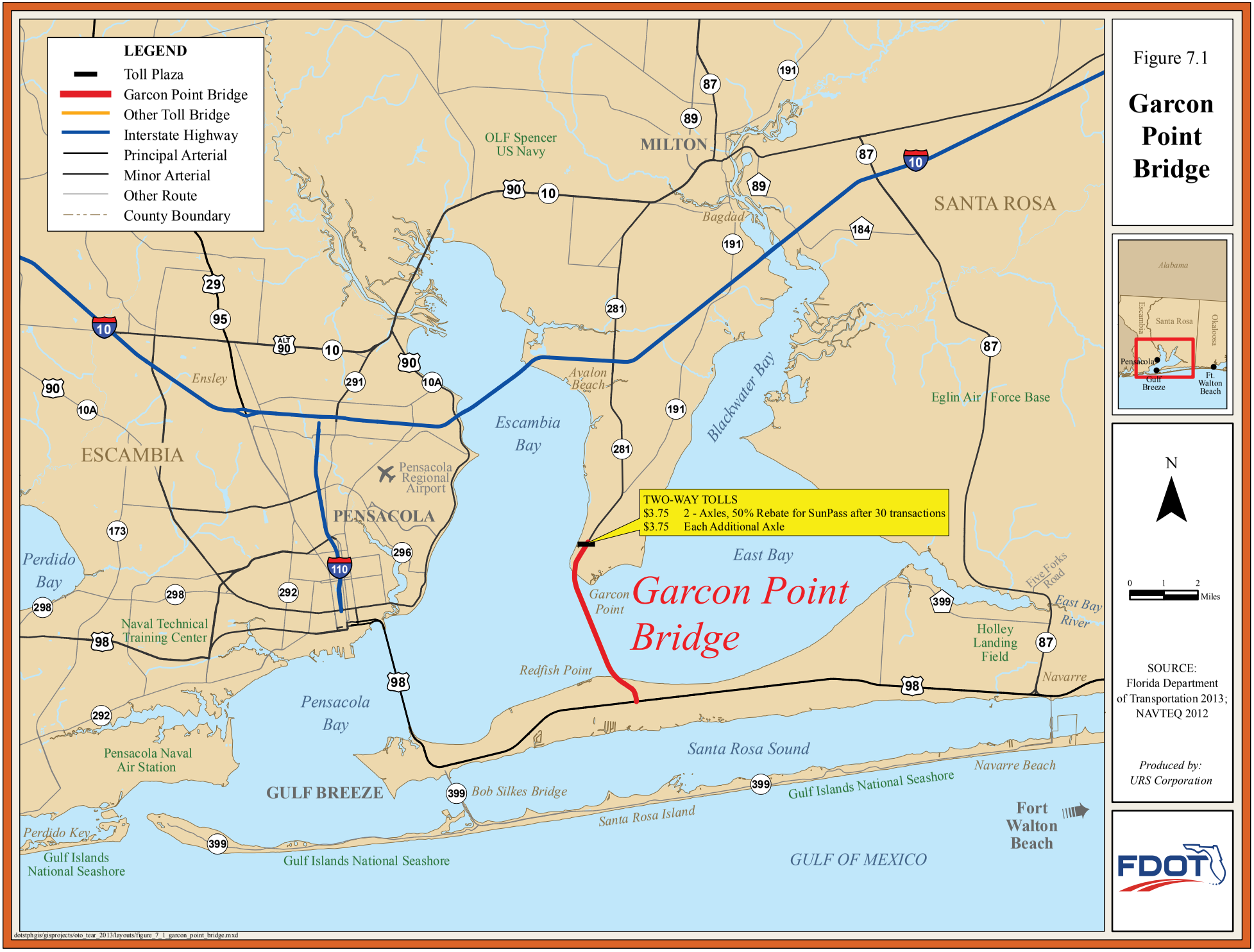


Figure 7.1

Garcon Point Bridge

advised investors that neither the State of Florida nor Santa Rosa County would have any responsibility for payment of the bond debt. The Department continues to operate and maintain the Garcon Point Bridge. Further details can be found in **Section 7.6 - Revenue Sufficiency**.

When the Garcon Point Bridge opened to traffic in May 1999, the toll for passenger cars and other two-axle vehicles was set at $2.00. Based on the toll rate increase schedule discussed in **Section 7.5**, the toll rate was increased to $2.50 for two-axle vehicles in FY 2002. On July 1, 2004 (FY 2005) the two-axle toll rate increased to $3.00, reflecting the second scheduled toll rate increase. The third scheduled toll rate increase went into effect on July 1, 2007 (FY 2008), which increased the two-axle rate to $3.50. On January 5, 2011 (FY 2011) the two-axle rate increased to $3.75, reflecting the fourth scheduled toll rate increase. SunPass users of two-axle vehicles receive a 50 percent rebate after they reach a threshold of 30 toll transactions per month on the Garcon Point Bridge toll facility. Tolls for vehicles with three or more axles are calculated using the "N minus 1" method and increase at the rate of $3.75 per axle above that of the two-axle toll.

The bond year for the Garcon Point Bridge as reported herein runs from July 1 to June 30, corresponding to the Department's fiscal year and the Authority's bond year for debt service payments.

Table 7.1 shows historical transactions and revenue growth on the Garcon Point Bridge. In FY 2005, total transactions increased 1.2 percent from FY 2004, while revenue increased by approximately 28.3 percent. The modest increase in transactions can be attributed to the active hurricane season, as well as the elasticity associated with the July 2004 toll rate increase. The increase in toll revenue is due to the toll rate increase and increased truck traffic brought about by post-hurricane construction in the area. FY 2008 transactions and toll revenue decreased by 13.6 and 0.5 percent, respectively. The decrease in traffic and revenue in FY 2007 and FY 2008 can primarily be attributed to the economic slowdown and rising fuel prices. Additionally, FY 2008 transactions were negatively impacted by the July 2007 toll rate increase. Despite the impacts of the economic slowdown, FY 2008 revenue only decreased by 0.5 percent due to the additional revenue generated from the toll rate increase. FY 2009 transactions and toll

Table 7.1
Garcon Point Bridge
Historical Transactions and Revenue Growth
FY 2003 through FY 2013

Fiscal Year	Transactions (000)				Toll Revenue[1] ($000)		Average Toll
	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change	
2003	1,267	20	1,287	-	$3,117	-	$2.422
2004	1,477	18	1,495	16.2%	3,588	15.1%	2.400
2005	1,489	24	1,513	1.2	4,604	28.3	3.043
2006	1,660	29	1,689	11.6	4,997	8.5	2.959
2007	1,666	4	1,670	(1.1)	4,790	(4.1)	2.868
2008	1,439	4	1,443	(13.6)	4,767	(0.5)	3.304
2009	1,312	7	1,319	(8.6)	4,369	(8.3)	3.312
2010	1,264	4	1,268	(3.9)	4,203	(3.8)	3.315
2011	1,243	8	1,251	(1.3)	4,276	1.7	3.418
2012	1,268	22	1,290	3.1	4,592	7.4	3.559
2013	1,284	26	1,310	1.6	4,736	3.1	3.615

Source: FDOT Office of the Comptroller and Turnpike Enterprise Finance Office.
Note: The non-revenue class includes authorized vehicles that pass through a toll plaza without incurring a toll (i.e., law enforcement, emergency vehicles) and transactions reported during toll suspensions attributable to hurricanes.
(1) Toll revenue reported net of the SunPass discount since the facility opened.

revenue decreased by 8.6 percent and 8.3 percent, respectively. The decrease in traffic and revenue in FY 2009 can be attributed to the economic recession. Traffic decreased in FY 2010 due to the continuing recession, but also due to the Gulf Oil Spill which began in April 2010 and continued during the remainder of the fiscal year.

In FY 2011, total transactions decreased 1.3 percent from FY 2010, while toll revenue increased by 1.7 percent. The decrease in transactions can be attributed to the elasticity associated with the January 2011 toll rate increase, as well as the continuing uncertainty of the economic recovery. The slight increase in toll revenue is due to the toll rate increase (partial year impact), however, the facility continues to be impacted by the slow economy.

In FY 2012, there were a total of nearly 1.3 million transactions, generating revenues of almost $4.6 million. Compared to FY 2011, total transactions increased 3.1 percent while revenues increased 7.4 percent. This increase in traffic and revenue can be attributed to a rebound in traffic and the full impact of the January 2011 toll rate increase (i.e., the toll rate increase was in effect throughout FY 2012). FY 2012 toll revenue includes a $339 thousand reduction as a result of the SunPass discount program.

In FY 2013, there were a total of 1.3 million transactions (revenue and non-revenue combined), generating revenues of almost $4.7 million. Compared to FY 2012, total transactions increased 1.6 percent while revenues increased 3.1 percent. This modest increase in traffic and revenue can be attributed to normal traffic growth after the recovery from the recession, and the rebound from the BP Oil spill that began in April 2010 and the effects of the toll increase that occurred in January 2011.

The factors contributing to the effects on traffic and revenue are discussed in greater detail in the **Overview** chapter of this report.

In September 2004 Hurricane Ivan struck the Pensacola area. The storm severely damaged the I-10 bridges across Escambia Bay resulting in their full closure to traffic for two months until a temporary two-lane (one lane in each direction) was opened in October of 2004. In November of 2004 additional construction was performed to allow for three lanes of traffic to flow over the bridge (two lanes westbound and one lane eastbound). During this period when the I-10 bridges were completely closed, traffic destined for Santa Rosa Island had to detour via the US 98 bridge over Pensacola Bay Bridge and the Garcon Point Bridge which resulted in increased traffic and toll revenue volumes on the Garcon Point Bridge. The permanent replacement bridges on I-10 did not fully open until late in 2007 which resulted in further reductions in traffic and toll revenue volumes on the Garcon Point Bridge.

Transactions and toll revenue during the last two months of FY 2010 and especially during the summer of 2010 (FY 2011) were affected by the BP oil spill, which began with the explosion of the Deepwater Horizon drilling platform on April 20, 2010. The oil slick moved eastward from the waters off of Louisiana to Mississippi and Alabama, and eventually began affecting the beaches at Pensacola and Santa Rosa Island in May. Before the oil spill, Garcon Point Bridge traffic and revenue were down 1.8 percent and 0.5 percent, respectively, in April 2010 compared to the prior year due to the sluggish economy following the recession. The numbers further declined to 6.7 percent and 7.0 percent, respectively, in May 2010, and to 6.3 percent and 5.6 percent in June 2010. The decline in May 2010 and June 2010 is primarily due to the oil spill.

In July 2010 (FY 2011), traffic and revenue further declined to 12.0 percent and 12.5 percent, respectively, below the prior year. However, by September 2010 the facility had rebounded to just slightly below prior year levels. This strong rebound was the result of the capping of the well on July 15, 2010 the "static

(top) kill" on August 5, 2010 and the permanent "bottom kill" (relief well) on September 19, 2010. By the spring of 2011, traffic began to rebound from the suppressed levels of 2010. While traffic was rebounding from the oil spill, toll revenues increased, particularly in May 2011 and June 2011 (above the 10 percent level), due to both the recovery from the oil spill and the toll rate increase in January 2011.

Historical operating and routine maintenance expenses from FY 2003 through FY 2013 are presented in **Table 7.2**. Operating expenses have increased from $835 thousand in FY 2003 to $987 thousand in FY 2013. In FY 2013, total operating expenses decreased by 2.9 percent or $30 thousand from FY 2012. This decrease in operating expenses is primarily due to a decrease in toll plaza operating contracts and transponder purchases.

Table 7.2
Garcon Point Bridge
Historical Operating and Routine Maintenance Expenses ($000)
FY 2003 through FY 2013

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
2003	$835	$45	$880
2004	1,174	14	1,188
2005	994	99	1,093
2006	868	93	961
2007	1,020	118	1,138
2008	1,051	124	1,175
2009	997	98	1,095
2010	956	135	1,091
2011	969	160	1,129
2012	1,017	196	1,213
2013	987	148	1,135

Source: FDOT Office of the Comptroller.

Maintenance of the Garcon Point Bridge was performed under a private Asset Maintenance Contract, from FY 2005 through FY 2011, with the Department providing oversight through its Asset Management Coordinator. Maintenance activities include roadside mowing and upkeep, guardrail repair, shoulder repair and other routine maintenance items. Maintenance activity has been provided in-house beginning in FY 2012. Toll facilities maintenance and bridge inspections are performed outside the scope of the Asset Maintenance Contract. FY 2013 routine maintenance expenses decreased approximately $48 thousand, or almost 25 percent, from the prior year due to a decrease in general maintenance on the facility and bridge inspection costs.

7.2 FY 2013 Transactions and Toll Revenues

Monthly transactions and toll revenue on the Garcon Point Bridge during FY 2013 are presented in **Table 7.3**. The first and fourth quarters generated similar number of transactions and toll revenue.

Table 7.3
Garcon Point Bridge
Monthly Transactions and Toll Revenue
FY 2013

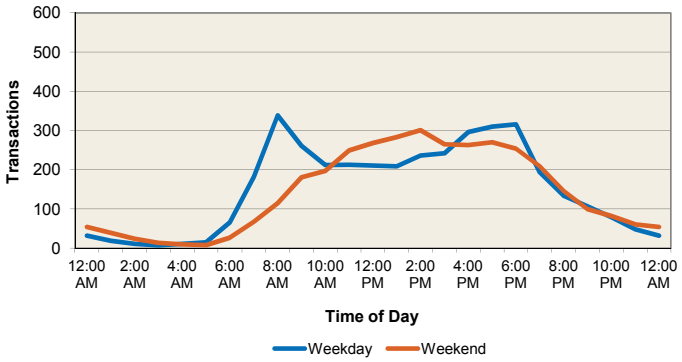
Month	Transactions (000)	Toll Revenue ($000)
July 2012	142	$517
August	119	449
September	103	370
1st Quarter Total	364	1,336
October	104	364
November	93	334
December	90	321
2nd Quarter Total	287	1,019
January 2013	90	316
February	88	316
March	116	421
3rd Quarter Total	294	1,053
April	110	396
May	122	443
June	133	489
4th Quarter Total	365	1,328
Annual Total	**1,310**	**$4,736**

Source: FDOT Office of the Comptroller (Annual Toll Revenue) and Turnpike Enterprise Finance Office.
Note: Transactions represent toll-paying and non-revenue traffic at the mainline plaza.

Graph 7.1 shows the number of hourly weekday and weekend transactions of a typical week during FY 2013 on the Garcon Point Bridge. As indicated, weekday demand for travel on the facility is highest during the morning and evening peak hours. The morning peak hour occurs from 7:00 a.m. to 9:00 a.m. and the afternoon peak occurs from 4:00 p.m. to 6:00 p.m. Additionally, midday traffic volumes of just over 200 vehicles per hour show the relative

influence of non-commuters (tourist/recreational travelers) on the facility. The influence of tourists and recreational travelers is more pronounced on the weekends.

Graph 7.1
Garcon Point Bridge
Typical Hourly Transactions
FY 2013



Source: Data obtained from Turnpike Enterprise Finance Office for the 7-day period beginning Monday April 22, 2013.

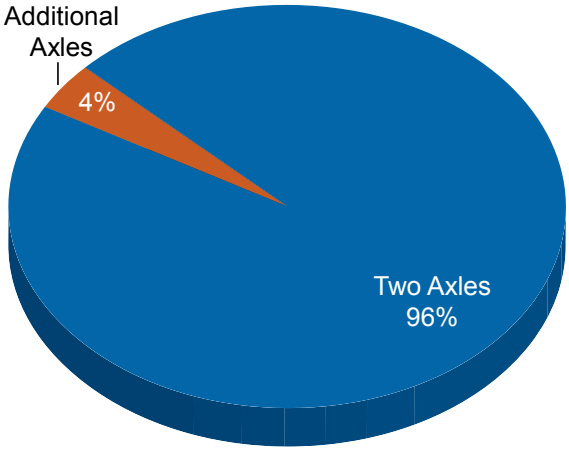
Table 7.4 shows the monthly seasonal transaction variation in FY 2013. On average, approximately 3,600 vehicles use the bridge each day. During the spring and summer months, transactions exceed the normal pattern observed on this facility due to tourists and seasonal residents with July exceeding the average by 28 percent. December and January were the lowest months at 19 percent below the average.

Table 7.4
Garcon Point Bridge
Seasonal Transaction Variation
FY 2013

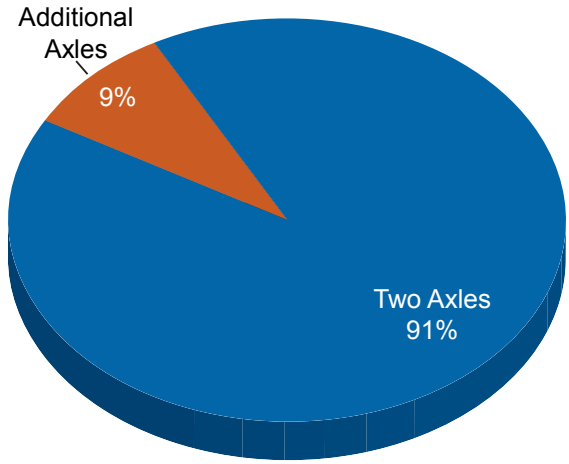
Month	Average Daily Transactions	Seasonal Factor
July 2012	4,600	1.28
August	3,800	1.06
September	3,400	0.94
October	3,400	0.94
November	3,100	0.86
December	2,900	0.81
January 2013	2,900	0.81
February	3,100	0.86
March	3,700	1.03
April	3,700	1.03
May	4,000	1.11
June	4,400	1.22
AADT	**3,600**	**1.00**

Traffic and revenue contributions for trucks on the Garcon Point Bridge are shown in **Graph 7.2**. For FY 2013, trucks accounted for approximately 4 percent of traffic on the facility. Correspondingly, the revenue collected from truck traffic translated into 9 percent of the total revenue on the facility. The revenue percentage for trucks is influenced by the "N minus 1" toll structure. In terms of actual revenues, trucks provided approximately $0.5 million of the total, while passenger vehicles comprised the remaining $4.2 million.

Graph 7.2
Garcon Point Bridge
Transactions by Axle Class
FY 2013



Revenue Contribution by Axle Class
FY 2013



7.3 SunPass

SunPass was implemented on the Garcon Point Bridge concurrent with the opening of the facility on May 14, 1999. The toll plaza has five lanes, and tolls are collected in both directions with SunPass technology available in select lanes (see **Appendix A** for the lane configurations). A discount is provided to users of SunPass beyond the threshold of 30 transactions on the Garcon Point Bridge toll facility per month. As such, drivers of two-axle vehicles are given a 50 percent retroactive discount once they exceed the threshold.

Table 7.5 shows the SunPass transactions on Garcon Point Bridge during FY 2013. SunPass usage totaled 505 thousand transactions in FY 2013, resulting in a SunPass participation rate of 38.5 percent, up slightly from 37.6 percent in FY 2012. On a daily basis, approximately 1,400 vehicles out of 3,600 utilize SunPass. The monthly SunPass participation ranged from 29.6 percent to 45.6 percent during FY 2013, peaking during the winter months due to a lower percentage of tourists.

Table 7.5
Garcon Point Bridge
Transactions by Payment Method
FY 2013

Month	Transactions (000)			Percent SunPass
	SunPass	Non-SunPass	Total	
July 2012	42	100	142	29.6%
August	42	77	119	35.3
September	42	61	103	40.8
October	45	59	104	43.3
November	40	53	93	43.0
December	38	52	90	42.2
January 2013	41	49	90	45.6
February	38	50	88	43.2
March	43	73	116	37.1
April	45	65	110	40.9
May	46	76	122	37.7
June	43	90	133	32.3
Total	**505**	**805**	**1,310**	
Percentage	**38.5%**	**61.5%**	**100.0%**	

Source: Turnpike Enterprise Finance Office.
Note: SunPass and Cash transactions represent toll-paying and non-revenue

Revenue attributable to SunPass for FY 2013 totaled over $1.6 million, as shown in **Table 7.6**. This amount

represents 34.8 percent of all toll revenue. The SunPass revenue amount is net of the SunPass discount for the facility, which for FY 2013, amounted to approximately $335 thousand. The monthly SunPass revenue contribution ranged from a low of 26.5 percent to a high of 41.1 percent during FY 2013. Non-SunPass payments accounted for 65.2 percent of total revenue.

Table 7.6
Garcon Point Bridge
Gross Toll Revenue by Payment Method
FY 2013

Month	Gross Toll Revenue ($000)			Percent SunPass
	SunPass	Non-SunPass	Total	
July 2012	$137	$380	$517	26.5%
August	129	320	449	28.7
September	135	235	370	36.5
October	140	224	364	38.5
November	134	200	334	40.1
December	126	195	321	39.3
January 2013	130	186	316	41.1
February	128	188	316	40.5
March	142	279	421	33.7
April	147	249	396	37.1
May	153	290	443	34.5
June	148	341	489	30.3
Total	**$1,649**	**$3,087**	**$4,736**	
Percentage	**34.8%**	**65.2%**	**100.0%**	

Source: FDOT Office of the Comptroller (Annual Toll Revenue) and Turnpike Enterprise Finance Office.

7.4 FY 2013 Expenses and Liabilities

Beginning in FY 2012, with the expiration of the Asset Maintenance Contract at the end of FY 2011, all maintenance activity has been provided in-house. The actual operating and routine maintenance expenses in FY 2013 are shown in **Table 7.7**. In FY 2013

operating expenses amounted to $987 thousand, while routine maintenance expenses amounted to $148 thousand. This results in an overall total for both operating and routine maintenance expenses of approximately $1.1 million for FY 2013.

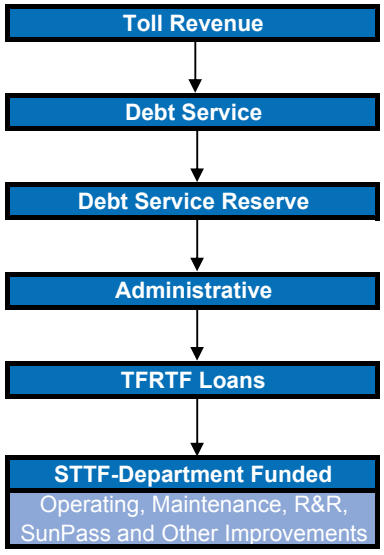
Table 7.7
Garcon Point Bridge
Operating and Routine Maintenance Expenses ($000)
FY 2013

Type of Expense	Actual
Operating	$987
Routine Maintenance	148
Total	**$1,135**

Source: FDOT Office of the Comptroller, Turnpike Enterprise Finance Office.
There is no FY 2013 budget as the Asset Maintenance Contract expired in FY 2011. All maintenance activity is provided in-house beginning in FY 2012.

As shown in **Figure 7.2**, Garcon Point Bridge has liabilities payable to the Department for TFRTF loans and an advance from the STTF. The first payable is an advance from the Department's Toll Facility Revolving Trust Fund (TFRTF). As of June 30, 2013, the TFRTF balance was approximately $7.9 million, to be paid back when sufficient funds become available (i.e., when the debt service reserve is fully funded).

Figure 7.2
Flow of Funds
Garcon Point Bridge
Revenue Bonds, Series 1996



The second payable is an advance for the costs of operating and maintaining the toll facility. The Department, in accordance with the Lease-Purchase Agreement between the Department and the Santa Rosa Bay Bridge Authority, pays operating and maintenance expenses on the bridge. As such, the Department considers these expenses as long-term receivables. This liability is to be paid subsequent to the payment of the TFRTF loans. An analysis of the long-term liability for FY 2013 is presented in **Table 7.8**. As indicated, the long-term liability balance as of June 30, 2013 was approximately $19.2 million.

Table 7.8
Garcon Point Bridge
Long-Term Liability ($000)
FY 2013

Transaction		Amount
Balance, July 1, 2012		$18,059
Additions	Operating & Routine Maintenance	1,135
	Other[1]	5
Balance, June 30, 2013		$19,199

(1) Other additions represent increases in the long-term liability due to other periodic maintenance expenses.

7.5 Noteworthy Events

Based on actual toll revenues on the Garcon Point Bridge, it was determined that future toll revenue is not sufficient to meet minimum debt service coverage requirements. As such, the Santa Rosa Bay Bridge Authority adopted a toll rate increase program to increase tolls every three years beginning July 1, 2001 (FY 2002). Since FY 2002, there have been four toll rate increases from $2.00 to the current toll rate of $3.75.

Despite the adopted toll rate increase program, the Santa Rosa Bay Bridge Authority had its first payment default on July 1, 2011. As previously mentioned, the Department continues to operate and maintain the Garcon Point Bridge.

FDOT District 3 is widening SR 87 from two to four lanes in four stages from US 98 to US 90, north of I-10. The 4-mile segment from US 98 to north of Five Forks Road has been completed. A contract to widen the 3-mile segment between Five Forks Road and the Eglin Air Force Base boundary was executed in August 2010 and has now been completed. The next two sections scheduled for widening (passing through Eglin Air Force Base up to Hickory Hammock) and including a parallel span over the Yellow River, are scheduled to be let in 2015. Over the long term, this increased capacity on SR 87 will negatively impact traffic and revenue on the Garcon Point Bridge as customers are diverted to the newly-widened competing facility.

7.6 Revenue Sufficiency

Based on estimates provided by the Department's Office of Project Finance, as of June 30, 2013, bonds in the principal amount of $116.8 million remain outstanding from the Series 1996 issue. Each year, an amount of principal and accrued interest on the outstanding bonds becomes due and payable. This amount is known as the annual debt service. As a test of the ability of a facility to repay the annual debt service, a "coverage" calculation is performed. In accordance with the Series 1996 Bond Resolution, gross revenues are required to provide 120 percent of the Annual Net Debt Service Requirement (or a 1.2 coverage ratio). It should be noted that the Authority has not met the required coverage ratio in a number of years.

As required by the bond resolution, annual "net" debt service is defined as annual debt service less interest earnings attributable to the debt service and debt service reserve funds and capitalized interest.

Pursuant to the bond resolutions, approximately $9.2 million in Santa Rosa Bay Bridge Authority, Series 1996 bond proceeds were deposited into a Debt Service Reserve Fund established to meet debt service payment in instances where toll revenues are deficient. During FY 2002 through FY 2011, approximately $7.4 million of these funds were used to supplement gross toll revenues to satisfy debt service requirements. As a result, the remaining balance ($1.8 million) was not sufficient to pay for the July 1, 2011 debt service payment. The Bank of New York Mellon sent a notice of default to the Authority on April 27, 2011. A new board has been formed to look into possible restructuring of the debt. The Department continues to collect toll revenues from the bridge and these are remitted to the Bank of New York Mellon. On June 29, 2012 a notice was sent to the Authority from the Bank of New York Mellon stating that "on or about March 26, 2012, the Trustee disbursed amounts remaining in the Reserve Account as set forth in its Notice of Special Distribution for Holders dated March 6, 2012. It is anticipated that Gross Revenues will be insufficient to pay debt service for the foreseeable future. Accordingly, the Trustee will not be making any payments on July 1, 2012."

It should be noted, effective January 1, 2013, the Bank of New York Mellon serving as trustee, noticed that all principal on all the outstanding bonds is due and payable immediately. Such notice permits the trustee to make regular distributions to all bondholders from the revenues made available and as described earlier.

In April 2013, Fitch Ratings affirmed and withdrew its 'D' rating on the authority's outstanding revenue bonds. According to Fitch, this rating was withdrawn as it was no longer considered analytically meaningful.

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Mid-Bay Bridge

8.1 Background

The Mid-Bay Bridge is a 3.6-mile toll bridge that extends over Choctawhatchee Bay from SR 20, east of Niceville, to US 98 near the coastal resort community of Destin in southeast Okaloosa County. This two-lane bridge opened to traffic in June 1993 with one mainline toll plaza located on the north side of the bay. **Figure 8.1** shows a map of the bridge, and the 11-mile Mid-Bay Bridge Connector (to SR 85), under construction. The first section of the Connector to SR 20 opened to traffic in May 2011 as a four-lane, limited-access approach. The second section from SR 20 to Range Road opened to traffic in September 2011. Phases II and III of the Connector (from Range Road to SR 85) are scheduled to open in early January 2014.

The bridge and roadway segments that comprise this facility are designated as SR 293. On the north side of the bay, with the completion of SR 293 to SR 20 and Range Road, the north approach is now four lanes. On the south side of the bay, it continues as a four lane approach (Danny Wuerffel Way) for one mile and intersects with US 98. Overall, SR 293 is currently 7.5 miles to Range Road and will be 15.5 miles when complete to SR 85. The Connector has full interchanges at Lakeshore Drive, SR 20 and Range Road (presently a partial interchange pending completion of the Connector to SR 85). In the future, the Connector will have full interchanges at SR 285, SR 85 and an at-grade intersection at Forrest Road.

The Mid-Bay Bridge Authority was established in 1986 to oversee the financing and construction of the Mid-Bay Bridge. The Authority entered into a Lease-Purchase Agreement with the Department whereby the Department maintains and operates the Bridge and remits all of the tolls collected to the Authority as lease payments. The term of the lease runs concurrently with the bonds. At the time that the bonds mature and are fully paid, on October 1, 2040 the Department will own the Bridge.

The Mid-Bay Bridge Authority operates on a fiscal year ending September 30. However, for consistency across all seven Department-owned and Department-operated facilities, all FY 2013 data for this facility is reported according to the Department's fiscal year ending June 30, 2013.

Tolls are collected in both directions on the Mid-Bay Bridge. The toll for two-axle vehicles was $2.00 from 1993, when the bridge opened, until September 30, 2004. A book of 20 coupons, valid for one month, was offered for sale to commuters at a cost of $20 (a 50 percent discount). With the conversion to SunPass, coupons were discontinued on May 31, 1999. The discount for two-axle vehicles continued under SunPass with a $1.00 discount off the $2.00 cash toll without any limitations on trip frequency. Effective October 1, 2004 (FY 2005), the two-axle toll rate increased to $2.50 for cash customers and $1.50 for SunPass customers. Then, on June 1, 2010 (FY 2010) tolls were increased to $3.00 for cash customers and $2.00 for SunPass customers. Tolls for vehicles with three or more axles (regardless of whether they pay by

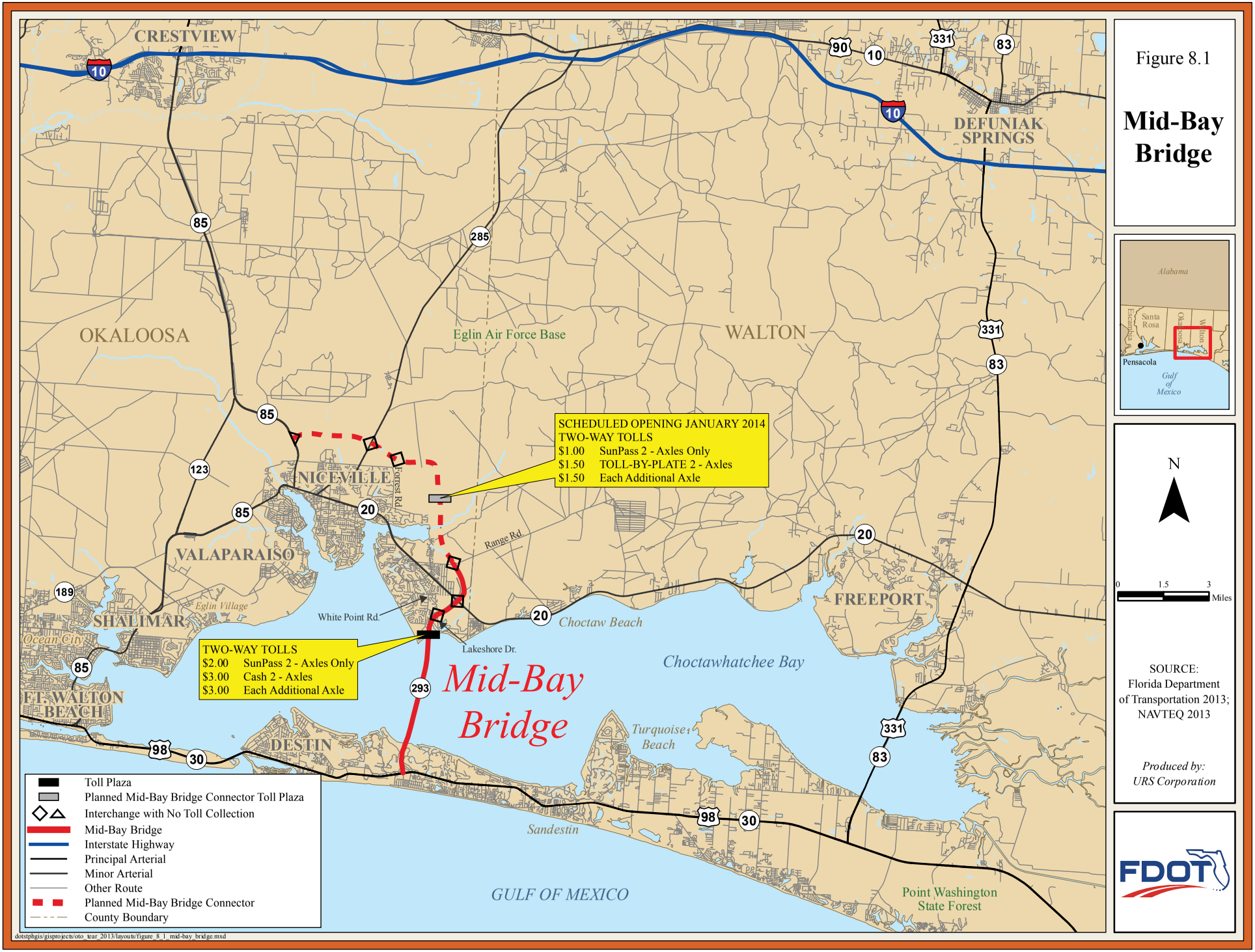


Figure 8.1

Mid-Bay Bridge

N

0 1.5 3 Miles

SOURCE:
Florida Department of Transportation 2013; NAVTEQ 2013

Produced by:
URS Corporation

cash or SunPass) are calculated using the "N minus 1" method and increase at the rate of $3.00 per axle over the $3.00 cash two-axle toll.

With the scheduled, early January 2014, opening of the remaining sections of the Connector through to SR 85, tolls will be collected at a point north of Range road and south of Forrest Road. Tolls will be collected using All Electronic Tolling (AET) technology. Users will have the option of paying using SunPass or TOLL-BY-PLATE. Those electing to pay by TOLL-BY-PLATE will have the option of either setting up a prepaid account (and avoid service charges) or having a statement sent to them via the US mail and incurring a service charge of $2.50 per monthly statement plus the applicable tolls. Toll rates will be set at one-half those on the Mid-Bay Bridge as follows: two-axle vehicles using SunPass will pay $1.00, two-axle vehicles paying by TOLL-BY-PLATE will be charged a $1.50 toll and three-or-more axle vehicles (regardless of the payment method) will pay tolls calculated using the "N – 1" method and increase at the rate of $1.50 per axle over the $1.50 TOLL-BY-PLATE two-axle toll.

Historically, traffic and revenue on the Mid-Bay Bridge have increased over the years. The annual increase in traffic and revenue for the facility from FY 2003 through FY 2013 is presented in **Table 8.1**. In FY 2003, total transactions were approximately 5.7 million and toll revenues were approximately $8.8 million. In FY 2005, transactions and toll revenues increased by 9.8 percent and 31.9 percent, respectively, primarily due to the October 2004 toll rate increase and continued development in the area. From FY 2006 to FY 2007, transactions decreased by 3.0 percent and revenues decreased by 2.3 percent. This decrease in traffic and revenue in FY 2007 can be attributed to the residual impact of the severe hurricane seasons in 2004 and 2005, as well as the economic slowdown affecting the state of Florida. Behind this has been the reduced level of tourism in Okaloosa and Walton counties. Potential visitors were not making motel-hotel-condominium reservations, not only because of any renewed hurricane threat, but apparently due to post-hurricane concerns (from the 2004-2005 seasons) back in their respective communities. The decline in traffic and revenue in FY 2008 and FY 2009 can be attributed to the economic recession. In FY 2011, transactions decreased by 4.0 percent, whereas revenue increased by 20.2 percent compared to FY 2010. FY 2011 transactions were negatively impacted by the June 2010 toll rate increase and the continuing uncertainty of the economic recovery, which is further discussed in the **Overview** chapter of this report. However, FY 2011 revenue significantly increased due to the additional revenue generated from the first full year of the toll rate increase.

Transactions and revenue during the late spring-early summer of 2010 (FY 2011) were affected by

Table 8.1
Mid-Bay Bridge
Historical Transactions and Revenue Growth
FY 2003 through FY 2013

Fiscal Year	Transactions (000)				Toll Revenue ($000)		Average Toll
	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change	
2003	5,691	19	5,710	–	$8,764	–	$1.535
2004	6,915	21	6,936	21.5%	10,254	17.0%	1.478
2005	7,361	256	7,617	9.8	13,528	31.9	1.776
2006	7,529	156	7,685	0.9	14,540	7.5	1.892
2007	7,452	3	7,455	(3.0)	14,200	(2.3)	1.905
2008	7,165	3	7,168	(3.8)	13,421	(5.5)	1.872
2009	6,789	50	6,839	(4.6)	12,586	(6.2)	1.840
2010	6,755	4	6,759	(1.2)	12,867	2.2	1.904
2011	6,476	13	6,489	(4.0)	15,472	20.2	2.384
2012	6,491	30	6,521	0.5	15,699	1.5	2.407
2013	6,523	42	6,565	0.7	15,797	0.6	2.406

Source: FDOT Office of the Comptroller and Turnpike Enterprise Finance Office.
Notes: The non-revenue class includes authorized vehicles that pass through a toll plaza without incurring a toll (i.e., law enforcement, emergency vehicles) and transactions reported during toll suspensions attributable to hurricanes.

the BP oil spill, which began with the explosion of the Deepwater Horizon drilling platform on April 20, 2010. While the oil slick moved eastward from the waters off of Louisiana to Mississippi and Alabama, and began affecting the beaches in Escambia and Santa Rosa Counties, it only minimally affected Okaloosa Island to the west of Destin. Accordingly, it appears that Mid-Bay Bridge traffic was affected more by media reports than by the actual oil spill.

In FY 2012, transactions increased a modest 0.5 percent while revenues increased 1.5 percent compared to FY 2011. The increase in transactions is the first upward change since the 0.9 percent increase between FY 2005 and FY 2006, while the increase in revenues is due, in part, to the fact that the toll increase of June 2010 has been in effect for over a year now.

FY 2013 transactions increased 0.7 percent over FY 2012 while FY 2013 toll revenue increased 0.6 percent over FY 2012.

Historical operating and routine maintenance expenses from FY 2003 through FY 2013 are presented in **Table 8.2**. Operating expenses have increased from approximately $1.5 million in FY 2003 to just over $2.0 million in FY 2013. This increase represents an average annual compounded growth rate of 3.2 percent. FY 2013 operating expenses decreased by approximately 3.7 percent, or $79 thousand, from FY 2012. The decrease in FY 2013 operating expenses was primarily related to a decrease in toll plaza operating contract costs and transponder purchases.

Maintenance of the Mid-Bay Bridge has been performed under a private Asset Maintenance Contract beginning in FY 2005. Maintenance activities include roadside mowing and upkeep, guardrail repair, shoulder repair and other routine maintenance items. FY 2013 routine maintenance expenses increased 67.9 percent, or $127 thousand, from FY 2012 primarily due to an increase in facility and roadway maintenance expenses performed under the Asset Management Contract. In addition to routine maintenance expenses, approximately $435 thousand in periodic maintenance and capital improvement expenses were incurred during FY 2013 primarily for general repairs and computer system upgrades.

Table 8.2
Mid-Bay Bridge
Historical Operating and Routine Maintenance Expenses ($000)
FY 2003 through FY 2013

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
2003	$1,495	$122	$1,617
2004	1,852	131	1,983
2005	1,624	196	1,820
2006	1,643	194	1,837
2007	1,916	246	2,162
2008	2,058	213	2,271
2009	2,155	195	2,350
2010	1,971	167	2,138
2011	2,061	202	2,263
2012	2,124	187	2,311
2013	2,045	314	2,359

Source: FDOT Office of the Comptroller.

8.2 FY 2013 Transactions and Toll Revenues

Monthly transactions and toll revenue on the Mid-Bay Bridge during FY 2013 are presented in **Table 8.3**. The fourth quarter (April through June) experienced the most transactions and highest revenue of any quarter.

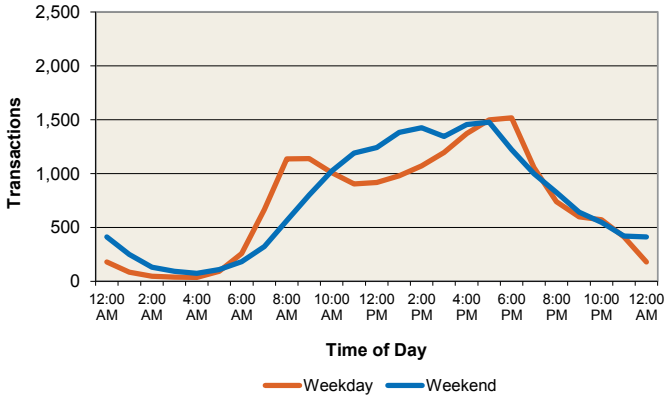
Graph 8.1 shows the number of hourly weekday and weekend transactions of a typical week during FY 2013. As expected, the demand for travel on the facility during weekdays is highest during the morning and evening peak hours. Approximately 1,100 vehicles use the facility during the morning peak hour from 8:00 a.m. to 9:00 a.m. and in the evening peak period approximately 1,500 vehicles use the facility from 4:00 p.m. to 6:00 p.m. On weekends, there is no clear morning or evening peak periods indicating that a large number of non-commuters, many associated with recreational travel, use the facility.

Table 8.3
Mid-Bay Bridge
Monthly Transactions and Toll Revenue
FY 2013

Month	Transactions (000)	Toll Revenue ($000)
July 2012	675	$1,692
August	582	1,422
September	512	1,239
1st Quarter Total	1,769	4,353
October	522	1,253
November	481	1,133
December	503	1,175
2nd Quarter Total	1,506	3,561
January 2013	455	1,064
February	439	1,037
March	582	1,382
3rd Quarter Total	1,476	3,483
April	535	1,280
May	625	1,511
June	654	1,609
4th Quarter Total	1,814	4,400
Annual Total	**6,565**	**$15,797**

Source: FDOT Office of the Comptroller (Annual Toll Revenue) and Turnpike Enterprise Finance Office.
Note: Transactions represent toll-paying and non-revenue traffic at mainline plaza.

Graph 8.1
Mid-Bay Bridge
Typical Hourly Transactions
FY 2013



Source: Data obtained from Turnpike Enterprise Finance Office for the 7-day period beginning Monday, April 22, 2013.

The monthly transaction variation in FY 2013 is analyzed in **Table 8.4**. The two-way annual average daily traffic (AADT) on the Mid-Bay Bridge for FY 2013 was 18,000. The peak season occurs in the late spring and early summer, continuing from March through August. June and July were the highest months at 21 percent above the average for the facility. January was the lowest month at 18 percent below the average. Typically, the lowest transaction levels occur from November through February, as it is the off-season for tourists and seasonal residents in northwest Florida.

Table 8.4
Mid-Bay Bridge
Seasonal Transaction Variation
FY 2013

Month	Average Daily Transactions	Seasonal Factor
July 2012	21,800	1.21
August	18,800	1.04
September	17,100	0.95
October	16,800	0.93
November	16,000	0.89
December	16,200	0.90
January 2013	14,700	0.82
February	15,700	0.87
March	18,800	1.04
April	17,800	0.99
May	20,200	1.12
June	21,800	1.21
AADT	**18,000**	**1.00**

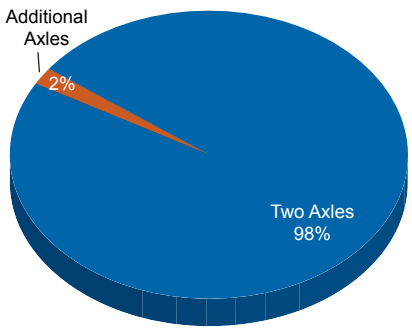
The traffic and revenue contributions from trucks on the Mid-Bay Bridge are shown in **Graph 8.2**. For FY 2013, trucks accounted for approximately 2 percent of traffic on the facility. Correspondingly, the revenue collected from truck traffic amounted to 5 percent of the total. In terms of actual numbers, vehicles with three or more axles provided approximately $0.8 million, while two-axle vehicles comprised the remaining $15.0 million.

8.3 SunPass

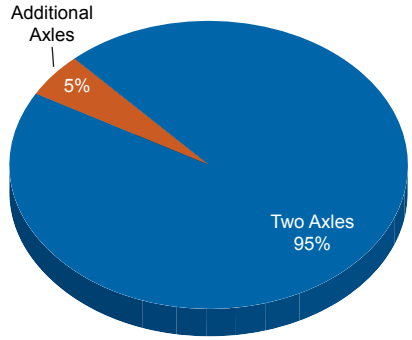
The Mid-Bay Bridge toll plaza was originally constructed as a three-lane plaza accommodating two-way traffic. In May 1999, capacity improvements were completed and the toll plaza was widened from three to six lanes. The conversion to SunPass occurred concurrently with the widening in May 1999. The Mid-Bay Bridge toll plaza was expanded again in May 2007 from six to eight lanes. (See **Appendix A** for the toll plaza configurations).

The percentages of SunPass transactions on Mid-Bay Bridge during FY 2013 are shown in **Table 8.5**. As indicated, SunPass transactions totaled nearly 4.2

Graph 8.2
Mid-Bay Bridge
Transactions by Axle Class
FY 2013



Revenue Contribution by Axle Class
FY 2013



million, resulting in a participation rate of 64.1 percent. Correspondingly, non-SunPass transactions accounted for the remaining 2.4 million transactions,

Table 8.5
Mid-Bay Bridge
Transactions by Payment Method
FY 2013

Month	Transactions (000)			Percent SunPass
	SunPass	Non-SunPass	Total	
July 2012	371	304	675	55.0%
August	352	230	582	60.5
September	328	184	512	64.1
October	345	177	522	66.1
November	330	151	481	68.6
December	353	150	503	70.2
January 2013	327	128	455	71.9
February	307	132	439	69.9
March	363	219	582	62.4
April	354	181	535	66.2
May	394	231	625	63.0
June	386	268	654	59.0
Total	**4,210**	**2,355**	**6,565**	
Percentage	**64.1%**	**35.9%**	**100.0%**	

Source: Turnpike Enterprise Finance Office.
Note: Cash transactions represent toll-paying and non-revenue transactions.

or 35.9 percent. On a monthly basis, the highest SunPass participation occurred during the winter months (November through February) when commuters constitute a larger share of the total volume on the bridge.

The resulting SunPass revenue on the Mid-Bay Bridge is approximately $8.8 million, or 55.5 percent, of all revenue collected on the facility. Non-SunPass payments totaled approximately $7.0 million, or 44.5 percent, in FY 2013. **Table 8.6** shows revenue contributions from SunPass and non-SunPass on the Mid-Bay Bridge by month. Note that while SunPass contributed approximately 55.5 percent of the total toll revenue in FY 2013, as previously mentioned, SunPass comprised approximately 64.1 percent of traffic on the facility. This is due to the lower (discounted) toll paid by two-axle SunPass customers.

Table 8.6
Mid-Bay Bridge
Gross Toll Revenue by Payment Method
FY 2013

Month	Gross Toll Revenue ($000)			Percent SunPass
	SunPass	Non-SunPass	Total	
July 2012	$773	$919	$1,692	45.7%
August	734	$688	$1,422	51.6
September	688	$551	$1,239	55.5
October	722	$531	$1,253	57.6
November	687	$446	$1,133	60.6
December	730	$445	$1,175	62.1
January 2013	679	$385	$1,064	63.8
February	642	$395	$1,037	61.9
March	750	$632	$1,382	54.3
April	738	$542	$1,280	57.7
May	821	$690	$1,511	54.3
June	801	$808	$1,609	49.8
Total	**$8,765**	**$7,032**	**$15,797**	
Percentage	**55.5%**	**44.5%**	**100.0%**	

Source: FDOT Office of the Comptroller (Annual Toll Revenue) and Turnpike Enterprise Finance Office.

8.4 FY 2013 Expenses and Liabilities

A comparison between actual and budgeted operating and routine maintenance expenses for FY 2013 is presented in **Table 8.7**. Actual FY 2013 operating expenses were less than the budget by $191 thousand, or 8.5 percent. This decrease in actual operating expenses is primarily due to lower expenses

Table 8.7
Mid-Bay Bridge
Operating and Routine Maintenance Expenses
($000)
FY 2013

Type of Expense	Budget	Actual	Over/ (Under)	Variance
Operating	$2,236	$2,045	($191)	(8.5%)
Routine Maintenance	203	314	111	54.7
Total	**$2,439**	**$2,359**	**($80)**	**(3.3%)**

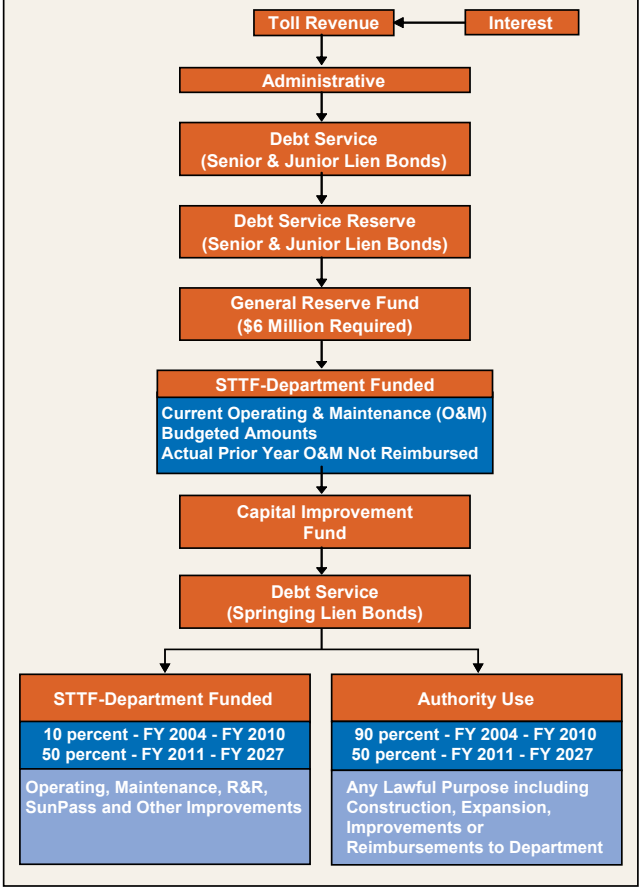
Source: FDOT Office of the Comptroller, Turnpike Enterprise Finance Office and the FY 2012 Enterprise Toll Operations Traffic Engineer's Annual Report.

originally budgeted for insurance premiums. Actual routine maintenance expenses of $314 thousand were higher than the FY 2013 budget by approximately $111 thousand, or 54.7 percent, primarily due to an increase in periodic maintenance needed on the facility compared to what was originally budgeted. Overall, operating and routine maintenance expenses for FY 2013 were $80 thousand, or 3.3 percent, less than budgeted amounts.

As reflected in **Figure 8.2**, the Mid-Bay Bridge has a liability that is payable to the Department subsequent to the payment of annual debt service. This liability consists of funds advanced to the Authority to fund the costs of operations, maintenance and improvements. As provided in the Bond Covenants, the amount of repayment is based on the condition that if the moneys on deposit in the General Reserve (GR) Fund are in excess of $6.0 million, and if all the obligations of the debt service payments have been satisfied, the excess shall be transferred to reimburse the Department for the current budgeted cost of operation and maintenance and any actual prior year operations and maintenance costs not reimbursed.

Moneys in excess of the current operating and maintenance liability to the Department are then deposited in the Capital Improvement Fund and shall be applied as follows: 50 percent of the annual amount deposited shall be transferred to the Department until all outstanding amounts due to the Department are fully repaid. The remaining 50 percent of the funds deposited in the Capital Improvements Fund

Figure 8.2
Flow of Funds
Mid-Bay Bridge Authority Revenue Bonds
Series 2011A and 2011B



is to be used by the Authority for any lawful purpose at such time as the Authority shall determine. The Department agreed to accept 10 percent of the amount in the Capital Improvement Fund and to defer the remaining amount due to the Department from FY 2004 through FY 2010. The moneys deferred helped finance a portion of the costs of design and construction of the north approach capacity improvements and toll plaza expansion. Beginning in FY 2011, the Department was supposed to begin receiving 50 percent of amounts deposited in the Capital Improvement Fund to reduce amounts owed to the Department. However, the Department has agreed to receive these payments only after the payment of the Springing Lien Bonds as established in the 2011A and 2011B Official Statement.

An analysis of the FY 2013 STTF long-term liability is presented in **Table 8.8**. FY 2013 additions to the liability totaled approximately $2.8 million, comprised of $2.4 million in operating and routine maintenance expenses and $0.4 million in periodic maintenance and capital improvements. According to the flow of funds, the Mid-Bay Bridge Authority is required to wire 1/12 of the operating and maintenance budget to the Department each month. During FY 2013, $2.5 million was reimbursed to the Department for budgeted operating and maintenance expenses.

Table 8.8
Mid-Bay Bridge
STTF Long-Term Liability
($000)
FY 2013

Transaction	Amount
Balance, July 1, 2012	$9,456
Additions(1)	2,794
Reductions(2)	2,499
Balance, June 30, 2013	$9,751

Source: FDOT Office of the Comptroller.
(1) Additions represent increases in the long-term liability due to O&M expenses and improvements.
(2) As used here, reductions represent reimbursements made by the Authority to the Department from general reserve funds.

The Mid-Bay Bridge Authority has a second liability consisting of various advances from a $1.5 million loan (plus investment interest) from the Department's Toll Facilities Revolving Trust Fund (TFRTF) for a corridor study, traffic and revenue study and project design work. As shown in **Table 8.9**, the TFRTF liability balance as of June 30, 2013 was $494 thousand. As reflected in **Table 8.10**, the TFRTF liability is to be paid back from excess toll revenues available in the Capital Improvement Fund in installments from FY 2014 through FY 2016.

Table 8.9
Mid-Bay Bridge
TFRTF Liability ($000)
FY 2013

Transaction		Amount
Balance, July 1, 2012		$746
Additions	New loans	–
	Interest	–
Reductions		252
Balance, June 30, 2013		$494

Source: FDOT Office of Project Finance.

Table 8.10
Mid-Bay Bridge
Payment Schedule
TFRTF Liability ($000)

Fiscal Year	Payment
2014	252
2015	158
2016	84
Balance	$494

Source: FDOT Office of Project Finance.

8.5 Noteworthy Events

The Authority continues to follow-through on its Capital Improvement Program that includes new and expanded approach roads and eventually a second, parallel span to the existing two-lane bridge over Choctawhatchee Bay. Specifically, the Mid-Bay Bridge Connector extends from the Mid-Bay Bridge toll plaza (expanded to eight lanes in May 2007) to SR 85; and the widening of SR 20 from White Point Road (which has served as the bridge's north approach since its opening in 1993) to the Connector (the new north approach).

The Mid-Bay Bridge Capital Improvement Program is being developed as a cooperative effort among the Mid-Bay Bridge Authority, the US Air Force, the Florida Department of Transportation, and the local County and City governments and communities. Many of the improvements are located on Eglin Air Force Base, owned by the US Government. Following are the Connector components of the program, under construction and looking forward, with anticipated time lines:

Construction of Mid-Bay Bridge Connector

- **Phase 1**: Mid-Bay Bridge to Range Road. This section was completed and opened to SR 20 in May 2011 and to Range Road in September 2011.

- **Phase 2**: Range Road to State Road 285. Scheduled completion by early January 2014.
- **Phase 3**: State Road 285 to State Road 85. Scheduled completion by early January 2014.

The Authority has combined Phases 2 and 3 of the Connector (Range Road to SR 85) to run concurrently, with completion to SR 85 scheduled for FY 2014. The Series 2011 bonds were issued in early 2011 to fund the Capital Improvement Program.

As of September 2013, Phase 2 was 92 percent complete while Phase 3 was 89 percent complete, with component completion percentages as follows:

Phase 2:

- Roadway – 92 percent;
- Range Road Bridge – 100 percent;
- Rocky Creek Bridge – 97 percent;
- Turkey Creek Bridge – 97 percent; and
- Tolling Point – 45 percent.

Phase 3:

- Roadway – 89 percent;
- SR 285 Bridge – 90 percent;
- Swift Creek Bridge – 65 percent;
- Fox Head Branch Bridge – 95 percent;
- Mill Creek Bridge – 97 percent; and
- SR 85 Bridge – 97 percent.

As noted earlier, tolls will be collected on the Mid-Bay Bridge Connector at one-half of the rate for Mid-Bay Bridge through All-Electronic Tolling (AET). The single toll plaza will be located north of Range Road on the Connector.

The second component of the Capital Improvement Program was the widening of SR 20 from White Point Road to the Connector. The widening to four lanes was completed in May 2011. The Authority and the Department entered into an agreement in December 2006 that was amended in April 2008 and again in September 2009. This agreement allows for offsetting the Authority's Long Term Debt for costs incurred in construction of SR 20 up to an amount which shall not exceed the total amount owed. The project was completed in April 2012 in the amount of $6.6 million.

Finally, the third component is the expansion of the Mid-Bay Bridge. With the slowdown in bridge traffic growth during the past three years and an anticipated modest recovery, the need for the bridge expansion is not projected to be needed until the mid-2020's.

In the afternoon on March 20, 2013 a barge collided with the Brooks Bridge which carries US 98 traffic between Fort Walton Beach and Destin. As a result of the collision, the Brooks Bridge was temporarily closed to traffic. Traffic was diverted to the Mid-Bay Bridge which led to a subsequent increase in toll revenue. However, toll collection was suspended shortly after the diversion for approximately twelve and a half hours due to the surge in traffic, resulting in a loss of toll revenue. The tolls were reinstated in the early morning hours the next day, March 21, 2013. Estimated revenue losses from this temporary closure are approximately $11 thousand.

The Florida Department of Transportation (FDOT) announced in the first half of calendar year 2013 that they awarded a contract to design and build a second, parallel, US 331 span. A notice-to-proceed (NTP) was issued on August 14, 2013 (FY 2014) with the expected completion date scheduled for fall 2016 (FY 2017). This 2.3-mile project (span) is planned to be toll-free as it is at the present time. US 331 is located approximately 20 miles east of the Mid-Bay Bridge and serves as the second alternative route (SR 85 being the first) to using the Mid-Bay Bridge. This route is especially attractive to tourists coming from I-10 and the east. In addition to the second span, US 331 will also be widened to four lanes from the north end of the US 331 bridge to SR 20. Planning

and funding are also in place to widen US 331 from SR 20 to I-10. The expansion of the bridge is expected to be complete by fall 2016 (FY 2017). In addition, FDOT executed a design-contract to widen the section of US 331 from SR 20 to I-10 to four lanes. The NTP was issued on July 5, 2013 (FY 2014) with the expected completion date scheduled for spring 2016 (FY 2017). The expansion of US 331 could have a negative effect on the traffic and revenue of the Mid-Bay Bridge.

8.6 Traffic, Revenue and Expense Forecasts

In forecasting traffic and revenue for the bridge, prior traffic and revenue performance was used as a guide to estimate the total traffic and revenue for FY 2014 through FY 2024. The forecasts presented in **Table 8.11** and **Table 8.12** show traffic and gross toll revenues, respectively, as forecast in the Authority's Series 2011 Official Statement.

Current revenue forecasts for FY 2014 through FY 2024 remain essentially unchanged from the prior year as actual FY 2013 revenues were virtually identical to forecasted revenues, with actual revenues coming in at 1.8 percent below forecast. The forecast accounts for the previously implemented toll rate increase on the Mid-Bay Bridge on June 1, 2010 (FY 2010), the planned opening and collection of tolls for the Mid-Bay Bridge Connector in January 2014 (FY 2014), as well as a planned increase in tolls on both the bridge and Connector in FY 2016 (subject to change as financial conditions warrant).

Table 8.11
Mid-Bay Bridge
Traffic Forecast
FY 2014 through FY 2024

Fiscal Year	Mid-Bay without Connector (000)	Connector Impact to Bridge (000)	Connector (000)	Toll Rate Increase Impact (000)	Total Traffic (000)
2014(1)	7,059	1,018	1,678	N/A	9,755
2015	7,340	1,059	2,526	N/A	10,925
2016(2)	7,482	1,008	2,841	(707)	10,624
2017	7,721	1,040	2,932	(729)	10,964
2018	7,975	1,074	3,029	(753)	11,325
2019	8,216	1,104	3,126	(769)	11,677
2020	8,408	1,131	3,224	(787)	11,976
2021	8,580	1,156	3,322	(807)	12,251
2022	8,768	1,181	3,395	(824)	12,520
2023	8,945	1,205	3,464	(841)	12,773
2024	9,116	1,228	3,530	(857)	13,017

Note: Traffic and revenue forecasts correspond to the Authority's fiscal year. However, for purposes of this report, these forecasts are shown in terms of the Department's fiscal year.
(1) Opening of the Mid-Bay Bridge Connector, January 2014.
(2) Planned toll increase, subject to change as financial conditions warrant.

Table 8.12
Mid-Bay Bridge
Gross Toll Revenue Forecast
FY 2014 through FY 2024

Fiscal Year	Mid-Bay Bridge without Connector ($000)	Connector Impact to Bridge ($000)	Connector ($000)	Toll Rate Increase Impact ($000)	Toll Revenue Comparisons ($000)			
					FY 2013 Gross Revenue	2012 Annual Report Forecast	Variance	
							Amount	Percent
2014(2)	$16,589	$2,392	$1,717	N/A	$20,698	$20,698	$0	0.0%
2015	17,198	2,480	2,577	N/A	22,255	22,255	0	0.0%
2016(2)	20,245	3,441	2,924	4,612	31,222	31,222	0	0.0%
2017	20,846	3,544	3,011	4,749	32,150	32,150	0	0.0%
2018	21,467	3,649	3,101	4,890	33,107	33,107	0	0.0%
2019	22,020	3,740	3,187	5,077	34,024	34,024	0	0.0%
2020	22,459	3,818	3,275	5,217	34,769	34,769	0	0.0%
2021	22,835	3,892	3,364	5,345	35,436	35,436	0	0.0%
2022	23,237	3,960	3,423	5,439	36,059	36,059	0	0.0%
2023	23,602	4,023	3,477	5,525	36,627	36,627	0	0.0%
2024	23,936	4,080	3,526	5,603	37,145	N/A	N/A	N/A

Note: Traffic and revenue forecasts correspond to the Authority's fiscal year. However, for purposes of this report, these forecasts are shown in terms of the Department's fiscal year.
(1) Opening of the Mid-Bay Bridge Connector, January 2014.
(2) Planned toll increase, subject to change as financial conditions warrant.
N/A The FY 2012 Traffic Engineer's Annual Report forecast went through FY 2023.

The forecast tables include the additional traffic and revenue anticipated for the Connector, as well as the impact that the Connector will have on Bridge traffic and revenue. The large, positive revenue increase from FY 2015 to FY 2016 reflects the Authority's programming for the next toll increase in FY 2016 (instead of FY 2018) in support of its finance plan in the 2011 Official Statement. The modest traffic increases on the bridge reflect a gradual return to normal economic conditions as described in the **Overview** chapter of this report. However, Florida's economic recovery over the next 10 years will not achieve growth rates as high as those seen in the years leading up to the recession.

Accordingly, revenues for the Bridge and Connector are projected to increase from $15.8 million in FY 2013 to $37.1 million in FY 2024. Traffic profiles are provided in **Appendix B** showing the two-way AADT on the Mid-Bay Bridge for FY 2013 through FY 2024.

The projected operating and maintenance expenses for FY 2014 through FY 2024 are shown in **Table 8.13**. The operating expenses in FY 2014 represent the budget amount for that fiscal year (see **Appendix C** for a detailed description of the FY 2013 operating expense budget). Estimated FY 2014 operating expenses are approximately $379 thousand higher than actual FY 2013 levels due, in part, to an expected increase in bank service fees and toll plaza operating contracts. Subsequent to FY 2014, operating expenses are projected to grow at 2.0 percent annually to allow for inflation.

Routine Maintenance expenses are based on the Asset Maintenance Contract through FY 2018. Subsequent years have been increased at 2.0 percent annually through FY 2024. In addition, estimated costs for work not performed under the Asset Maintenance Contract are based on FY 2013 actual results increased for inflation at 2.0 percent annually. Periodic maintenance expenses are provided by the Department's Office of Project Finance and they are based on the 5-year Work Program and include toll plaza improvements and toll system upgrades.

Table 8.13
Mid-Bay Bridge
Projected Operating and Maintenance Expenses ($000)
FY 2014 through FY 2024

Fiscal Year	Operating Expense	Maintenance Expenses		Total O&M Expenses
		Routine	Periodic[1]	
2014	$2,424	$321	$1,640	$4,385
2015	2,472	327	1,697	4,496
2016	2,522	334	1,215	4,071
2017	2,572	323	1,000	3,895
2018	2,624	348	1,093	4,065
2019	2,676	360	1,115	4,151
2020	2,730	372	1,137	4,239
2021	2,784	385	1,160	4,329
2022	2,840	399	1,183	4,422
2023	2,897	413	1,207	4,517
2024	2,955	427	1,231	4,613

Note: Operating expenses are based on the budget developed by Turnpike Enterprise Finance Office for FY 2014.
(1) Periodic maintenance expenses were provided by the FDOT Office of Project Finance based on estimated expenditures from the 5-Year Work Program and are reported on a cash basis. Periodic maintenance expenses beyond FY 2018 include a minimal level of preservation (excluding extraordinary expenses such as major bridge repairs) that are based on FY 2018 expenses increased at 2.0 percent annually.

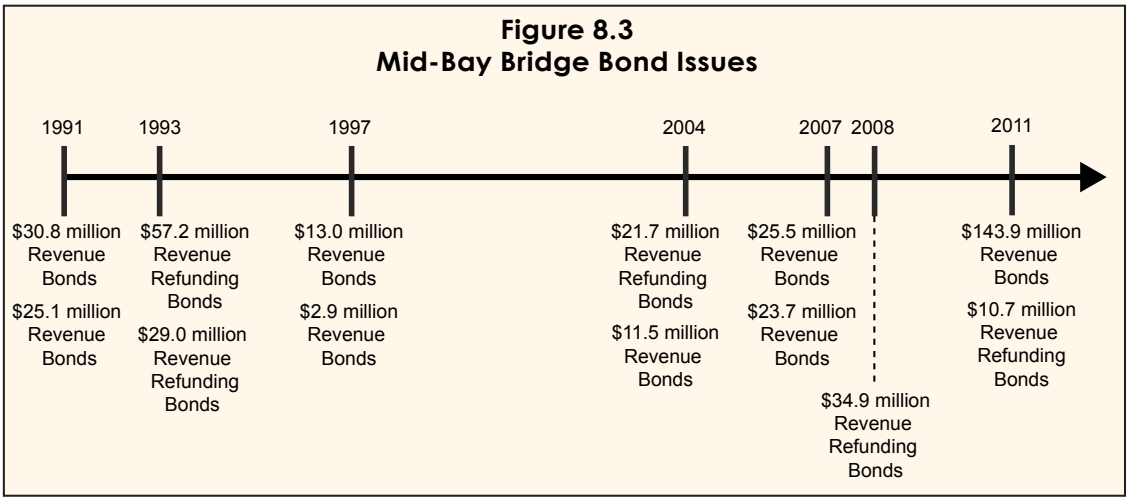
8.7 Revenue Sufficiency

As of September 30, 2013, bonds in the principal amount of $260.2 million (unaudited) remain outstanding from the Series 1993A, 1993D, 1997A, 2007A, 2007B, 2008A, 2011A and 2011B issues. Each year, an amount of principal and accrued interest on the outstanding bonds becomes due and payable. This amount is known as the annual debt service. As a test of the ability of a facility to repay the annual debt service, a "coverage" calculation is performed. In accordance with the Bond Resolution, gross revenues are first required to provide 100 percent of the administrative expenses. The amount of revenues remaining (net revenues) is then available for the payment of debt service. The net revenues and the amounts on deposit in the General Reserve Fund are required to be at least sufficient to pay 175 percent of the Annual Debt Service Requirement. A timeline of Mid-Bay Bridge bond sales for the facility is shown in **Figure 8.3**.

Table 8.14 provides a forecast of the sufficiency of

the Mid-Bay Bridge to meet its annual debt service requirements through FY 2024. Interest earnings are based on actual FY 2013 amounts (unaudited) and held constant thereafter. Administrative expenses are based on actual FY 2013 expenses (unaudited), inflated annually at 2.0 percent. As shown in the table, the Mid-Bay Bridge exceeds the 1.75 minimum debt service coverage requirements with the exception of FY 2023 when the projected coverage ratio decreases to 1.7.

Figure 8.3
Mid-Bay Bridge Bond Issues



Note: A list of projects funded by each bond issue is included in **Table 1.5** of this report.

Table 8.14
Mid-Bay Bridge
Analysis of Debt Service Coverage ($000)
FY 2013 through FY 2024

Fiscal Year	Gross Toll Revenue	Interest Earnings	Admin-istrative Expenses	Total Gross Revenue	General Reserve Fund	Total Available Revenue	Debt Service	
							Payment[1]	Coverage Ratio
2013	$15,797	$849	$705	$15,941	$6,000	$21,941	$9,661	2.3
2014	20,698	849	719	20,828	6,000	26,828	13,352	2.0
2015	22,255	849	733	22,371	6,000	28,371	14,313	2.0
2016	31,222	849	748	31,323	6,000	37,323	20,964	1.8
2017	32,150	849	763	32,236	6,000	38,236	19,253	2.0
2018	33,107	849	778	33,178	6,000	39,178	20,731	1.9
2019	34,024	849	794	34,079	6,000	40,079	20,518	2.0
2020	34,769	849	810	34,808	6,000	40,808	20,621	2.0
2021	35,436	849	826	35,459	6,000	41,459	22,376	1.9
2022	36,059	849	843	36,065	6,000	42,065	23,700	1.8
2023	36,627	849	859	36,617	6,000	42,617	24,701	1.7
2024	37,145	849	877	37,117	6,000	43,117	24,697	1.8

Note: Interest Earnings and Administrative Expenses for FY 2012 are preliminary totals and are subject to change.
(1) Taken from the Official Statement for the Series 2011A and 2011B Bonds.