Overview

The Annual Report is prepared under contract No. C-9N10 between the Turnpike Enterprise Finance Office of the Florida Department of Transportation (the Department) and AECOM. This report provides the Department with the annual and projected traffic and revenue for the five Department-owned and two Department-operated facilities which also satisfies respective bond resolutions. The only facilities that have outstanding bonds are the Alligator Alley, Mid-Bay Bridge Authority and the Santa Rosa Bay Bridge Authority (that are currently in payment default). Additional details are provided in the individual chapters. The reporting period for this Annual Report is FY 2015 (July 1, 2014 through June 30, 2015).

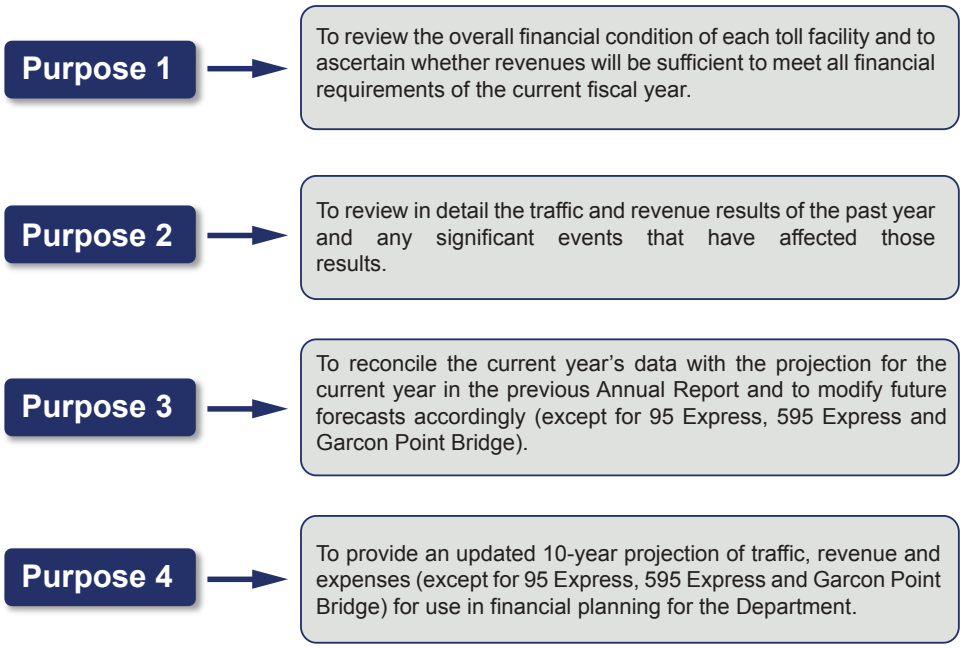
The report includes a comprehensive traffic and revenue analysis on the five toll facilities owned by the Department (i.e., Alligator Alley, Pinellas Bayway System, Sunshine Skyway Bridge, 95 Express and 595 Express). Florida's Turnpike System is also owned and operated by the Department; however, a separate traffic and revenue letter-report is published annually for that extensive system of toll roads. This report also includes a similar analysis on two toll facilities operated under Lease-Purchase Agreements with the Department: (i.e., Mid-Bay Bridge, including the Spence Parkway, and Garcon Point Bridge). The Mid-Bay Bridge Authority and the Santa Rosa Bay Bridge Authority own these two facilities, respectively.

This comprehensive annual report includes consolidated information and analysis about all seven facilities and provides a centralized resource for traffic, revenue, operating and maintenance expenses, debt service and related liabilities on these facilities, as well as major events that affect them. Specifically, this report serves four main purposes, as shown in **Figure 1.1**.

The FY 2015 Annual Report is divided into four sections. This Overview section discusses important issues affecting traffic and revenue; the methodology used in the report for making traffic and revenue projections; revenue sufficiency and historical bond information; and the toll collection methods designed for all seven facilities, including SunPass®, the Department's Electronic Toll Collection (ETC) system and TOLL-BY-PLATE®.

The Department-owned section contains a review of traffic and revenue on Alligator Alley, Pinellas Bayway System, Sunshine Skyway Bridge, 95 Express

Figure 1.1



and 595 Express. This section also describes current and planned events for each facility and includes traffic, revenue and expense estimates through FY 2026 for all facilities except 95 Express and 595 Express. The operating and maintenance expenses and the debt service coverage analysis (if applicable) are also included along with other related liabilities.

The Department-operated section contains detailed analysis for the Garcon Point Bridge and Mid-Bay Bridge/Spence Parkway similar to the Department-owned section.

A summary of the traffic, revenue and expense forecasts through FY 2026 for the four facilities, excluding 95 Express, 595 Express and the Garcon Point Bridge, is provided in the Forecast Summary section.

Additionally, the report has three appendices. **Appendix A** shows the existing toll schedule and lane configuration at each toll plaza. **Appendix B** shows the annual average daily traffic (AADT) profiles for FY 2015 through FY 2026 on all facilities, excluding 95 Express, 595 Express and Garcon Point Bridge. **Appendix C** contains the FY 2016 operating budget for each facility.

1.1 GENERAL CHARACTERISTICS

The traffic characteristics and patterns observed on some of the toll facilities examined in this report differ primarily because of their location and the type of customers they serve. For example, a high percentage of passenger vehicles travel on Pinellas Bayway System, Garcon Point Bridge and Mid-Bay Bridge/Spence Parkway, mostly due to these facilities serving recreational areas that attract tourists and local residents. On the other hand, the percentage of trucks on Alligator Alley is relatively high because, as part of I-75, this facility offers a convenient route for truck drivers traveling between the southeastern and southwestern parts of the State. **Graph 1.1** shows the percentage of vehicles with three or more axles by facility (95 Express is not included since trucks are not allowed in the express lanes).

In addition, the toll rate paid by customers to travel the entire length of each facility differs depending on the toll plan for the facility. For example, the $3.00 non-SunPass® toll and $2.90 SunPass® toll required to travel the 78 rural miles on Alligator Alley represents a uniform rate of 3.8 cents per mile for non-SunPass® customers and 3.7 cents per mile for SunPass® customers, compared to the 13.2 cents per mile required for cash and 8.7 cents per mile for SunPass®

Graph 1.1
Percent Trucks by Facility
FY 2015

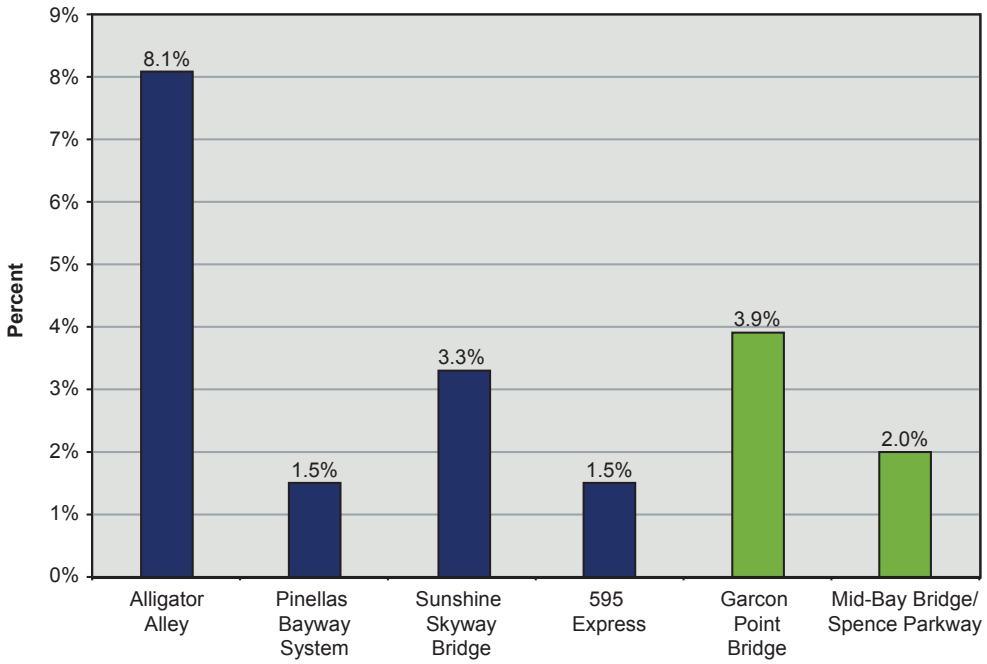


Table 1.1
Comparative Per Mile Toll Rates

Type	System	Length (miles)	Passenger Car Toll as of 7/1/15 Toll Rate Indexing		Toll Per Mile	
			Cash/TBP	SunPass®	Cash/TBP	SunPass®
Department-owned Facilities	Alligator Alley	78.0	$3.00	$2.90	$0.038	$0.037
	Pinellas Bayway System(1)	15.2	2.00	1.32	0.132	0.087
	Sunshine Skyway Bridge(2)	17.4	1.25	1.06	0.072	0.061
	95 Express(3)	7.3	N/A	0.50	N/A	0.068
		7.3	N/A	10.50	N/A	1.438
	595 Express(4)	9.5	N/A	0.50	N/A	0.053
Department-operated Facilities	Garcon Point Bridge(5)	3.5	3.75	3.75	1.071	1.071
	Mid-Bay Bridge/Spence Parkway(6)	14.5	6.00	4.50	0.414	0.310

(1) Actual one-way toll for two-axle vehicles ranges between $0.79 and $1.25, depending on method of payment.
(2) Two-axle vehicles with SunPass® receive a 15.2 percent in-lane discount and no minimum SunPass® usage is required.
(3) 95 Express is an all-electronic toll facility with variable toll rates determined by traffic density. The minimum and maximum toll rates were used for comparative purposes for only one direction.
(4) 595 Express in an all-electronic toll facility with variable toll rates determined by traffic density. The minimum toll rate was used for comparative purposes for only one direction. There is no maximum toll rate on 595 Express.
(5) Two-axle vehicles with SunPass® receive a 50 percent rebate after reaching 30 transactions a month.
(6) Toll rates as of October 1, 2015. The Bridge includes an 11-mile Connector (Spence Parkway), an All-Electronic facility that opened to traffic in January 2014. For 2-axle , non-commercial vehicles with SunPass® a $1.00 discount is applied retroactively after reaching 41 or more transactions per calendar month at the Bridge Plaza. A $0.50 discount is applied retroactively after 41 or more transactions per calendar month at the Spence Parkway. All other 2-axle vehicles with SunPass® receive an in-lane discount of $1.00 on the Bridge and $0.50 on the Spence Parkway.

customers to travel 15 miles on the Pinellas Bayway System. As shown in **Table 1.1**, this per-mile toll rate varies considerably depending on the type of toll facility (i.e., toll road versus toll bridge and urban versus rural) and the conditions under which they were financed.

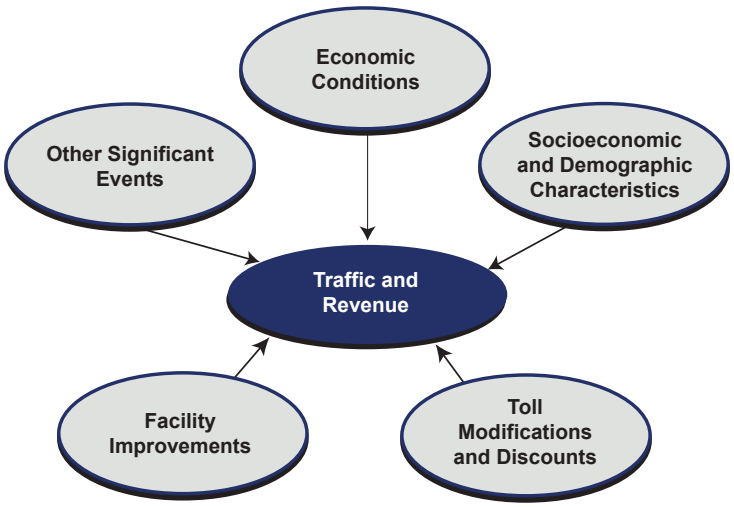
1.2 FACTORS AFFECTING TRAFFIC AND REVENUE

A number of factors influence the demand for roadway travel, in general, and the use of toll roads in particular. As shown in **Figure 1.2**, these factors are grouped under five general categories.

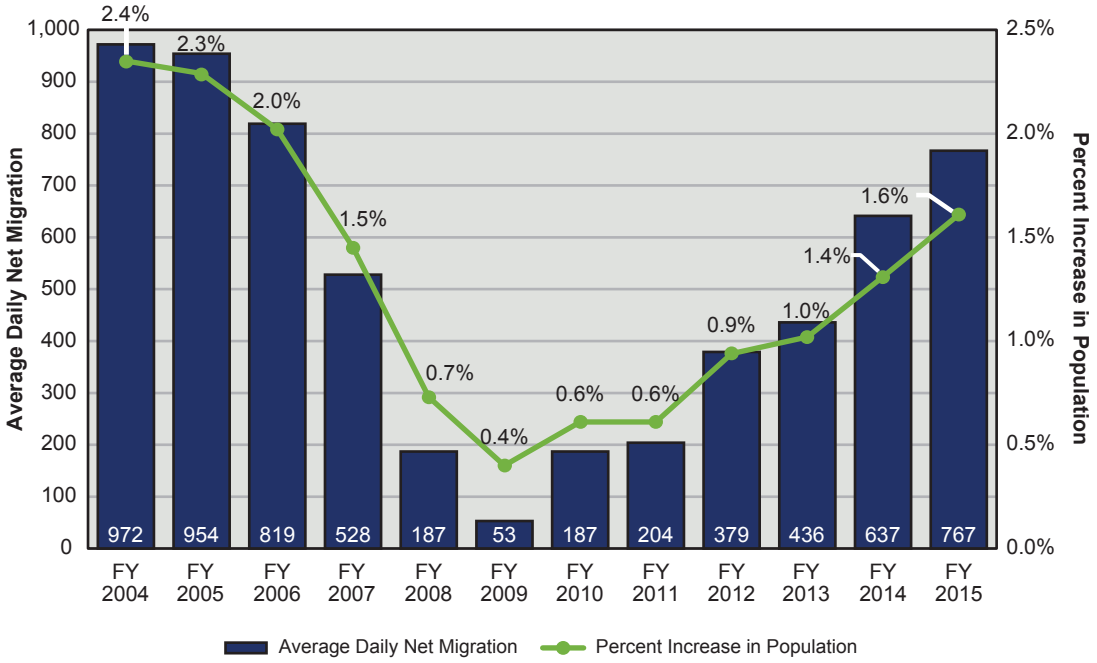
1.2.1 ECONOMIC CONDITIONS AND SOCIOECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

The condition of both the state and national economies affects the growth in traffic on the Department-owned and Department-operated toll facilities. In FY 2015, the Department-owned and Department-operated facilities experienced increased growth in both traffic and revenue primarily due to the economic recovery, which stems from an increase in tourism and consumer spending, as well as lower unemployment in Florida. It is important to comprehend the changing demographic components and the underlying economic factors that are contributing to this modest growth.

Figure 1.2



Graph 1.2
Florida Population Trend



Source: Florida Demographic Estimating Conference, July 2015.

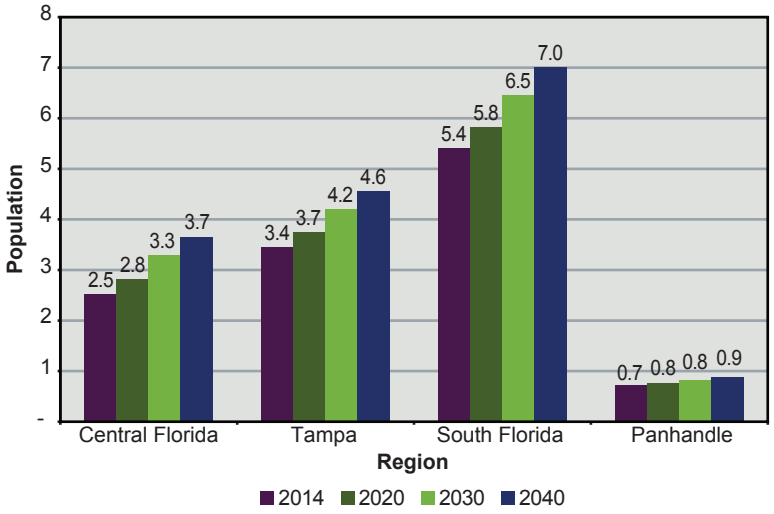
Population Growth

Florida's population is gradually increasing due in large part to a broader economic recovery as shown in **Graph 1.2**. In the last few years, Florida's population has grown from a year-over-year growth rate of 0.9 percent in 2012 to a year-over-year growth rate of 1.6 percent in 2015. Correspondingly, the average daily net migration, which peaked at 972 residents in 2004, is gradually regaining momentum reaching 767 residents in 2015, after bottoming out at 53 in 2009.

According to the latest economic outlook prepared by the Florida Legislature Office of Economic and Demographic Research in July 2015, Florida's population growth rates are forecast to continue strengthening, increasing at low levels and rates of growth over the next few years. These expectations are consistent with the future population forecasts prepared by the Bureau of Economic and Business Research (BEBR) at the University of Florida.

According to BEBR's latest forecasts, released in April 2015, the State's population is currently expected to exceed 21 million by 2020. **Graph 1.3** depicts population estimates for all regions served

Graph 1.3
Current and Future Population Estimates
Regions Served By Department-owned and Department-operated Facilities
(In millions)



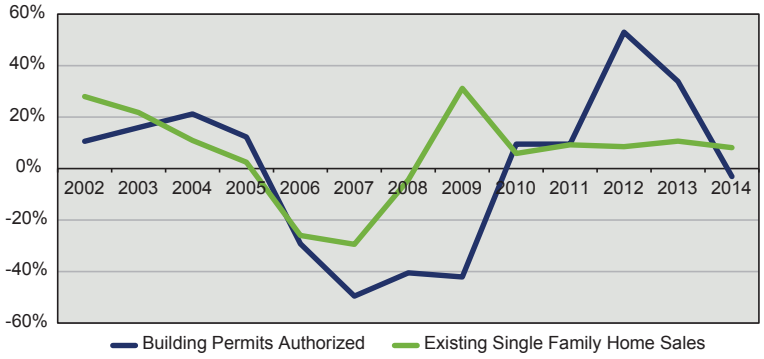
Source: University of Florida, Bureau of Economic and Business Research 2015.

by the Department-owned and Department-operated facilities. South Florida population is expected to increase approximately 415 thousand by 2020, followed by Central Florida with 312 thousand and Tampa with 304 thousand. Affordable housing and the gradual improvement of the economy should have an effect on Florida's population growth over the next several years.

Housing

The oversupply of single family housing units during the boom years, the tightening credit market, as well as record job losses and home foreclosures created an unfavorable environment for housing recovery. As **Graph 1.4** demonstrates, after peaking in 2004, the percent change in building permits issued in Florida declined rapidly with improvement starting in 2010. In fact, in 2012, building permits issued increased by 53 percent, an indication of a recovering economy. However, the recovery has been volatile with 3 percent permit decline in 2014.

Graph 1.4
Year-Over-Year Percent Change: Florida Building Permits and Home Sales



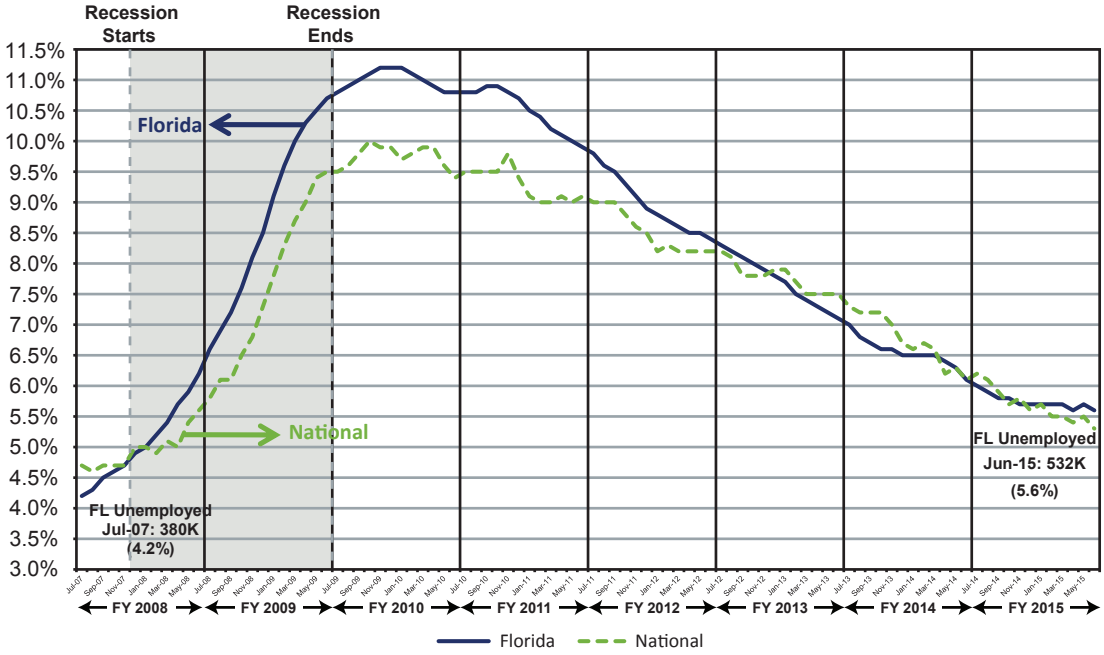
Source: U.S. Census Bureau and Florida Association of Realtors

The sale of existing homes seems to follow a similar pattern with a slight improvement beginning in 2008. However, the overall recovery is contingent upon the state's labor market, availability of credit markets and sell off of excess inventory.

Unemployment

Graph 1.5 displays the rise in the unemployment rate in Florida along with the national rate since

Graph 1.5
Unemployment Rate



Source: Bureau of Labor Statistics

the beginning of FY 2008. Florida, which previously had the lowest unemployment rate in the nation, slightly exceeds the national rate of 5.3 percent as of June 2015. The unemployment rate in Florida as of the same period stands at 5.6 percent, after peaking at 11.4 percent from December 2009 through March 2010. Although the unemployment rate is steadily declining, approximately 532 thousand Floridians were still unemployed as of June 2015.

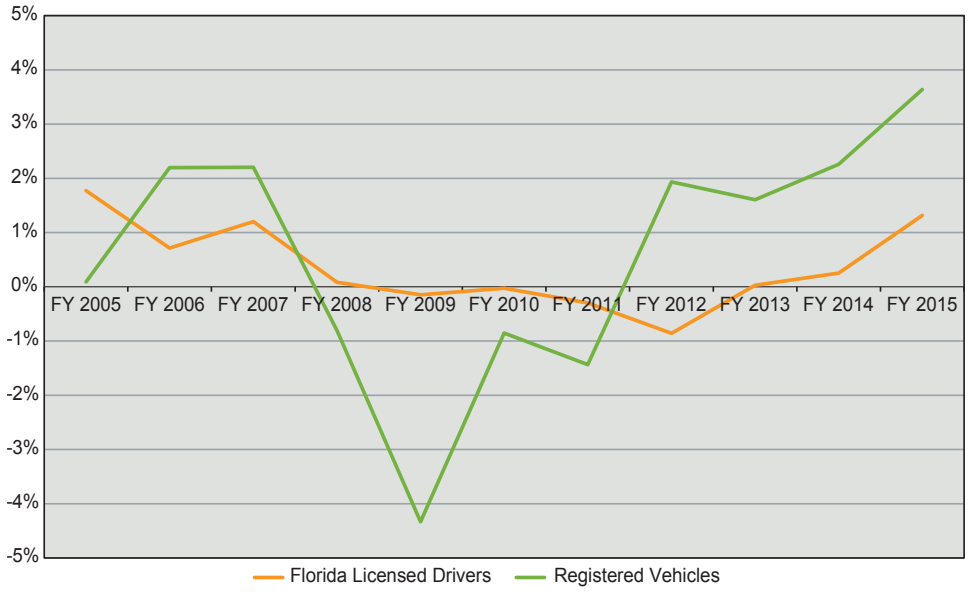
Licensed Drivers And Registered Vehicles

The population growth has a direct impact on the number of driver's licenses issued and vehicles registered in the state. The growth rates of licensed drivers have moderated in recent years due to slowing population growth rate as shown in **Graph 1.6**. However, the rate of vehicles registered has picked up starting in FY 2012 after a significant decline during the Great Recession.

Consumer Confidence

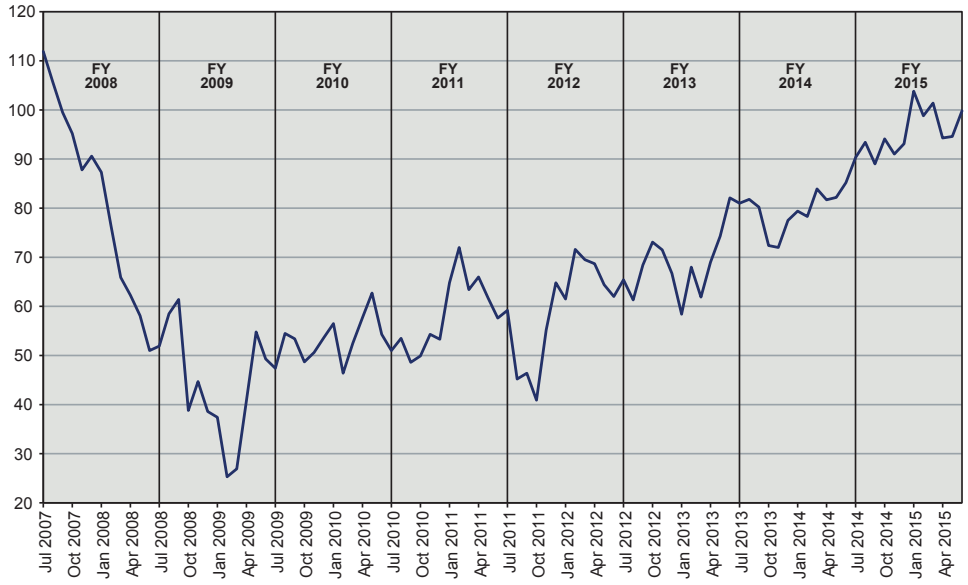
Another important economic gauge is the Consumer Confidence that reflects the general level of optimism consumers have about the economic situation. As **Graph 1.7** demonstrates, since July 2007, the Consumer Confidence Index has declined significantly to levels never seen before, reaching the lowest point in February 2009. However, in recent years consumer

Graph 1.6
Year-Over-Year Percent Change: Florida Licensed Drivers and Registered Vehicles



Source: University of Florida, Bureau of Economic and Business Research and Florida Department of Highway Safety and Motor Vehicles.

Graph 1.7
Consumer Confidence Index
(1985 = 100)

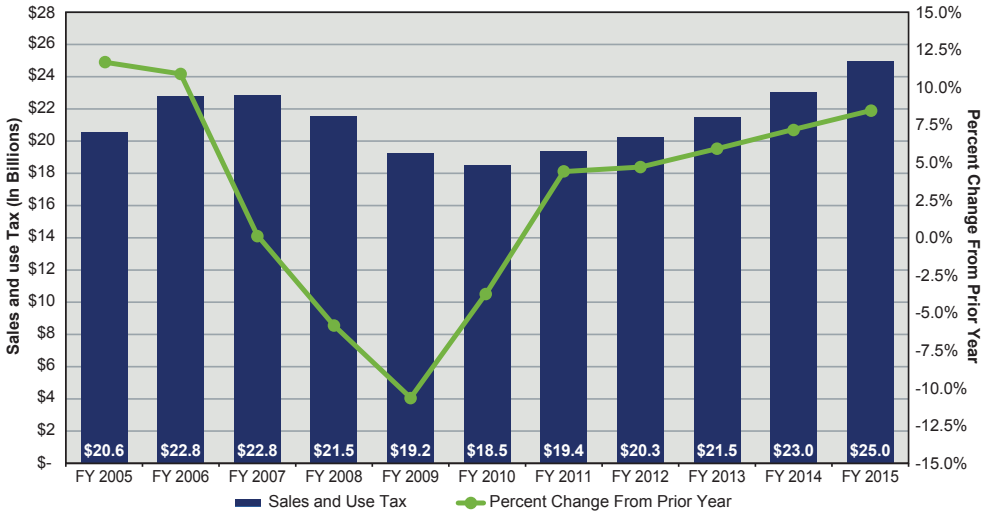


Source: The Conference Board

confidence has rebounded along with the economic recovery, and continues to improve ending at 100 in June 2015.

Consumer confidence has a direct impact on consumer spending. As illustrated in **Graph 1.8**, Florida's sales and use tax declined sharply due to the recession after peaking at nearly $23 billion in FY 2006 and FY 2007. However, with the gradual recovery in consumer confidence, consumer spending is ramping up. In fact, over the past two years, consumer spending surpassed the pre-recession level.

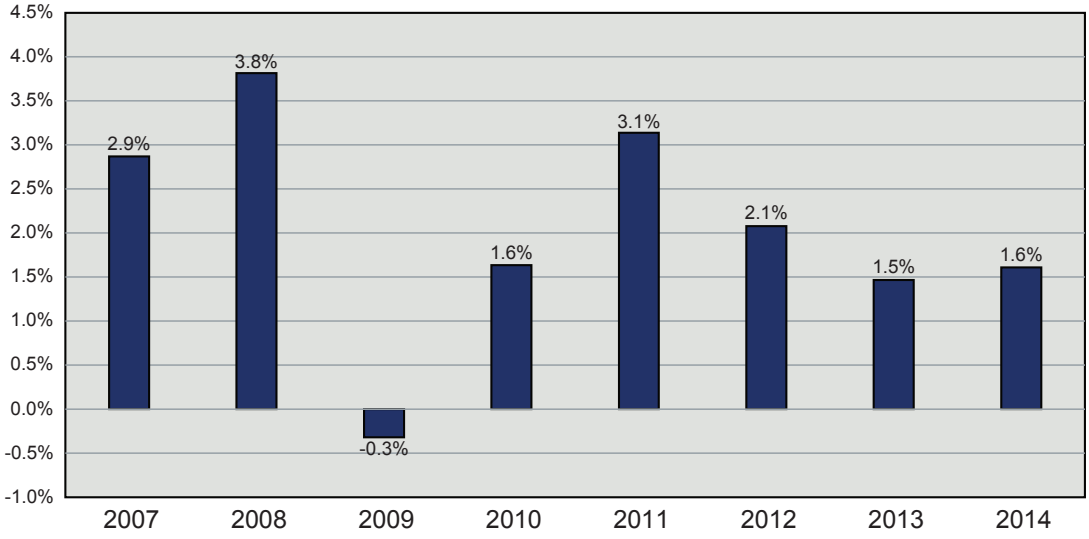
Graph 1.8
Florida Sales and Use Tax



Source: Florida Department of Revenue

An additional economic indicator is the measure of inflation experienced by consumers for their daily living expenses as expressed by the Consumer Price Index. A sharp escalation in fuel and food prices was the primary contributor to a 3.8 percent index increase in 2008 as shown in **Graph 1.9**. However, as fuel prices began to decline in fall 2008, the index adjusted accordingly resulting in slightly negative CPI in 2009. Fueled by the economic recovery, the year-over-year change in Consumer Price Index continued to increase starting in 2010 with almost the

Graph 1.9
Historical Percent Change in Consumer Price Index



Source: Bureau of Labor Statistics

Eastbound 595 Express

same percentage increase in 2013 and 2014 as illustrated in the graph.

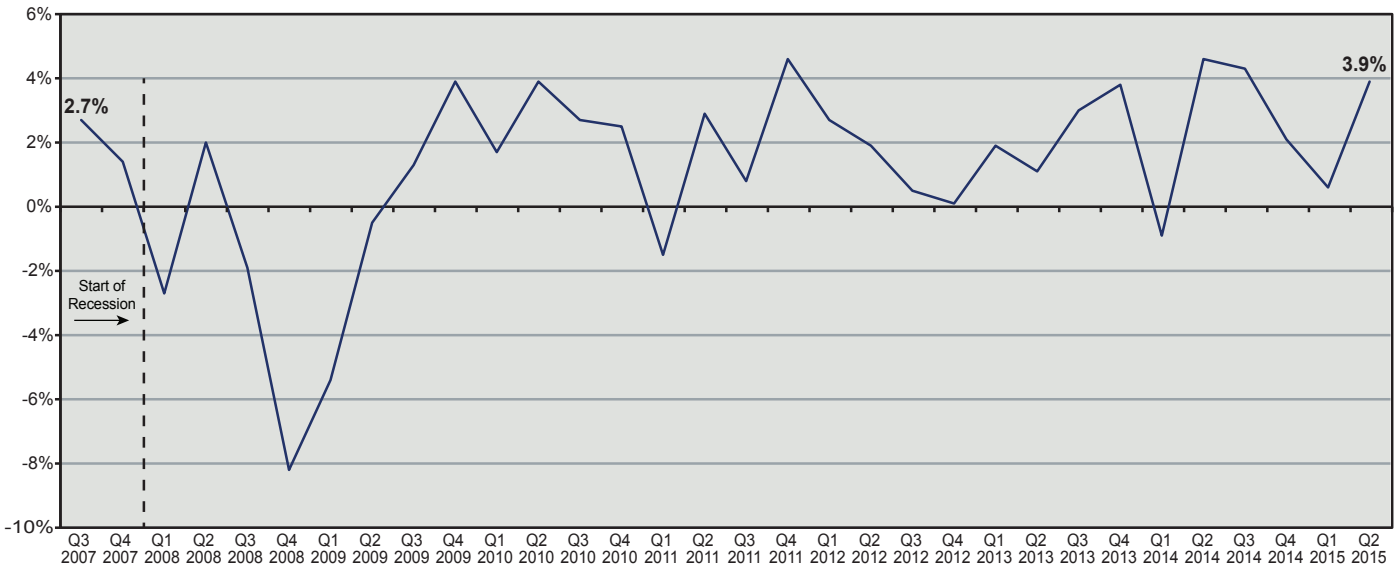
The CPI is the basis for toll modifications pursuant to the amendment of Section 338.165, Florida Statues by the 2007 Legislature requiring that the Turnpike Enterprise index toll rates on existing facilities to the annual CPI or similar inflation indicator. Additional details are included in **Section 1.2.2**.

An economic downturn is manifested in the diminishing growth rate of the Gross Domestic Product (GDP), a measure of the total value of goods and services produced by a country. As depicted in **Graph 1.10**, after a steep drop for four consecutive quarters during the recession, the national GDP has been steadily improving with positive growth rates in most of the quarters. It reached an annualized growth rate of 3.9 percent in second quarter of 2015, reaffirming recovery from the recession.

The cost of capital as measured by interest rate is a key factor that governs the economic health of a country. The federal funds rate is often a good predictor of general interest trends in the capital market. The federal funds rate is the interest rate based upon which private depository institutions lend capital at the Federal Reserve to other depository institutions overnight.

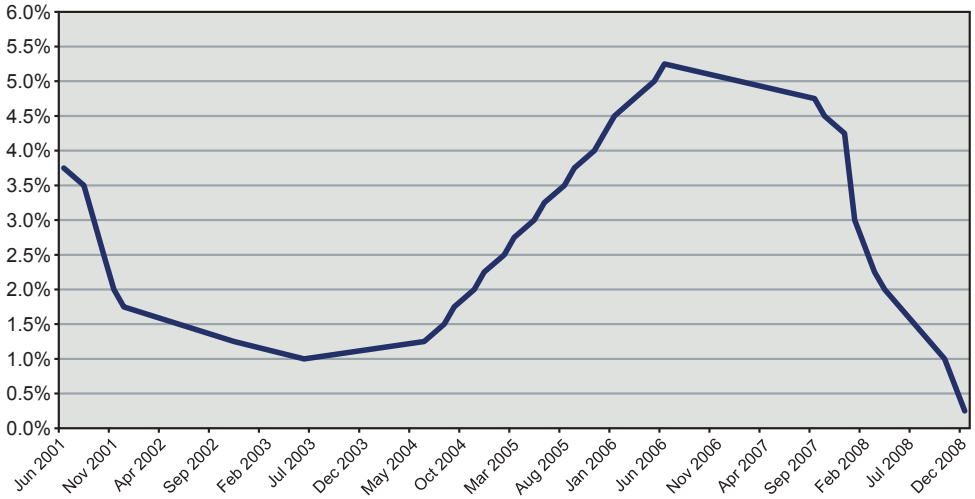
Graph 1.11 depicts the trend of the federal funds rate which is established by the Federal Reserve to implement its monetary policy and influence the growth of the economy. After reaching a low of one percent in June 2003 and gradually trending upwards to 5.25 percent 3 years later, the rate headed back down again. In response

Graph 1.10
National GDP: Quarterly Change at Annualized Rate



Source: Bureau of Economic Analysis

Graph 1.11
Federal Funds Rate



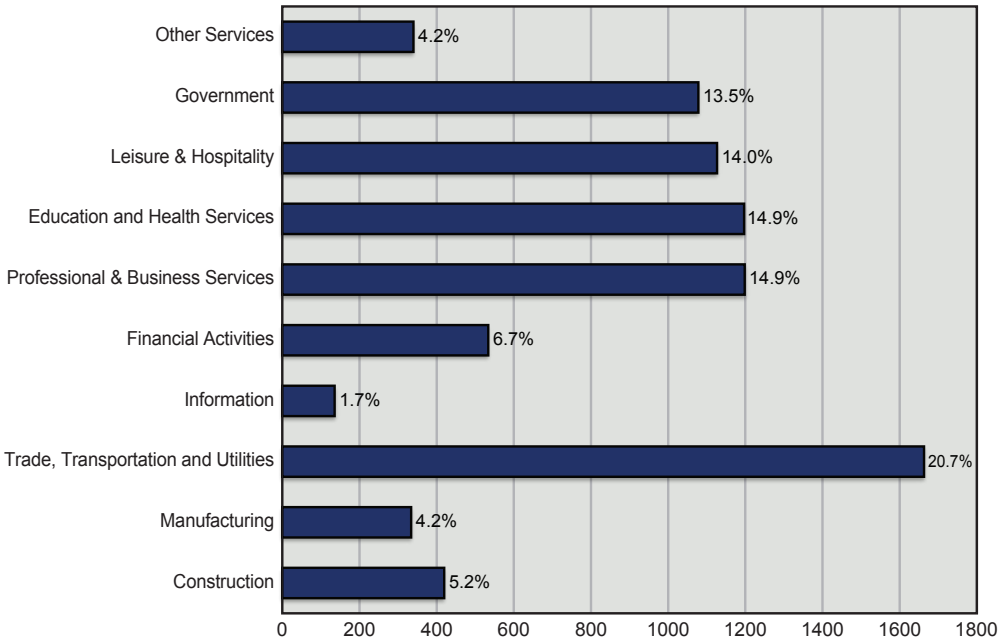
Source: Federal Reserve

to the growing economic uncertainty brought on by the worsening housing market and tightening credit markets, the Federal Reserve aggressively cut the funds rate along with other fiscal measures to provide liquidity to the market. In fact, in mid-December 2008, the Federal Reserve cut the federal funds rate to a range of zero to 0.25 percent, the lowest level on record. This rate continued through FY 2015. In December 2015, in response to the strengthening economic recovery, the federal funds rate was raised by 0.25 percent.

Employment By Industry

Florida has a diverse industry base, which to some extent, mitigates the impact from the downturn in certain industry sectors. It has a vibrant high-tech industry, and professional and business services industry, complemented by international trade. The implementation of the United States-Dominican Republic-Central America Free Trade Agreement (CAFTA) positions Florida as the primary gateway and business hub for the Caribbean and Latin American nations.

Graph 1.12
Non-Agricultural Employment in Florida 2015
(In Thousands)



Source: Florida Department of Economic Opportunity, October 2015.

Graph 1.12 presents the Non-Agriculture Employment in the State by the North American Industry Classification System (NAICS). In 2015, the trade, transportation and utilities industries employed just under 1.7 million of the workforce and almost 21 percent of total employment; followed by education and health services and professional and business services (each at 14.9 percent); the leisure and hospitality industry at 14.0 percent; and government at 13.5 percent. Construction and leisure and hospitality sectors showed the highest

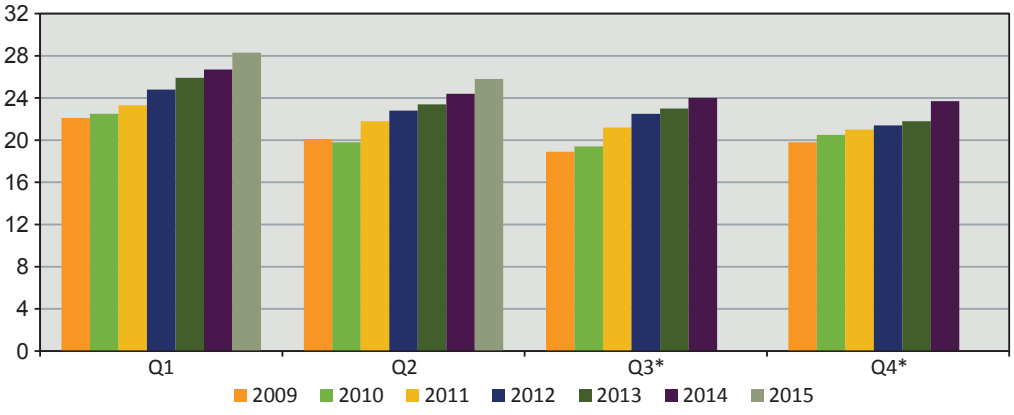
growth rates at 9 percent and 7 percent, respectively, compared to the preceding year.

Consistent with the slump in the housing market, the percentage change in Florida labor force in the construction industry declined dramatically since 2005, reaching a 23 percent decrease in 2009 as illustrated in **Graph 1.13**. However, since FY 2010, there has been an improvement in the industry, particularly in FY 2014 and FY 2015 with a gain of 11 percent and 9 percent, respectively.

Graph 1.13
Year-Over-Year Percent Change in Construction Labor Force

Source: Florida Department of Economic Opportunity

Graph 1.14
Florida Tourists (In Millions)



Source: visitflorida.org
*2015 Data not yet available.

Tourism

Tourism is a vital component and a key contributor in keeping Florida's economy surging ahead.

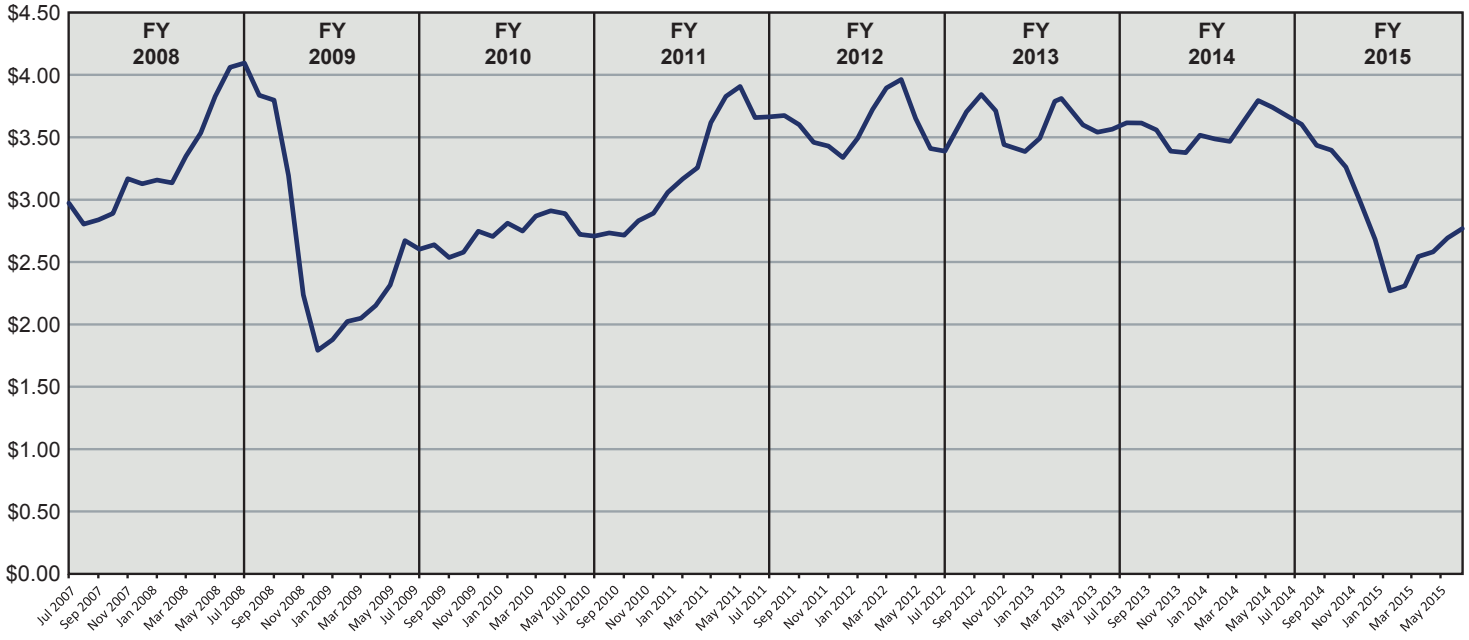
Graph 1.14 shows the number of Florida visitors by quarter over the past seven years through the second quarter of 2015. All quarters show an increasing trend. With nearly 99 million Florida visitors, 2014 marks the highest number of tourists on record.

Fuel Prices

Graph 1.15 portrays the historical trend of gas prices in Florida (average of all grades). In FY 2008, the Florida gas price escalated from $3 per gallon to over $4. However, starting in early fall 2008, Florida gas prices fell rapidly reaching $1.80 a gallon in December 2008. Since then the gas prices have steadily increased. However, starting in FY 2015, fuel prices show a general downward trend with $2.77 per gallon as of June 2015, a decrease of $0.90 compared to the same period last year. Further, fuel prices have continued a steady decline during the first six months of FY 2016, with prices now below $2.00 per gallon.

The dramatic slowdown in the economic activities and volatility in fuel prices contributed to a significant decline in the highway fuel consumption rate in the state. As illustrated in **Graph 1.16**, the percentage decline of

Graph 1.15
Florida Gasoline Prices
(Average of All Grades)



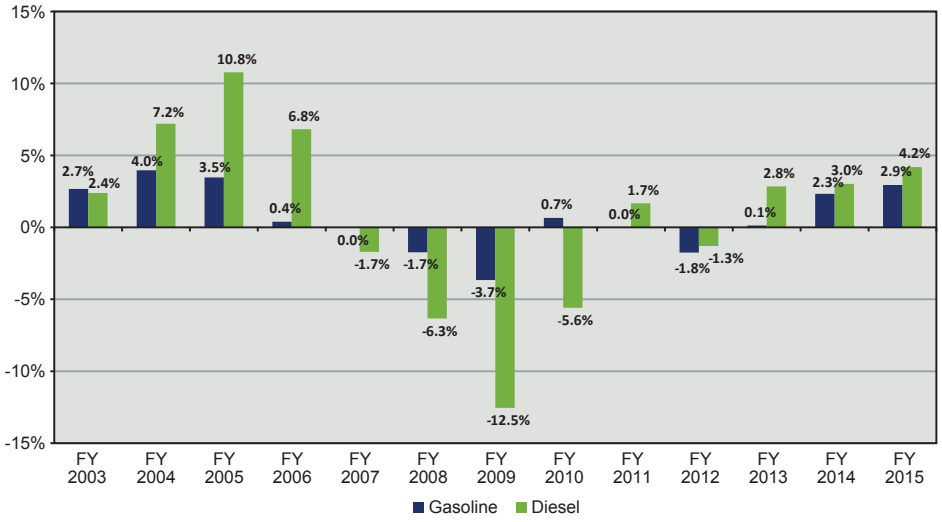
Source: Energy Information Administration, U.S. Department of Energy.

fuel consumption, particularly diesel, from 2007 to 2010 signifies the impact of the economic recession. The consumption rate rebounded starting in FY 2013. In FY 2015, diesel and gasoline consumption both continued to increase compared to FY 2014.

1.2.2 TOLL MODIFICATIONS AND DISCOUNTS

Table 1.2 provides a historical overview of the changes in toll rates and/or toll structure for the seven facilities. Modifications made to the toll rate on a facility will either encourage additional customers to use the toll road (in the case of a toll discount) or discourage existing customers (in the case of a toll increase). Subsequently, toll revenues are affected by this change. The term elasticity is typically used to indicate the relationship between traffic and toll rate changes. The elasticity factor usually depends on the type

Graph 1.16
Year-Over-Year Percent Change:
Highway Fuel Consumption in Florida



Source: Florida Department of Transportation

Table 1.2
Historical Toll Rate Modifications by Facility

Facility	Opening Year (Opening Toll Rate)	Date of Conversion	Type of Adjustment	System Increase	Multi-axle Rate Adjustment
Alligator Alley[1]	1969 ($1.50)	05/99	Toll conversion (split plazas with one-way tolls)	$0.00	Conversion to N-1
		02/06	Toll rate increase	1.00 Cash 0.50 SunPass®	Remained N-1
		06/12	Toll rate increase	0.50 Cash 0.75 SunPass®	Remained N-1
		07/13 07/14 07/15	Toll rate indexing for SunPass®	0.06 SunPass® 0.04 SunPass® 0.05 SunPass®	Remained N-1
Pinellas Bayway System:					
East and West Plazas	1962 ($0.20)	07/81	Toll rate increase ($0.20 to $0.30)	0.10	Remained per-axle
		10/86	Toll rate increase ($0.30 to $0.50)	0.20	Remained per-axle
		06/12	Toll rate increase for cash ($0.50 to $0.75)	0.25 Cash 0.00 SunPass®	Conversion to N-1
		07/13 07/14 07/15	Toll rate indexing for SunPass®	0.01 SunPass® 0.01 SunPass® 0.01 SunPass®	Remained N-1
Central Plaza	1962 ($0.10)	09/86	Plaza removed	-	-
South Plaza	1962 ($0.35)	06/12	Toll rate increase ($0.35 to $0.50) Toll rate decrease ($0.35 to $0.25)	0.15 Cash (0.10) SunPass®	Conversion to N-1
		07/13	Toll rate indexing for SunPass®	0.00 Cash 0.01 SunPass®	Remained N-1
Sunshine Skyway Bridge[2]	1954 ($1.75)	12/58	Toll rate decrease ($1.75 to $1.00 for two-axle passenger vehicles)	(0.75)	Remained per-axle
		04/66	Toll rate decrease ($1.00 to $0.50 for two-axle passenger vehicles)	(0.50)	Remained per-axle
		07/82	Toll rate increase ($0.50 to $1.00 for two-axle passenger vehicles)	0.50	Remained per-axle
		06/12	Toll rate increase	0.25 Cash 0.25 SunPass®	Conversion to N-1
		07/13 07/14 07/15	Toll rate indexing for SunPass®	0.02 SunPass® 0.02 SunPass® 0.02 SunPass®	Remained N-1
95 Express[3]	2008	03/14	Minimum Toll rate modifications ($0.25 to $0.50) and Maximum Toll rate modifications ($7.00 to $10.50)	0.25 Minimum 3.50 Maximum	N/A
595 Express[4]	2014	N/A	N/A	N/A	2-axle rate divided by 2, times number of axles
Garcon Point Bridge[5]	1999 ($2.00)	07/01 07/04 07/07 01/11	Toll rate increase ($2.00 to $2.50) Toll rate increase ($2.50 to $3.00) Toll rate increase ($3.00 to $3.50) Toll rate increase ($3.50 to $3.75)	0.50 0.50 0.50 0.25	Remained N-1
Mid-Bay Bridge[6]	1993 ($2.00/$1.00)	10/04	Toll rate increase	0.50 Cash 0.50 SunPass®	Remained N-1
		06/10	Toll rate increase	0.50 Cash 0.50 SunPass®	Remained N-1
		10/15	Toll rate increase	1.00 Cash 1.00 SunPass®	Remained N-1
Spence Parkway[7]	2014 ($1.50/$1.00)	N/A	N/A	N/A	N minus 1
		10/15	Toll rate increase	0.50 TBP 0.50 SunPass®	Remained N-1

(1) The west toll plaza opened in 1966, whereas the east toll plaza opened in 1969 when the facility was fully completed. Two-way tolling of $0.75 each way at the east and west plazas changed to one-way tolling of $1.50 at the east plaza (westbound) and $1.50 at the west plaza (eastbound) in May 1999.
(2) In 1958, the rate for motorcycles increased from $0.50 to $1.00 concurrent with the decrease for two-axle and three or more axle vehicles. In the 1966 toll rate revision, the rate for motorcycles was reduced back to $0.50. In the 1982 revision, it increased to $1.00 for the second time. Current two-axle SunPass® toll rate reflects an immediate in-lane 15.2 percent discount off the $1.25 two-axle cash toll rate.
(3) Actual toll rate based on traffic density. 95 Express is an All-Electronic toll facility designed for 2-axle vehicles only.
(4) Actual toll rate based on traffic density. 595 Express is an All-Electronic reversible lane toll facility.
(5) Two-axle vehicles with SunPass® receive a 50 percent rebate after reaching 30 transactions a month.
(6) Two-axle , non-commercial vehicles with SunPass® receive a 50 percent rebate after reaching 41 transactions a month.
(7) Spence Parkway is an All-Electronic facility. Only SunPass® and TOLL-BY-PLATE® (TBP) are accepted. For 2-axle, non-commercial vehicles with SunPass® a $1.00 discount is applied retroactively after reaching 41 transactions per month at the Bridge Plaza, similarly, a $0.50 discount is applied retroactively after reaching 41 transactions per month on the Spence Parkway.

Pinellas Bayway Bridge

of parallel competing highways, their level of congestion and driver characteristics. Historically, all of the facilities have undergone toll rate increases or modifications.

On June 24, 2012 all Department-owned facilities except the 95 Express lanes indexed tolls pursuant to the amendment of Section 338.165, Florida Statutes, by the 2007 Legislature to require that the Turnpike System and other FDOT-owned facilities index toll rates on existing toll facilities to the annual Consumer Price Index (CPI) or similar inflation indicator. Toll rate adjustments for inflation may be made no more frequently than once a year and must be made no less frequently than once every five years as necessary to accommodate cash toll rate schedules. As such, SunPass® rates are adjusted annually based on the year-over-year change in CPI and rounded to the nearest penny, while cash rates are adjusted once every five years and rounded to the next quarter. A detailed description of the indexing methodology used to calculate the toll rate is included in the Executive Summary chapter of this report. This toll rate indexing does not apply to express lane facilities.

Accordingly, on July 1, 2015 (FY 2016), SunPass® toll rates were adjusted by 1.6 percent and rounded to the penny. Cash rates remained unchanged since they were indexed on June 24, 2012 (FY 2012). The observation of the SunPass® only toll rate indexing through September 2015 shows a modest growth on all of the Department-owned facilities (excluding 95 Express and 595 Express as those facilities were not part of the indexing). A relatively small indexing of tolls compared to the preceding fiscal year did not appear to divert traffic from the facilities.

To partially mitigate the revenue shortfall on the Garcon Point Bridge, the Santa Rosa Bay Bridge Authority adopted a schedule of periodic toll increases every three years. Tolls on the bridge were increased on July 1, 2001 (FY 2002), on July 1, 2004 (FY 2005), July 1, 2007 (FY 2008), and January 5, 2011 (FY 2011). Other recent toll rate increases include the October 1, 2015 (Authority FY 2015) increase on the Mid-Bay Bridge. These increases were for both SunPass® and cash customers however, frequent users of the Mid-Bay Bridge and/or Spence Parkway did not experience a toll rate increase. A frequent user is defined as those

qualified account holders who make 41-or-more trips per calendar month on each facility in a qualified vehicle. A qualified account and vehicle is defined as a non-commercial account holder driving a two-axle vehicle. Those qualified will receive a rebate of the difference between the infrequent user SunPass® toll (which is paid at the toll collection point) and the frequent user SunPass® toll in the form of a rebate to their SunPass® account in the next month, as long as the number of qualifying trips was made.

A comparison of toll increases to increases in the cost of living, as measured by the CPI, shows that inflation has far outpaced toll rate increases on the Department-owned toll facilities. **Table 1.3** illustrates this impact, showing each facility with its opening year toll rate factored by the CPI to 2015. For example, if tolls for a passenger car trip on Alligator Alley were increased at the same rate as the CPI since the opening of the facility, the original $1.50 toll would be $9.72. Likewise, for the other Department-owned toll facilities, current toll rates would be significantly higher if increased at the same rate as the CPI.

In March 2014 (FY 2014), the minimum toll rate for express lanes on 95 Express was adjusted to $0.50. Express lanes tolls are dynamic and are driven by demand and traffic. The change in toll rates for 95 Express is discussed in further detail in the 95 Express chapter.

1.2.3 FACILITY IMPROVEMENTS

In general, improvements to toll facilities, as well as improvements to other competing and adjacent roadways, will have an impact on toll road traffic and revenue. Normally, traffic will divert onto the toll facility when improvements are made to the facility, and will divert away when improvements are made to the neighboring competing facilities. These improvements include future widening needs, new and modified interchanges, rest areas and improvements to access roads. Toll facility widening reduces the level of congestion and provides improved travel conditions. New or modified interchanges and improvements to access roads leading to the toll facilities enhance accessibility to the toll roads. In this report, both current and future improvements were considered in the

Table 1.3
Department-owned Facilities Toll Rate Illustration
Actual Toll Rates versus Toll Rates Adjusted for Inflation

Facility	Opening Year	Opening Year Toll Rate	Opening Year CPI	Method of Payment	2015 Toll[1]	2015 CPI	2015 Toll Adjusted for Inflation
Alligator Alley	1969	$1.50	36.7	SunPass®	$2.90	237.8	$9.72
				Cash	3.00		
Pinellas Bayway System[2]	1962	0.20	30.2	SunPass®	0.53	237.8	1.57
				Cash	0.75		
Sunshine Skyway Bridge[3]	1966	0.50	32.4	SunPass®	1.06	237.8	3.67
				Cash	1.25		

Source: U.S. Bureau of Labor Statistics
Notes: The Consumer Price Index (CPI) is for All Urban Consumers - US City Average - Seasonally Adjusted. Base: 1982-84 = 100. As of June 2015.
(1) Toll rates effective July 1, 2015.
(2) One-way, full-length, two-axle toll. For illustrative purposes on the Pinellas Bayway System, the toll to travel the facility from St. Petersburg to St. Petersburg Beach (SR 682) is used. Other system rates exist depending on destination.
(3) Opening year for the Sunshine Skyway Bridge was 1954. For illustrative purposes, 1966 was used because it represents the lowest toll rate on the facility. Two toll rate decreases occurred from 1954 to 1966, reducing the toll rate from $1.75 to $0.50.

development of traffic and revenue projections. The Alligator Alley, Pinellas Bayway and 95 Express are the only facilities with improvements currently planned.

1.2.4 OTHER SIGNIFICANT EVENTS

In the course of time, certain unforeseen events occur that affect the traffic and revenue performance on toll facilities. Although these events may be short in duration, as with hurricanes and tropical storms, transactions and revenue impacts may be material. The noteworthy events range from maintenance and ancillary improvements to major capacity improvements, and toll rate increases. Each section of the report addresses these events in more detail.

1.3 FORECASTING METHODOLOGY

Traffic forecasts are needed to identify roadway improvements, plan for new projects and generate toll revenue forecasts. Revenue forecasts are needed to verify future debt service coverage on outstanding bonds and to assist the Department in the development of its Finance Plan and Work Program.

Estimates on older, more established toll facilities owned or operated by the Department have been quite reliable because traffic patterns are typically known and a significant amount of historical traffic and revenue data are already available. With little uncertainty regarding land use and motorist travel patterns, these forecasts are developed based on actual traffic and revenue performance, adjusted for population growth and future known events such as toll rate changes and roadway improvements.

On the other hand, in the development of revenue forecasts for new toll facilities uncertainty exists concerning future land use, ramp-up and changes in population patterns. Consequently, forecasts on these and other similar facilities have a higher degree of variability than forecasts for more established toll facilities. This variability has justified the need for the development of traffic

Sunshine Skyway Bridge

95 Express lanes

and revenue adjustment factors that are now considered in the estimation of future projections. The traffic factors include ramp-up, roadway peaking and land use lag factors. The revenue factors include traffic mix and non-revenue vehicle factors.

The general forecasting procedure used in this report includes a comparison between historical traffic growth on the toll facility and the historical growth in population for counties that have an impact on the travel patterns of the facility. By applying the ratio between historical traffic and population growth to estimated annual population growth through 2026, an average annual traffic growth rate is obtained. This estimated growth rate is used as a general guideline in forecasting traffic growth on the facility. Gross revenue forecasts are obtained from projected traffic and average toll estimates for the facility. Both traffic and revenue forecasts are then adjusted for future events, network changes, development impacts and current economic trends. Historical traffic and revenue data from FY 2010 through FY 2015 was used during the forecasting process. In addition, the forecast also includes additional revenues generated from the indexing of tolls. **Table 1.4** shows the historical and projected population growth rates for the related counties around the facilities owned or operated by the Department. These growth rates have been calculated using medium population projections from the most recent publication by the Bureau of Economic and Business Research (BEBR), College of Business Administration at the University of Florida.

Operating and maintenance expense forecasts are based on historical information provided by the Department's Office of the Comptroller and Project Finance Office. Maintenance expenses include routine and periodic expenses. Routine maintenance expenses are expected to recur annually, and require funding to preserve the system and extend the life of the facility. Periodic maintenance items are usually large, expensive repairs that do not recur on an annual basis. Operating and routine maintenance expenses are deducted from gross toll revenues to obtain net revenues. Generally, the resulting net revenue from each facility, plus any interest earnings from invested funds, is available for the payment of annual debt service.

Table 1.4
Historical and Projected Populations
For Related Counties

System	Facility	County	Historical Population (000)							Population Forecasts (000)	
			1990[1]	2000[2]	Annual Percent Change[3]	2010[4]	Annual Percent Change[5]	2014[6]	Annual Percent Change[7]	2020[6]	Annual Percent Change[8]
Department-owned Facilities	Alligator Alley	Broward	1,256	1,623	2.6%	1,748	0.7%	1,804	0.8%	1,891	0.8%
		Collier	152	251	5.1	322	2.5	337	1.1	376	1.8
		Lee	335	441	2.8	619	3.4	653	1.3	758	2.5
		Miami-Dade	1,937	2,254	1.5	2,496	1.0	2,614	1.2	2,797	1.1
		SUBTOTAL	**3,680**	**4,569**	**2.2**	**5,185**	**1.3**	**5,408**	**1.1**	**5,822**	**1.2**
	Pinellas Bayway System	Pinellas	852	921	0.8	917	0.0	933	0.4	949	0.3
		SUBTOTAL	**852**	**921**	**0.8**	**917**	**0.0**	**933**	**0.4**	**949**	**0.3**
	Sunshine Skyway Bridge	Hillsborough	834	999	1.8	1,229	2.1	1,302	1.5	1,463	2.0
		Manatee	212	264	2.2	323	2.0	340	1.3	377	1.7
		Pasco	281	345	2.1	465	3.0	479	0.7	543	2.1
		Pinellas	852	921	0.8	917	0.0	933	0.4	949	0.3
		Sarasota	278	326	1.6	379	1.5	387	0.5	413	1.1
		SUBTOTAL	**2,457**	**2,855**	**1.5**	**3,313**	**1.5**	**3,441**	**1.0**	**3,745**	**1.4**
	95 Express	Miami-Dade	1,937	2,254	1.5	2,496	1.0	2,614	1.2	2,797	1.1
		Broward	1,256	1,623	2.6	1,748	0.7	1,804	0.8	1,891	0.8
		SUBTOTAL	**3,193**	**3,877**	**2.0**	**4,244**	**0.9**	**4,418**	**1.0**	**4,688**	**1.0**
	595 Express	Broward	1,256	1,623	2.6	1,748	0.7	1,804	0.8	1,891	0.8
		SUBTOTAL	**1,256**	**1,623**	**2.6**	**1,748**	**0.7**	**1,804**	**0.8**	**1,891**	**0.8**
	TOTAL[9]		**6,137**	**7,424**	**1.9**	**8,498**	**1.4**	**8,849**	**1.0**	**9,567**	**1.3**
Department-operated Facilities	Mid-Bay Bridge	Okaloosa	144	170	1.7	181	0.6	191	1.4	201	0.9
		Walton	28	41	3.9	55	3.0	60	2.2	69	2.4
		SUBTOTAL	**172**	**211**	**2.1**	**236**	**1.1**	**251**	**1.6**	**270**	**1.2**
	Garcon Point Bridge	Escambia	263	294	1.1	298	0.1	304	0.5	311	0.4
		Santa Rosa	82	118	3.7	151	2.5	160	1.5	178	1.8
		SUBTOTAL	**345**	**412**	**1.8**	**449**	**0.9**	**464**	**0.8**	**489**	**0.9**
	TOTAL		**517**	**623**	**1.9**	**685**	**1.0**	**715**	**1.1**	**759**	**1.0**
FLORIDA TOTAL			**12,938**	**15,982**	**2.1%**	**18,801**	**1.6%**	**19,507**	**0.9%**	**21,237**	**1.4%**

(1) 1990 Census data.
(2) 2000 Census data.
(3) Compounded annual growth between 1990 and 2000.
(4) 2010 Census data.
(5) Compounded annual growth between 2000 and 2010.
(6) University of Florida, Bureau of Economic and Business Research (BEBR) 2015.
(7) Annual growth from 2010 to 2014.
(8) Compounded annual growth between 2014 and 2020.
(9) Pinellas, Miami-Dade and Broward Counties were only included once in the totals.

1.4 REVENUE SUFFICIENCY

Construction of the facilities and significant improvements are typically financed by the issuance of bonds. **Table 1.5** presents a historical summary of bond issues and a description of how the bond proceeds were utilized for the five toll facilities (95 Express and 595 Express are not included). All revenue bonds are guaranteed by the toll revenues of the facility and are not a general obligation of the State of Florida. In

Table 1.5
History of Bond Issues

Facility	Bonds Outstanding as of June 30, 2015 ($000)	Underlying Bond Rating[1]	Date of Issuance	Amount ($000)	Use of Funds
Alligator Alley	$30,575	AA- (S&P A1 (Moody's) A+ (Fitch)	1963	$17,000	• Fund construction of the facility
			1997	55,230	• Fund SunPass® installation, SR 29 improvements, toll plaza reconstruction and rest areas
			2007A	43,175	• Refund the outstanding Series 1997 issue
Pinellas Bayway System		N/A	1960	16,800	• Fund construction of the facility
			1965	21,050	• Refund Series 1960 issue
Sunshine Skyway Bridge		N/A	1951	21,250	• Fund construction of original single span bridge
			1966	23,500	• Refund Series 1951 issue and expand the facility
			1984	36,000	• Fund replacement of the original Sunshine Skyway Bridge with the new single four-lane high-level structure
			1986	35,165	• Refund the outstanding Series 1984 issue
			1991	33,000	• Advance refund outstanding Series 1984 and Series 1986 issues
			2001	17,555	• Refund the outstanding Series 1991 issue
Garcon Point Bridge	(3)	D (S&P) Withdrawn (Moody's) Withdrawn (Fitch)	1996	94,994	• Finance construction of the two-lane facility
Mid-Bay Bridge/Spence Parkway[2]	$285,040	1st Senior Lien Bonds: BBB+ (S&P) BBB+ (Fitch) 2nd Senior Lien Bonds: BBB (S&P) BBB (Fitch) Insured Series 2015A Bonds: AA (S&P) A2 (Moody's)	1991A	30,790	• Finance acquisition and construction of the two-lane facility
			1991B	25,100	• Finance acquisition and construction of the two-lane facility
			1993A	57,210	• To achieve a crossover refunding of the Series 1991A Bonds and all of the Series 1991B Bonds
			1993D	29,040	• To provide funds necessary to advance refund the Series 1991A Bonds
			1997A	12,978	• Finance a portion of the costs of renovation, improvement and expansion of the toll plaza; reimburse the County for certain Interlocal Agreement Payments
			1997B	2,910	• Fund certain debt restructuring costs including exchanging certain Series 1991B, Series 1993A and Series 1993D bonds
			2004A	21,700	• Refund certain of the Authority's outstanding bonds including unexchanged Series 1993 Bonds outstanding and Series 1997A Bonds
			2004B	11,525	• Finance a portion of the costs of the design and construction of the north approach capacity improvement and toll plaza expansion
			2007A	25,525	• Finance a portion of the costs of the design and construction of Phase 1 and Phase 2 of the Connector project and the widening of SR 20
			2007B	23,665	• Finance a portion of the costs of the design and construction of Phase 1 and Phase 2 of the Connector project and the widening of SR 20
			2008A	34,900	• Refund the outstanding series 2004A and 2004B issues
			2011A	143,950	• Finance a portion of the costs of the design and construction of Phase 2 and Phase 3 of the Connector project and the resurfacing of Range Road
			2011B	10,725	• Refund the outstanding series 1993A and 1993D issues and defeasing certain maturities of the 1997A Bonds
			2015A	227,040	• Refund the outstanding series 2008A, 2011A and 2011B issues and, fund the 1st Senior Lien Debt Service Reserve Fund, Escrow Deposit Account and cover the costs of issuance and other costs
			2015B	24,500	• Fund the 1st Senior Lien Debt Service Reserve Fund and Escrow Deposit Account, and cover the costs of issuance and other costs
			2015C	33,500	• Fund the 2nd Senior Lien Debt Service Reserve Fund, Escrow Deposit Account, Construction Fund and General Fund, and cover the costs of issuance and other costs

Source: Official Statements.

(1) Current Bond Ratings from Fitch, Inc; Moody's Investor Services and Standard and Poor's (S&P) Rating Services.

(2) Bonds outstanding for Mid-Bay Bridge/Spence Parkway are reported as of June 30, 2015.

(3) The Santa Rosa Bay Bridge Authority is currently in default on its outstanding revenue bonds.

order to measure the revenue sufficiency of each facility to meet future debt requirements, debt service coverage is computed representing the ratio of annual net revenues to the annual debt service requirement. For example, a debt service coverage ratio of 2.0 indicates that for every $1 of debt service, $2 of net revenue is available to satisfy the debt service. Net revenues are generally defined as gross revenue less operating and maintenance (O&M) expenses. Annual payments of bond principal and interest represent the annual debt service requirement. Each section of the report addresses debt service coverage in more detail (if applicable).

Alligator Alley, Garcon Point Bridge and Mid-Bay Bridge are the only facilities with outstanding bonds. It should be noted that in April 2013, Standard and Poor's (S&P) upgraded the Alligator Alley bond rating to AA- from a rating of A+. This is a significant rating increase as Alligator Alley is only the second toll facility in the state to have this high of a rating. The AA- rating was affirmed by S&P in October 2014.

1.5 TOLL COLLECTION METHODOLOGY

Table 1.6 provides an inventory of the existing toll collection plans on the facilities. The main toll collection method used on toll facilities owned or operated by the Department consists of the coin (or barrier) system that offers both manual and automatic lanes for toll payment. The coin system method of toll collection requires the customer to stop at each toll plaza to pay the cash toll. In addition to cash, SunPass® and TOLL-BY-PLATE® are available on most facilities. 95 Express is a SunPass®-only facility designed for only 2-axle vehicles. A detailed description of the toll collection method used on this facility is discussed in the 95 Express chapter of this report. 595 Express is also a SunPass®-only facility, however, multi-axle vehicles are permitted on the reversible express lanes. The toll collection method is detailed in the 595 Express chapter of this report.

Tolls for vehicles with three or more axles are calculated by multiplying the toll for two-axle

Table 1.6
Toll Collection Plan Comparisons

Type	System	Multi-axle Rate Adustment	Method of Toll Payment	Current Toll Discounts as of 7/1/2015
Department-owned Facilities	Alligator Alley(1)	N minus 1	Cash; SunPass®	3% (SunPass®)
	Pinellas Bayway System (East & West Plazas)(2)	N minus 1	Cash; SunPass®	Annual Unlimited Pass, 29% (SunPass®)
	Pinellas Bayway System (South plaza)(2)			Annual Unlimited Pass, 48% (SunPass®)
	Sunshine Skyway Bridge(3)	N minus 1	Cash; SunPass®	15% (SunPass®)
	95 Express(4)	N/A	SunPass®	None
	595 Express(5)	Per-axle	SunPass®	None
Department-operated Facilities	Garcon Point Bridge(6)	N minus 1	Cash; SunPass®	50% (SunPass®, 2-axle vehicles only)
	Mid-Bay Bridge/Spence Parkway(7)	N minus 1	Cash; SunPass®	25% (SunPass®, 2-axle vehicles only)

(1) All vehicles with SunPass® receive a 3 percent discount (immediate) and no minimum SunPass® usage is required.
(2) SunPass® includes the annual unlimited passes ($15 Bayway Isles pass and $50 General Public pass) for qualified vehicles. All other SunPass® usage qualifies for a standard 10 percent discount after a threshold of 40 monthly transactions is reached (retroactive).
(3) All vehicles with SunPass® receive a 15 percent discount (immediate) and no minimum SunPass® usage is required. Three or more axle vehicles receive a 10 percent discount after a threshold of 40 monthly transactions is reached (retroactive).
(4) 95 Express is an All-Electronic toll facility designed for 2-axle vehicles only. Qualified vehicles (i.e., HOV 3+, hybrids, buses and motorcycles) can use the facility toll-free.
(5) 595 Express is an All-Electronic toll facility with reversible lanes.
(6) A SunPass® discount of 50 percent occurs after the 30th transaction of each month for two-axle vehicles (retroactive). SunPass® discounts are not available to multi-axle vehicles.
(7) Two-axle vehicles with SunPass® receive a 25 percent discount (immediate) with no minimum SunPass® usage required. A frequent SunPass® user discount of $1.00 for the Bridge Plaza and $0.50 for Spence Parkway is applied retroactively after reaching 41 transactions per month. The rebate threshold must be reached at each tolling point separately to qualify. SunPass® discounts are not available to multi-axle vehicles.

vehicles by the number of axles (N) minus one (also known as the "N minus 1" method). This method is used on all these facilities except 595 Epress. In addition, it is used on many sections of Florida's Turnpike and on toll facilities owned by other Florida expressway authorities. The "N minus 1" toll structure is designed to enhance toll simplification, revenue productivity and accountability over the per-axle method.

Tolls for multi-axle vehicles on 595 Express are calculated by multiplying the per-axle toll by the number of axles (also known as the "per-axle" method).

1.6 THE SUNPASS® SYSTEM

The SunPass® electronic toll collection system provides customers who use the technology with non-stop travel through the toll plazas. The statewide implementation of SunPass® provides a convenient method of toll payment anywhere in the State of Florida.

During FY 2015, the Department issued another record high of 1.6 million transponders. With average sales of 130 thousand transponders per month, the total number of SunPass® transponders issued reached nearly 11.3 million by the end of FY 2015. Customers can establish their SunPass® prepaid account and purchase a transponder online at www.sunpass.com or by calling 1-888-TOLL-FLA. They can also mail or fax their application to the customer service center in Boca Raton. In addition, transponders are sold at numerous locations throughout Florida, including the SunPass® Service Center in Boca Raton; the South Broward, Palm Beach and Miami Regional Toll Offices; Turnpike service plazas and the respective SunPass® outlets on each of the toll facilities. Retail sales locations include CVS Pharmacies, Publix supermarkets, AAA, Navarro and Sedano's.

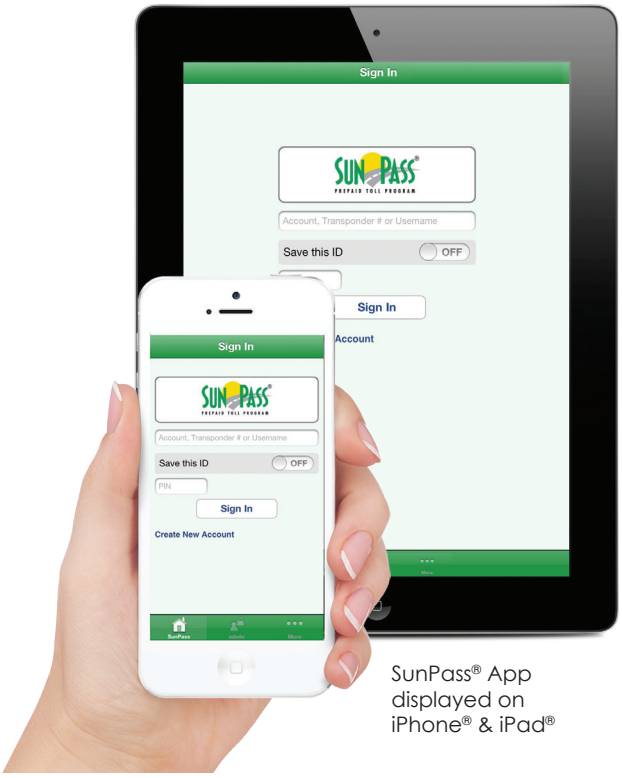
In July 2008 (FY 2009), the Turnpike Enterprise introduced a less expensive version of the current transponder known as the SunPass® Mini. The SunPass® Mini is a sticker tag the size of a credit card which is permanently affixed on the windshield of the customer's vehicle. This new form of SunPass® can be used on all toll roads in the State of Florida, which is helping to boost SunPass® participation.

In March 2012 (FY 2012), the Turnpike Enterprise upgraded their portable SunPass® transponder to a more compact technology with a smaller transponder known as the SunPass® Slim. The SunPass® Slim transponder is just under 1-inch wide, uses 40 percent less surface area than the older version, contains no batteries and can be transferred between customer's vehicles. As with the SunPass® Mini, the SunPass® Slim can be used on all toll roads in the State of Florida.

SunPass® interoperability extends beyond the state borders and the SunPass® program is on target to meet the national interoperability requirement by October 2016. Currently, the SunPass® program has interoperability with North Carolina's Quick Pass and Georgia's Peach Pass.

In order to provide added convenience to SunPass® customers who have not chosen to automatically replenish low account balances, the Turnpike is offering replenishments through kiosks at 5,000 locations statewide. A list of kiosk locations is available online at www.sunpass.com. During FY 2015, the Turnpike continued to expand this program by adding new vendors and increasing the number of available stores. In August 2013 (FY 2014) the Turnpike launched a new vending machine program which allows SunPass® Mini transponders to be purchased in vending machines at three Official Florida Welcome Centers and at

an Interstate 4 rest area. This program is another convenient method of putting SunPass® in the hands of travelers.



SunPass® App displayed on iPhone® & iPad®

The Turnpike also has a free iPhone/iPad application, as well as an Android application, giving Turnpike customers another way to manager their prepaid toll account. SunPass® customers are able to view transponder/account activity for 90 days, add, edit or delete vehicle information and replenish their account with their previously stored credit card.

In general, commuters and frequent users appreciate the value of SunPass® more than occasional users. For this reason, Department-owned and Department-operated facilities with a high percentage of commuters typically have higher levels of SunPass® participation. **Table 1.7** provides a listing of SunPass® implementation dates for Department-owned and Department operated facilities, as well as the SunPass® participation rates for FY 2015.

Table 1.7
SunPass® Implementation Dates with FY 2015 Participation Rates

Type	System	SunPass® Implementation Date	FY 2015 SunPass® Participation Rates[1]
Department-owned Facilities	Alligator Alley	October 16, 1999	59.6%
	Pinellas Bayway System	June 6, 2000	62.7
	Sunshine Skyway Bridge	August 19, 2000	56.0
	95 Express	December 5, 2008	86.7
	595 Express	March 26, 2014	92.7
Department-operated Facilities	Garcon Point Bridge	May 14, 1999	42.7
	Mid-Bay Bridge/Spence Parkway[2]	May 25,1999	64.4

(1) Based on transactions.
(2) Spence Parkway opened to traffic on January 4, 2014.

As previously noted in **Table 1.6**, certain facilities offer specialized discounts under the SunPass® program. The annual discount program specific to

Alligator Alley

the Pinellas Bayway System provides drivers with a free transponder upon purchase of an annual pass and allows them unlimited passage on the system (or parts of the system) for that year. Bayway Isles residents pay $15 annually for passage through the east plaza and commuters pay $50 annually for the General Public pass, good at all three plazas on the system.

On the Sunshine Skyway Bridges, two-axle vehicles with SunPass® receive discount of 15 percent. No minimum trip threshold is required and the driver receives an immediate discount when traveling on the facility. Similarly, SunPass® customers receive in-lane discounts of 3 percent on Alligator Alley. On the Garcon Point Bridge, a 50 percent retroactive discount is provided to SunPass® users of passenger vehicles after 30 transactions are reached on this facility in a month. For frequent SunPass® users on the Mid-Bay Bridge and/or Spence Parkway a $1.00 (Bridge Plaza) or $0.50 (Spence Parkway) retroactive discount is provided to two-axle, non-commercial transactions after 41-or-more transactions in a month, at each plaza. For all SunPass® users on Pinellas Bayway System (excluding annual pass holders) and SunPass® users with three-or-more axle vehicles on the Sunshine Skyway Bridge, a 10 percent retroactive discount is given to customers who reach a threshold of 40 monthly transactions. 95 Express and 595 Express do not offer discounts. **Graph 1.17** summarizes SunPass® transactions and revenues for FY 2015 for each facility.

Graph 1.17
SunPass® Transaction and Revenue Summary
FY 2015