

Department-operated Facilities



GARCON POINT BRIDGE

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- \$6.3 million total toll revenue
- 1.7 million total transactions
- SunPass® participation increased to 43.6 percent during the year



MID-BAY BRIDGE AND WALTER FRANCIS SPENCE PARKWAY

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- \$25.4 million total toll revenue
- 10.0 million total transactions
- SunPass® participation decreased slightly to 64.0 percent during the year

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GARCON POINT BRIDGE

6.1 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 6.1 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 low traffic levels and despite four toll rate increases, revenues were not enough to meet debt service. Consequently, in April 2011 bond debt service went into default as the Authority was not able to make its July 2011 debt service payment. As of FY 2016, the bonds remained in default.

It should be noted that the bond documents clearly advised investors that neither the State of Florida nor Santa Rosa County would have any responsibility for payment of the bond debt; however, the Department continues to operate and maintain the Garcon Point Bridge. Further details can be found in **Section 6.7 - 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 an adopted toll rate program, tolls were increased every three years. Beginning July 1, 2001 (FY 2002), the toll rate was increased to \$2.50 for two-axle vehicles in FY 2002, to \$3.00 in FY 2005, to \$3.50 in FY 2008 and

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to \$3.75 on January 5, 2011 (FY 2011), reflecting the fourth scheduled toll rate increase. This rate is still in effect today. 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. Vehicles with three or more axles pay an additional \$3.75 per axle calculated using the “N minus 1” method.

Table 6.1 shows historical transactions and revenue growth on the Garcon Point Bridge. Traffic and revenue in the last 10 years has grown from 1.7 million transactions and \$5.0 million in toll revenues in FY 2006 to 1.7 million transactions and \$6.3 million in toll revenues in FY 2016. Traffic and revenue declined during the period of economic recession and also decreased as a result of toll increases. In addition, there was a decline in traffic and revenue as a result of the BP Oil Spill that occurred in April 2010.

Compared to FY 2015, total transactions increased 10.7 percent while revenues increased 12.0 percent.

**Table 6.1
Garcon Point Bridge
Historical Transactions and Revenue Growth
FY 2006 through FY 2016**

Fiscal Year	Transactions (000)				Toll Revenue ⁽¹⁾ (\$000)		Average Toll
	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change	
2006	1,660	29	1,689	-	\$4,997	-	\$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
2014	1,421	19	1,440	9.9	5,225	10.3	3.628
2015	1,551	18	1,569	9.0	5,648	8.1	3.600
2016	1,719	18	1,737	10.7	6,327	12.0	3.642

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.

This increase in transactions and revenue can be attributed to generally improving economic conditions in Florida. Pointing to this recovery, FY 2016 hotel bed tax collections in Santa Rosa County were up almost 15 percent over FY 2015 collections.

Historical operating and routine maintenance expenses from FY 2006 through FY 2016 are presented in **Table 6.2**. Operating expenses have increased slightly from approximately \$868 thousand in FY 2006 to \$1.1 million in FY 2016. During the same period, routine maintenance expenses decreased from \$93 thousand to \$82 thousand.

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, bridge inspection and other routine maintenance items. Maintenance activity has been provided in-house beginning

**Table 6.2
Garcon Point Bridge
Historical Operating and Routine
Maintenance Expenses (\$000)
FY 2006 through FY 2016**

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
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
2014	1,014	159	1,173
2015	1,123	102	1,225
2016	1,101	82	1,183

Source: FDOT Office of the Comptroller.

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Table 6.3
Garcon Point Bridge
Monthly Transactions and Toll Revenue
FY 2016

Month	Transactions (000)	Toll Revenue (\$000)
July 2015	182	\$672
August	153	560
September	135	490
1st Quarter Total	470	1,722
October	132	477
November	116	428
December	118	433
2nd Quarter Total	366	1,338
January 2016	114	412
February	122	441
March	156	563
3rd Quarter Total	392	1,416
April	155	555
May	173	631
June	181	665
4th Quarter Total	509	1,851
Annual Total	1,737	\$6,327

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.

in FY 2012. Toll facilities maintenance and bridge inspections are performed outside the scope of the Asset Maintenance Contract. FY 2016 routine maintenance expenses decreased approximately \$20 thousand, or 19.6 percent, from the prior year due to no dive performed for underwater bridge inspection.

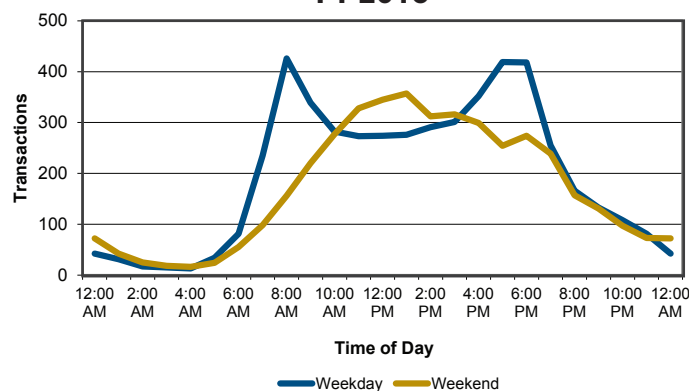
6.2 FY 2016 TRANSACTIONS AND TOLL REVENUE

Monthly transactions and toll revenue on the Garcon Point Bridge during FY 2016 are presented in **Table 6.3**. The second and third quarters generated a slightly lower number of transactions and toll revenue as these are not the peak months for travel.

Graph 6.1 shows the number of hourly weekday

and weekend transactions of a typical week during FY 2016 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 8:00 a.m. to 10:00 a.m. and the afternoon peak occurs from 5:00 p.m. to 7:00 p.m. In addition, midday traffic volumes of just under 300 vehicles per hour show the relative influence of non-commuters (tourist/recreational travelers) on the facility. The influence of tourists and recreational travelers is noticeably more pronounced on the weekends.

Graph 6.1
Garcon Point Bridge
Typical Hourly Transactions
FY 2016



Source: Data obtained from Turnpike Enterprise Finance Office for the 7-day period beginning Monday, August 17, 2015.

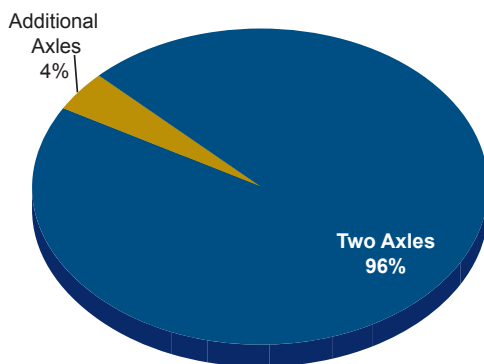
Table 6.4 shows the monthly seasonal transaction variation in FY 2016. On average, approximately 4,700 vehicles use the bridge each day, up 400 vehicles per day from FY 2015. During the spring and summer months, transactions exceed the normal pattern observed on this facility due to tourists and seasonal residents with June exceeding the average by 28 percent. January was the lowest month at 21 percent below the average.

Traffic and revenue contributions for trucks on the Garcon Point Bridge are shown in **Graph 6.2**. For FY 2016, trucks accounted for approximately four

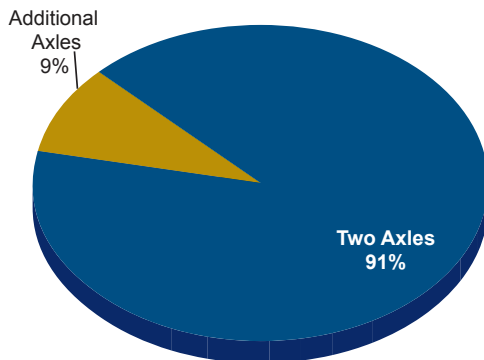
**Table 6.4
Garcon Point Bridge
Seasonal Transaction Variation
FY 2016**

Month	Average Daily Transactions	Seasonal Factor
July 2015	5,900	1.26
August	4,900	1.04
September	4,500	0.96
October	4,300	0.91
November	3,900	0.83
December	3,800	0.81
January 2016	3,700	0.79
February	4,200	0.89
March	5,000	1.06
April	5,200	1.11
May	5,600	1.19
June	6,000	1.28
AADT	4,700	1.00

**Graph 6.2
Garcon Point Bridge
Transactions by Axle Class
FY 2016**



Revenue Contribution by Axle Class FY 2016



percent of traffic on the facility. Correspondingly, the revenue collected from truck traffic translated into nine percent of the total revenue on the facility. The revenue percentage for trucks is calculated by the “N minus 1” toll method. In terms of actual revenues, trucks provided approximately \$590 thousand of the total revenues, while passenger vehicles comprised the remaining \$5.7 million.

6.3 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 6.5 shows the SunPass® transactions on Garcon Point Bridge during FY 2016. SunPass® usage totaled 757 thousand transactions in FY 2016, resulting in a SunPass® participation rate of 44 percent, up from 43 percent in FY 2015. On a daily basis, approximately 2,100 vehicles out of 4,700 utilize SunPass®. The monthly SunPass® participation ranged from 34 percent in July 2015 to 51 percent in January 2016, peaking during

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**Table 6.5
Garcon Point Bridge
Transactions by Payment Method
FY 2016**

Month	Transactions (000)			Percent SunPass®
	SunPass®	Non-SunPass®	Total	
July 2015	61	121	182	33.5%
August	60	93	153	39.2
September	60	75	135	44.4
October	62	70	132	47.0
November	55	61	116	47.4
December	57	61	118	48.3
January 2016	58	56	114	50.9
February	60	62	122	49.2
March	70	86	156	44.9
April	70	85	155	45.2
May	72	101	173	41.6
June	72	109	181	39.8
Total	757	980	1,737	
Percentage	43.6%	56.4%	100.0%	

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

the winter months due to a lower percentage of tourists.

Revenue attributable to SunPass® for FY 2016 totaled \$2.6 million, as shown in **Table 6.6**. This amount represents 41 percent of all toll revenue. The SunPass® revenue amount is net of the SunPass® discount for the facility, which for FY 2016, amounted to approximately \$469.5 thousand. The monthly SunPass® revenue contribution ranged from a low of 31 percent to a high of 49 percent during FY 2016.

6.4 FY 2016 EXPENSES AND LIABILITIES

A comparison between actual and budgeted operating and routine maintenance expenses in FY 2016 are shown in **Table 6.7**. Actual operating expenses were approximately 0.2 percent, or \$2 thousand, lower than the FY 2016 budget. Routine maintenance expenses were lower than the FY 2016 budget by 47 percent, or \$72 thousand, primarily

**Table 6.6
Garcon Point Bridge
Gross Toll Revenue by Payment Method
FY 2016**

Month	Gross Toll Revenue (\$000)			Percent SunPass®
	SunPass®	Non-SunPass®	Total	
July 2015	\$208	\$464	\$672	31.0%
August	203	357	560	36.3
September	204	286	490	41.6
October	212	265	477	44.4
November	195	233	428	45.6
December	201	232	433	46.4
January 2016	200	212	412	48.5
February	206	235	441	46.7
March	234	329	563	41.6
April	234	321	555	42.2
May	250	381	631	39.6
June	250	415	665	37.6
Total	\$2,597	\$3,730	\$6,327	
Percentage	41.0%	59.0%	100.0%	

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

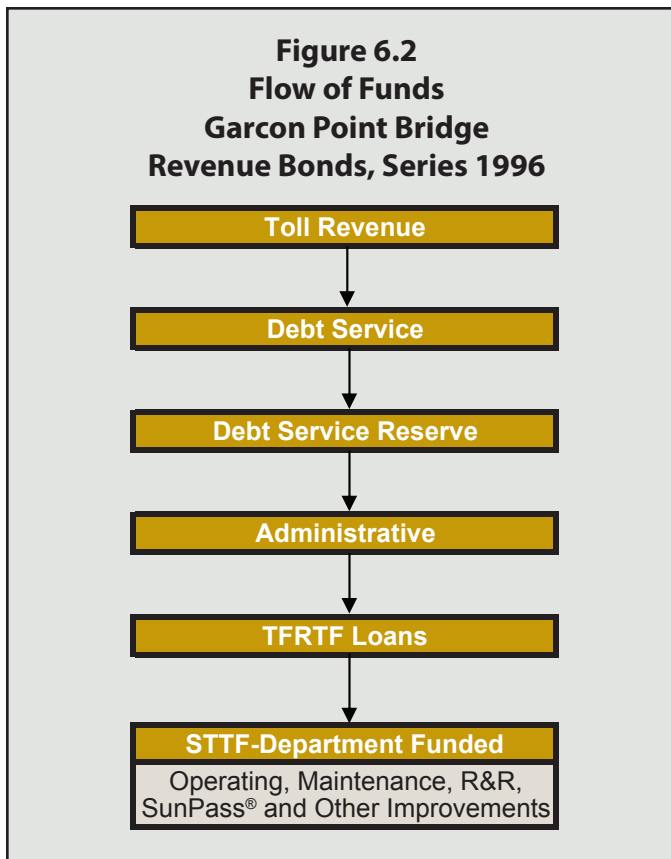
due to no dive performed for underwater bridge inspection. Overall, FY 2016 actual operating and routine maintenance expenses were 6 percent, or \$74 thousand, lower than the budget.

As shown in **Figure 6.2**, Garcon Point Bridge has liabilities payable to the Department for Toll Facility Revolving Trust Fund (TFRTF) loans and an advance from the STTF. As of June 30, 2016, the TFRTF balance was approximately \$7.9 million, to be repaid when sufficient funds become available.

**Table 6.7
Garcon Point Bridge
Operating and Routine
Maintenance Expenses (\$000)
FY 2016**

Type of Expense	Budget	Actual	Over/ (Under)	Variance
Operating	\$1,103	\$1,101	(\$2)	(0.2%)
Routine Maintenance	154	82	(72)	(46.8)
Total	\$1,257	\$1,183	(\$74)	(5.9%)

Source: FDOT Office of the Comptroller, Turnpike Enterprise Finance Office and the FY 2015 Enterprise Toll Operations Traffic Engineer's Annual Report.



The second liability 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. These costs are considered long-term receivables. This liability is to be paid subsequent to the payment of the TFRTF loans. An analysis of long-term liabilities for FY 2016 is presented in **Table 6.8**. The long-term liability balance as of June 30, 2016 was approximately \$23.1 million.

6.5 NOTEWORTHY EVENTS

As noted earlier, despite the adopted toll rate increase program, the Santa Rosa Bay Bridge Authority is in debt service payment default and remains in default at the present time.

FDOT District 3 is widening SR 87 from two to four lanes in three stages from US 98 to US 90, north of I-10.

**Table 6.8
Garcon Point Bridge
Long-Term Liability (\$000)
FY 2016**

Transaction		Amount
Balance, July 1, 2015		\$21,625
Additions	Costs for FY 2016 ⁽¹⁾	1,447
	Other ⁽²⁾	(3)
Balance, June 30, 2016		\$23,069

(1) Costs for FY 2016 include the following: Toll Operations (TOBC - Direct & Indirect), Total Routine Maintenance and Other DSB Costs (Capital Costs Direct & Capital Costs Indirect).

(2) Correction to beginning balance.

The 4-mile segment from US 98 to north of Five Forks Road has been completed, along with the 3-mile segment between Five Forks Road and the Eglin Air Force Base boundary. In June 2015, a contract was executed for the 5.4-mile segment from the Eglin AFB boundary to two miles south of the Yellow River Bridge with an anticipated completion date of July 2017. In November 2015, a contract was executed to widen SR 87 from two miles south of the Yellow river Bridge to CR 184 with an anticipated completion date of June 2017. At present, the Department has PD&E studies underway for both the realignment of SR 87 at US 90 and the widening of existing SR 87/ US 90 from the current intersection points with SR 87 (both north and south). Over the long term, this increased capacity on SR 87 is likely to negatively impact traffic and revenue on the Garcon Point Bridge as customers are diverted to the newly-widened competing facility.

6.6 EXPENSE FORECASTS

Projected operating and routine maintenance expenses for FY 2017 through FY 2027 are shown in **Table 6.9**. Budgeted operating expenses for FY 2017 are approximately \$1.1 million. The operating expense budget is developed by the Turnpike Enterprise Finance Office. **Appendix C** contains a detailed description of the FY 2017 operating expense budget. Subsequent to FY 2017, operating expenses are projected to grow at 2.0 percent annually. The routine maintenance expense forecast is provided by the Department's Office of Project

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**Table 6.9
Garcon Point Bridge
Projected Operating and Routine
Maintenance Expenses (\$000)
FY 2017 through FY 2027**

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total Operating & Routine Maintenance Expenses
2017	\$1,102	\$200	\$1,302
2018	1,124	108	1,232
2019	1,146	108	1,254
2020	1,169	108	1,277
2021	1,192	108	1,300
2022	1,216	108	1,324
2023	1,240	110	1,350
2024	1,265	112	1,377
2025	1,290	115	1,405
2026	1,316	117	1,433
2027	1,342	119	1,461

Note: Operating expenses are based on the budget developed by Turnpike Enterprise Finance Office for FY 2017.

Finance through FY 2022. Subsequent to FY 2022, routine maintenance expenses were increased at approximately 2.0 percent annually.

6.7 REVENUE SUFFICIENCY

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.

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” ratio 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). The Authority has never met the required coverage ratio.

As required by the bond resolution, annual “net” debt service is defined as annual debt service less

interest earnings on funds reserved for debt service and capitalized interest.

Effective January 1, 2013, the Bank of New York Mellon, serving as trustee, formally 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

MID-BAY BRIDGE AUTHORITY SYSTEM

7.1 BACKGROUND

The Mid-Bay Bridge Authority (“Authority”) System includes the 3.6-mile, limited access, two-lane, fixed span Mid-Bay Bridge (“Bridge”) and the 11-mile Walter Francis Spence Parkway (“Parkway”). The Bridge traverses Choctawhatchee Bay, connecting Niceville and Destin in southeast Okaloosa County. The Bridge opened to traffic in June 1993 with one mainline toll plaza located on the north side of the bay. **Figure 7.1** shows a map of the Bridge and the Parkway which runs from the Bridge to SR 85. The first section of the Parkway (Bridge to SR 20) opened to traffic in May 2011 as a four-lane, limited-access approach. The second section (SR 20 to Range Road) opened to traffic in September 2011. Phases 2 and 3 of the Parkway (Range Road to SR 85) opened to traffic on January 4, 2014, with all-electronic toll collection beginning two days later, on January 6, 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 85, the Parkway is now four lanes to Range Road and two lanes to SR 85 except for the section of roadway through and in the immediate vicinity of the All-Electronic Toll (AET) gantry, where it widens to four lanes. On the south side of the bay, SR 293 continues as a four-lane arterial approach (Danny Wuerffel Way) for approximately one mile and intersects with US 98. Overall, SR 293 is 15.5 miles in length. The Parkway has full interchanges at Lakeshore Drive, SR 20, Range Road, SR 285, SR 85 and an at-grade intersection at Forest Road (located between Range Road and SR 285, north of the toll gantry).

The Authority was established in 1986 as a dependent special district of Okaloosa County to plan, construct, operate, and maintain a bridge traversing Choctawhatchee Bay and other such

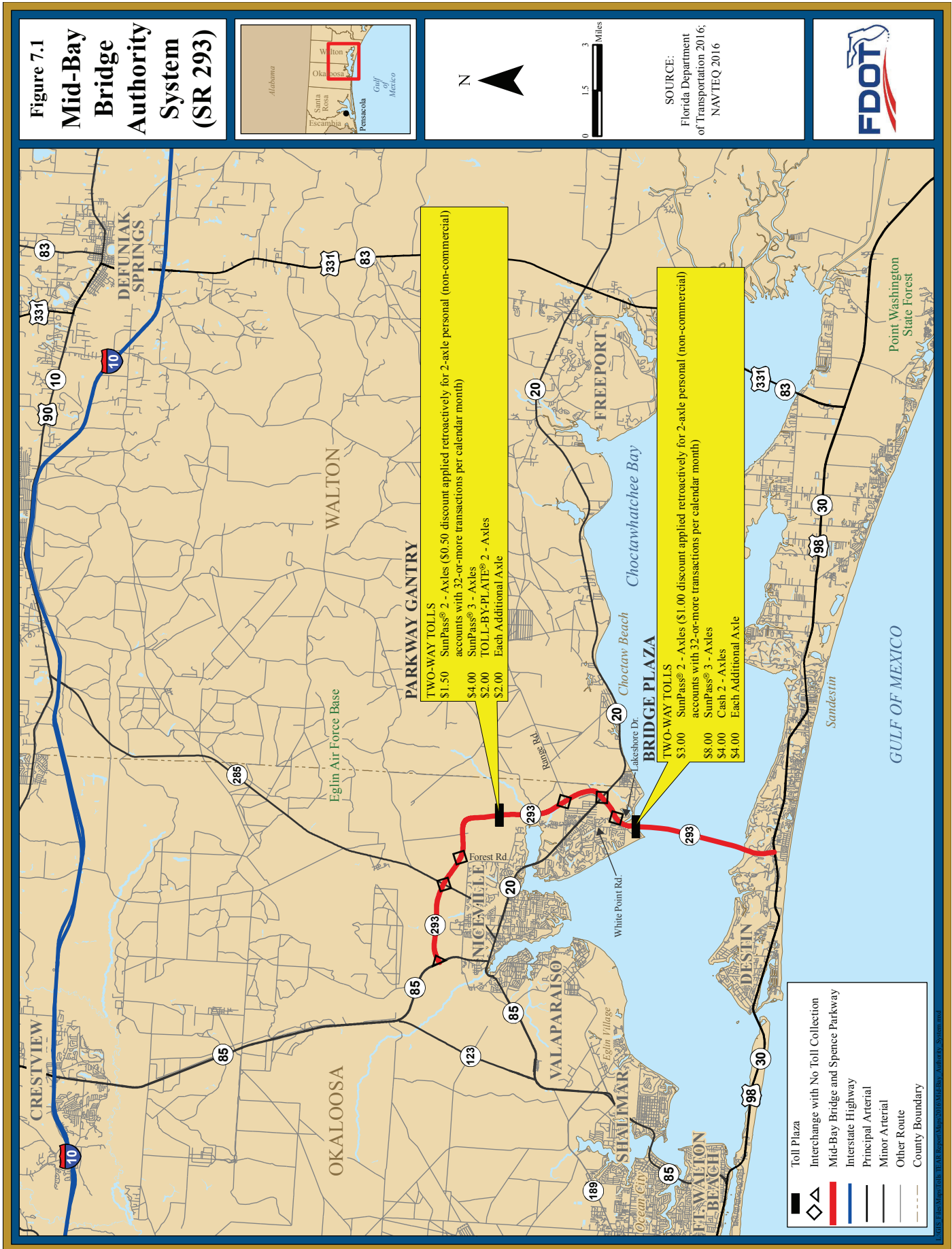


transportation facilities that become part of the System. The Authority entered into a Lease - Purchase Agreement with the Department whereby the Department maintains and operates the System and remits all of the tolls collected to the Authority as lease payments. The lease term runs concurrently with the bonds and when the bonds mature and are fully paid, the Department will obtain full ownership of the Mid-Bay Bridge Authority System.

The Authority operates on the Okaloosa County fiscal year which ends September 30. However, for consistency across all eight Department-owned and Department-operated facilities, all FY 2016 data for this facility is reported according to the Department's fiscal year ending June 30, 2016, unless otherwise noted.

Tolls are collected in both directions on the Bridge. The toll for two-axle vehicles was \$2.00 from 1993, when the bridge opened, until September 30, 2004. A discount for two-axle vehicles under SunPass® was offered 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

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for vehicles with three or more axles (regardless of whether they pay by 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.

Tolls on the Parkway are collected at a point north of Range Road and south of Forest Road. Tolls are collected using AET technology. Users have the option of paying with SunPass® or TOLL-BY-PLATE® (TBP). Those electing to pay by TBP have the option of either setting up a prepaid account (to avoid service charges) or having a statement sent to them via US mail. Toll rates on the Spence Parkway are one-half those on the Mid-Bay Bridge, as follows: two-axle vehicles using SunPass® pay \$1.00, two-axle vehicles paying by TBP are charged a \$1.50 and three-or-more axle vehicles (regardless of the payment method) pay tolls calculated using the “N minus 1” method and increase at the rate of \$1.50 per axle over the \$1.50 TBP two-axle toll.

Effective October 1, 2015, tolls were increased on both the Bridge and the Parkway as follows:

Two-axle vehicles:

Bridge: Cash \$4.00
 SunPass® (infrequent users, those making 40-or-less trips per month per account): \$3.00

SunPass® (frequent users, those making 41-or-more trips per month per account): \$2.00

Parkway: TOLL-BY-PLATE® \$2.00
 SunPass® (infrequent users, those making 40-or-less trips per month per account): \$1.50

SunPass® (frequent users, those making 41-or-more trips per month per account): \$1.00

Three-or-more axle vehicles (regardless of the payment method) pay tolls calculated using the

“N minus 1” method and increase at the rate of \$4.00 per axle over the \$4.00 cash two-axle toll on the Bridge and \$2.00 per axle over the \$2.00 TOLL-BY-PLATE® two-axle toll on the Parkway.

On November 17, 2016 the Board of the Mid-Bay Bridge Authority voted to modify the two-axle frequent user SunPass® toll rate by lowering the threshold required to take advantage of the lowest toll rates from 41-or-more trips per month per account to 32-or-more trips per month per account. This change is effective January 1, 2017. This change could have a negative effect on toll revenues.

7.2 FY2016 TRANSACTIONS AND TOLL REVENUES

Generally, both traffic and revenue on the Bridge have increased over the years. The annual increase in traffic and revenue for the facility from FY 2006 through FY 2016 is presented in **Table 7.1**. Traffic and toll revenue has grown from 7.7 million

Table 7.1
Mid-Bay Bridge Authority
Historical Transactions and Revenue Growth
State FY 2006 through State FY 2016

Fiscal Year	Transactions (000)				Toll Revenue (\$000)		Average Toll
	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change	
2006	7,529	156	7,685	-	\$14,540	-	\$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
2014 ⁽¹⁾	7,644	43	7,687	17.1	17,021	7.7	2.214
2015	9,720	54	9,774	27.1	19,954	17.2	2.042
2016 ⁽²⁾	9,984	52	10,036	2.7	25,371	27.1	2.528

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. This data will not match the audited data maintained by the Mid-Bay Bridge Authority because of the difference in fiscal years.

(1) The Spence Parkway opened to traffic on January 4, 2014. Toll collection on the facility started on January 6, 2014.

(2) Tolls increased October 1, 2015.

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transactions and \$14.5 thousand in FY 2006 to 10.0 million transactions and \$25.4 thousand in FY 2016. Toll revenues increased due to the toll rate increases and the opening of the Parkway. However, Bridge traffic did decline as a result of the economic slowdown affecting the state of Florida, particularly the reduced level of tourism in Okaloosa and Walton counties.

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

Post-oil spill transactions (and toll revenue) began an upward climb as tourists began to return to the area and as the economy began to recover.

With the opening of the Parkway in January 2014, both total transactions and total toll revenue increased. These large increases can be directly attributable to the opening of the Spence Parkway. In FY 2015, the first full year the Parkway was open, total transactions increased 27.1 percent, while FY 2015 toll revenue increased 17.2 percent over the prior year.

Additionally, the increase in traffic can be attributed to the continued economic growth and an increase in tourism in the area. Northwest Florida again experienced another positive tourist season. FY 2016 hotel bed tax collections in Okaloosa and Walton counties (combined) were up 8.9 percent over FY 2015 levels.

In FY 2016 there was an increase of 2.7 percent in transactions and 27.1 percent in toll revenue,

respectively, over FY 2015 again, with the revenue increase being attribute to the toll rate increase.

Monthly transactions and toll revenue on the Bridge and the Parkway facilities during FY 2016 are presented in **Table 7.2**. The first quarter (July through September), which includes the peak season, experienced the most transactions of any quarter while the fourth quarter (April through June) experienced the highest revenue of any quarter.

Table 7.2
Mid-Bay Bridge Authority
Monthly Transactions and Toll Revenue
State FY 2016

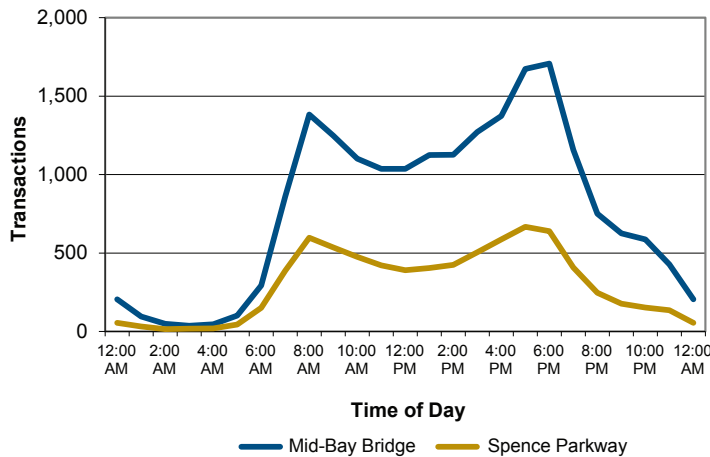
Month	Transactions (000)			Toll Revenue (\$000)		
	Mid-Bay Bridge	Spence Parkway	Total	Mid-Bay Bridge	Spence Parkway	Total
July 2015	780	326	1,106	\$1,940	\$366	\$2,306
August	668	265	933	1,631	296	1,927
September	591	230	821	1,421	258	1,679
1st Quarter Total	2,039	821	2,860	4,992	920	5,912
October	583	221	804	1,856	325	2,181
November	510	175	685	1,613	258	1,871
December	538	174	712	1,683	254	1,937
2nd Quarter Total	1,631	570	2,201	5,152	837	5,989
January 2016	490	164	654	1,534	239	1,773
February	504	171	675	1,588	244	1,832
March	618	237	855	1,981	335	2,316
3rd Quarter Total	1,612	572	2,184	5,103	818	5,921
April	610	231	841	1,953	331	2,284
May	685	268	953	2,223	372	2,595
June	708	289	997	2,306	364	2,670
4th Quarter Total	2,003	788	2,791	6,482	1,067	7,549
Annual Total	7,285	2,751	10,036	\$21,729	\$3,642	\$25,371

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

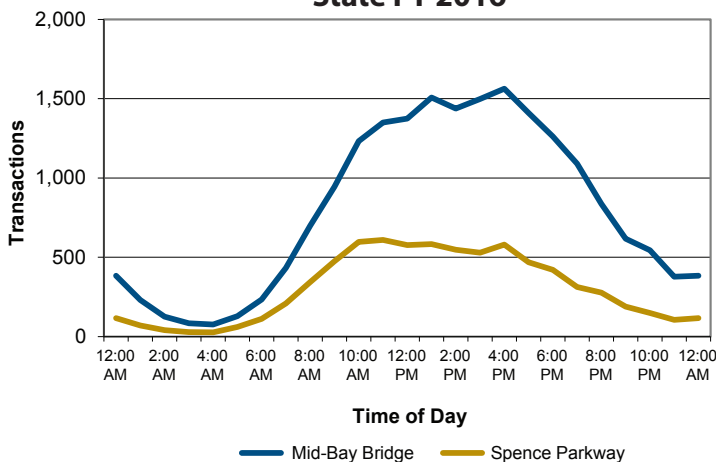
Notes: Transactions represent toll-paying and non-revenue traffic at Mid-Bay Bridge and the Spence Parkway plazas.

Graph 7.1 shows the number of hourly weekday and weekend transactions of a typical week during FY 2016 for the Bridge and the Parkway. As

**Graph 7.1
Mid-Bay Bridge Authority
Typical Hourly Weekday Transactions
State FY 2016**



**Typical Hourly Weekend Transactions
State FY 2016**



Source: Data obtained from Turnpike Enterprise Finance Office for the 7-day period beginning Monday, September 21, 2015.

expected, the demand for travel on the facilities during weekdays is highest during the morning and evening peak hours. Almost 1,400 vehicles used the Bridge during the morning peak hour from 8:00 a.m. to 9:00 a.m. while, during the same time period, almost 600 vehicles used the Parkway. In the evening peak period more than 1,700 vehicles used the Bridge and almost 640 vehicles used the Parkway facility from 6:00 p.m. to 7:00 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 each of the facilities.

The monthly transaction variations for the Bridge and the Parkway in FY 2016 are analyzed in **Table 7.3**. The overall two-way Annual Average Daily Traffic (AADT) for the combined Bridge and Parkway for FY 2016 was 27,400. The peak season occurs in spring and summer. May, June and July were the highest months with July at 30 percent above the average for the combined facilities. January was the lowest month at 23 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.

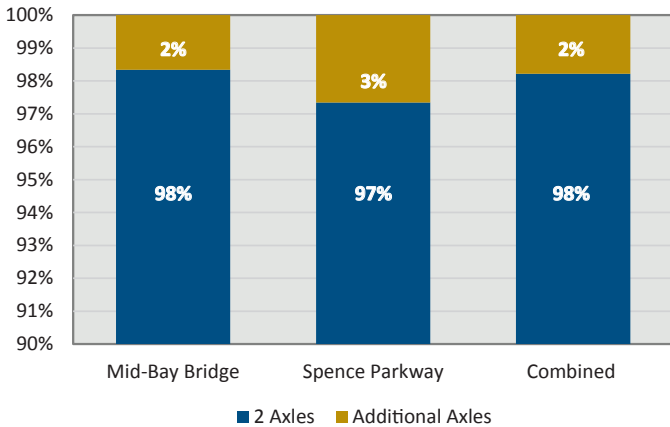
**Table 7.3
Mid-Bay Bridge Authority
Seasonal Transaction Variation
State FY 2016**

Month	Average Daily Transactions			Seasonal Factor
	Mid-Bay Bridge	Spence Parkway	Total	
July 2015	25,200	10,500	35,700	1.30
August	21,500	8,500	30,000	1.09
September	19,700	7,700	27,400	1.00
October	18,800	7,100	25,900	0.95
November	17,000	5,800	22,800	0.83
December	17,400	5,600	23,000	0.84
January 2016	15,800	5,300	21,100	0.77
February	17,400	5,900	23,300	0.85
March	19,900	7,600	27,500	1.00
April	20,300	7,700	28,000	1.02
May	22,100	8,600	30,700	1.12
June	23,600	9,600	33,200	1.21
AADT	19,900	7,500	27,400	1.00

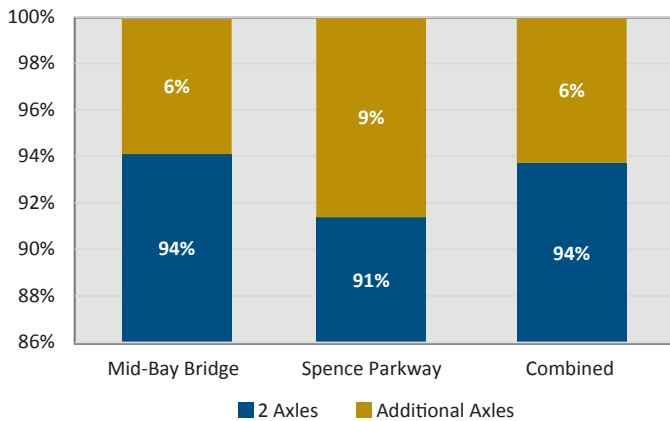
The traffic and revenue contributions from trucks on the Bridge, the Parkway and the combined facilities are shown in **Graph 7.2**. For FY 2016, trucks accounted for approximately 2 percent of traffic on the Bridge, three percent on

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**Graph 7.2
Mid-Bay Bridge Authority
Transactions by Axle Class
State FY 2016**



**Revenue Contribution by Axle Class
State FY 2016**



the Parkway and two percent on the combined facilities. Correspondingly, the revenue collected from truck traffic amounted to six percent of the total on the Bridge, nine percent on the Parkway and six percent on the combined facilities. In terms of actual amounts, vehicles with three or more axles provided approximately \$1.3 million on the Bridge, \$305 thousand on the Parkway and \$1.6 million total.

7.3 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. Toll collection on the Parkway is accomplished via AET at a four-lane (two lanes each way) toll gantry (See Appendix A for the toll plaza configurations).

The percentage of SunPass® transactions on the System during FY 2016 is shown in **Table 7.4**. As indicated, SunPass® transactions totaled approximately 6.4 million, resulting in a participation rate of 64 percent. Individually, the SunPass® participation rate on the Bridge during FY 2016 was 66 percent while on the Parkway the participation rate was 59 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 both the Bridge and the Parkway.

**Table 7.4
Transactions by Payment Method
State FY 2016**

Month	Transactions (000)			Percent SunPass®
	SunPass®	Non-SunPass®	Total	
July 2015	601	505	1,106	54.3%
August	562	371	933	60.2
September	529	292	821	64.4
October	534	270	804	66.4
November	489	196	685	71.4
December	520	192	712	73.0
January 2016	485	169	654	74.2
February	485	190	675	71.9
March	544	311	855	63.6
April	535	306	841	63.6
May	575	378	953	60.3
June	568	429	997	57.0
Total	6,427	3,609	10,036	
Percentage	64.0%	36.0%	100.0%	

Source: Turnpike Enterprise Finance Office.
Notes: Non-SunPass® transactions represent toll-paying and non-revenue transactions.

The resulting SunPass® revenue on the Bridge and the Parkway is approximately \$15.1 million, or 59.6 percent of all revenue collected on the System. The SunPass® revenue amount is net of the SunPass® rebates for the two facilities (for those eligible accounts incurring 41-or-more transactions per calendar month per facility) which, for FY 2016, amounted to approximately \$1.1 million. **Table 7.5** shows revenue contributions from SunPass® and non-SunPass® on the combined facilities by month. Note that while SunPass® contributed approximately 59.6 percent of the total combined toll revenue in FY 2016, SunPass® comprised approximately 64.0 percent of the overall, combined facilities traffic. This is due to the lower (discounted) toll paid by two-axle SunPass® customers.

Table 7.5
Mid-Bay Bridge Authority
Gross Toll Revenue by Payment Method
State FY 2016

Month	Gross Toll Revenue (\$000)			Percent SunPass®
	SunPass®	Non-SunPass®	Total	
July 2015	\$1,112	\$1,194	\$2,306	48.2%
August	1,033	\$894	\$1,927	53.6
September	974	\$705	\$1,679	58.0
October	1,332	\$849	\$2,181	61.1
November	1,250	\$621	\$1,871	66.8
December	1,330	\$607	\$1,937	68.7
January 2016	1,242	\$531	\$1,773	70.1
February	1,236	\$596	\$1,832	67.5
March	1,366	\$950	\$2,316	59.0
April	1,355	\$929	\$2,284	59.3
May	1,454	\$1,141	\$2,595	56.0
June	1,435	\$1,235	\$2,670	53.7
Total	\$15,119	\$10,252	\$25,371	
Percentage	59.6%	40.4%	100.0%	

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

7.4 FY 2016 EXPENSES AND LIABILITIES

Historical operating and routine maintenance expenses from FY 2006 through FY 2016 are

presented in **Table 7.6**. Operating expenses have increased from approximately \$1.6 million in FY 2006 to \$3.0 million in FY 2016. During the same period, routine maintenance expenses increased from \$194 thousand to \$220 thousand. Combined, total O&M expenses increased from \$1.8 million in FY 2006 to \$3.2 million in FY 2016. FY 2016 operating expenses increased by approximately 6.2 percent, or \$174 thousand, from FY 2015. The increase was primarily related to increased toll collection costs resulting from increased traffic growth. Beginning in FY 2016, certain revenues no longer offset expense; thus, operating expenses in prior years appear lower in comparison to FY 2016.

Table 7.6
Florida Department of Transportation
Historical Operating and Routine
Maintenance Expenses (\$000)
State FY 2006 through State FY 2016

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
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
2014	2,348	261	2,609
2015	2,795	312	3,107
2016	2,969	220	3,189

Source: FDOT Office of the Comptroller.

Maintenance of the Bridge has been performed under a private Asset Maintenance Contract since FY 2005. Maintenance activities include roadside mowing and upkeep, guardrail repair, shoulder repair, bridge inspection and other routine maintenance. FY 2016 maintenance expenses decreased 29.5 percent, or \$92 thousand, primarily due to no underwater dive during bridge inspection. In addition to routine maintenance expenses, approximately \$449 thousand in periodic

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maintenance and capital improvement expenses were incurred during FY 2016 primarily for an upgrade of the Bridge toll system.

Table 7.7
Florida Department of Transportation
Operating and Routine Maintenance
Expenses (\$000)
State FY 2016

Type of Expense	Budget	Actual	Over/ (Under)	Variance
Operating	\$2,612	\$2,969	\$357	13.7%
Routine Maintenance	277	220	(57)	(20.6)
Total	\$2,889	\$3,189	\$300	10.4%

Source: FDOT Office of the Comptroller, Turnpike Enterprise Finance Office and the FY 2015 Enterprise Toll Operations Traffic Engineer's Annual Report.

A comparison between actual and budgeted operating and routine maintenance expenses for FY 2016 is presented in **Table 7.7**. The primary difference in operating expense is attributed to the fact that the budget reflects an estimate of Department charges designed to offset certain costs, whereas such amounts are not reflected in the actual expense. Actual operating expenses of \$3.0 million were higher than the FY 2016 budget by approximately \$357 thousand, or 13.7 percent, primarily due to increased toll collection costs resulting from increased traffic growth. Actual routine maintenance expenses of \$220 thousand were lower than the FY 2016 budget by approximately \$57 thousand, or 20.6 percent, primarily due to no underwater bridge inspection. Overall, operating and routine maintenance expenses for FY 2016 were \$300 thousand more than budgeted amounts.

As reflected in **Figure 7.2**, moneys in excess of the current operating and maintenance liability to the Department 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 is to be used by the Authority for any lawful purpose at such time as

Table 7.8
Mid-Bay Bridge Authority
STTF Long-Term Liability (\$000)
State FY 2016

Transaction	Amount
Balance, July 1, 2015	\$12,244
Additions ⁽¹⁾	3,376
Reductions ⁽²⁾	4,540
Balance, June 30, 2016	\$11,080

Source: FDOT Office of the Comptroller.

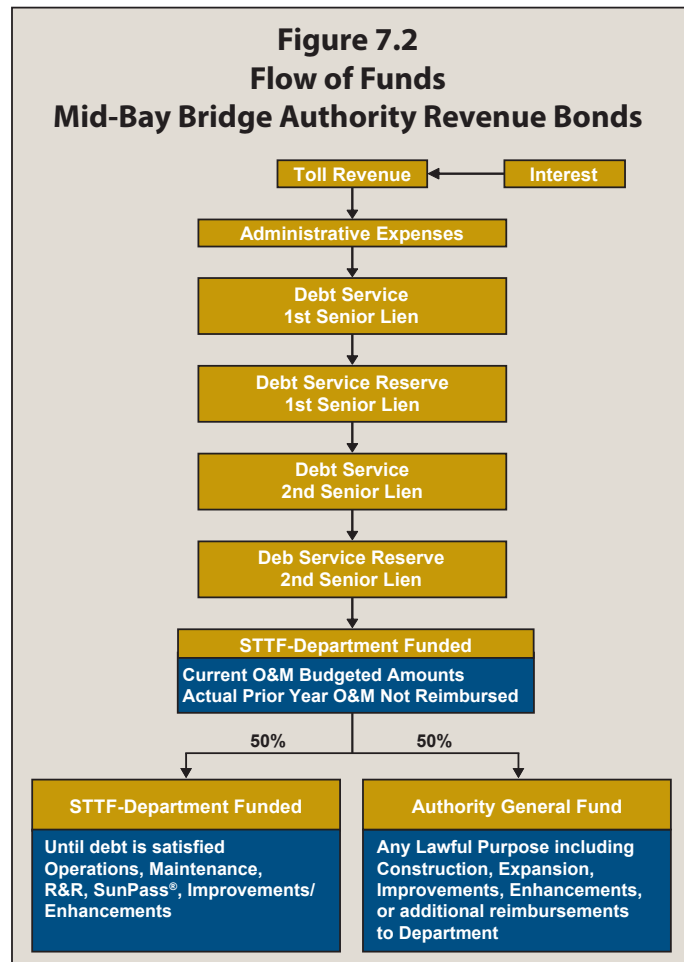
(1) Additions represent increases in the long-term liability due to O&M expenses and improvements.

(2)) As used here, reductions represent reimbursements made by the Authority to the Department from its revenue fund.

the Authority shall determine.

An analysis of the FY 2016 State Transportation Trust Fund (STTF) long-term liability is presented in **Table 7.8**. FY 2016 additions to the liability totaled approximately \$3.4 million. During FY 2016,

Figure 7.2
Flow of Funds
Mid-Bay Bridge Authority Revenue Bonds



\$4.5 million was reimbursed to the Department, comprised of \$4.4 million for operating and maintenance expenses and \$100.4 thousand for the Mid-Bay Bridge Authority Toll Rate Study.

7.5 NOTEWORTHY EVENTS

The Department announced in the first half of calendar year 2013, that a contract was awarded 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 summer 2016 (FY 2017). Ground was broken for the project on December 30, 2013 with construction commencing in January 2014. This 3.3-mile project (span) is toll-free. The anticipated completion date of the bridge is spring 2017 (FY 2017). 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 Authority System. This route may be attractive to tourists coming from I-10 and the east. In addition to the second span, US 331 was recently widened to four lanes from the north end of the US 331 bridge to south of SR 20. The remainder of this segment (south of SR 20 to SR 20) is expected to be complete in January 2017 (FY 2017) along with the widening of US 331 from SR 20 to I-10. The Department has also begun a PD&E study for capacity improvements along US 331 from I-10 to the Alabama state line. The expansion of US 331 is expected to have a slightly negative effect on the traffic and revenue of the Mid-Bay Bridge Authority System.

7.6 EXPENSE FORECASTS

The Department's projected operating and maintenance expenses for FY 2017 through FY 2027 are shown in **Table 7.9**. The operating expenses in FY 2017 represent the budget amount for that fiscal year (see Appendix C for a detailed description of the FY 2016 operating



expense budget). Subsequent to FY 2017, operating expenses are projected to grow at 2.0 percent annually to allow for inflation.

Routine and Periodic Maintenance expenses are provided by the Department's Office of Project Finance through FY 2022 and FY 2021, respectively. Subsequent years have been increased at 2.0 percent annually through FY 2027.

Table 7.9
Florida Department of Transportation
Projected Operating and Maintenance
Expenses (\$000)
State FY 2017 through State FY 2027

Fiscal Year	Operating Expense	Maintenance Expenses		Total O&M Expenses
		Routine	Periodic ⁽¹⁾	
2017	\$2,986	\$359	\$904	\$4,249
2018	3,046	257	516	3,819
2019	3,107	257	463	3,827
2020	3,169	122	263	3,554
2021	3,232	122	115	3,469
2022	3,297	122	117	3,536
2023	3,363	124	120	3,607
2024	3,430	127	122	3,679
2025	3,499	129	124	3,752
2026	3,569	132	127	3,828
2027	3,640	135	130	3,905

Note: Operating expenses are based on the budget developed by Turnpike Enterprise Finance Office for FY 2016.

(1) Periodic maintenance expenses were provided by the FDOT Project Finance Office based on estimated expenditures from the 5-Year Work Program and are reported on a cash basis. Periodic maintenance expenses beyond FY 2021 include a minimal level of preservation (excluding extraordinary expenses such as major bridge repairs) that are based on FY 2021 expenses increased at 2.0 percent annually.

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7.7 REVENUE SUFFICIENCY

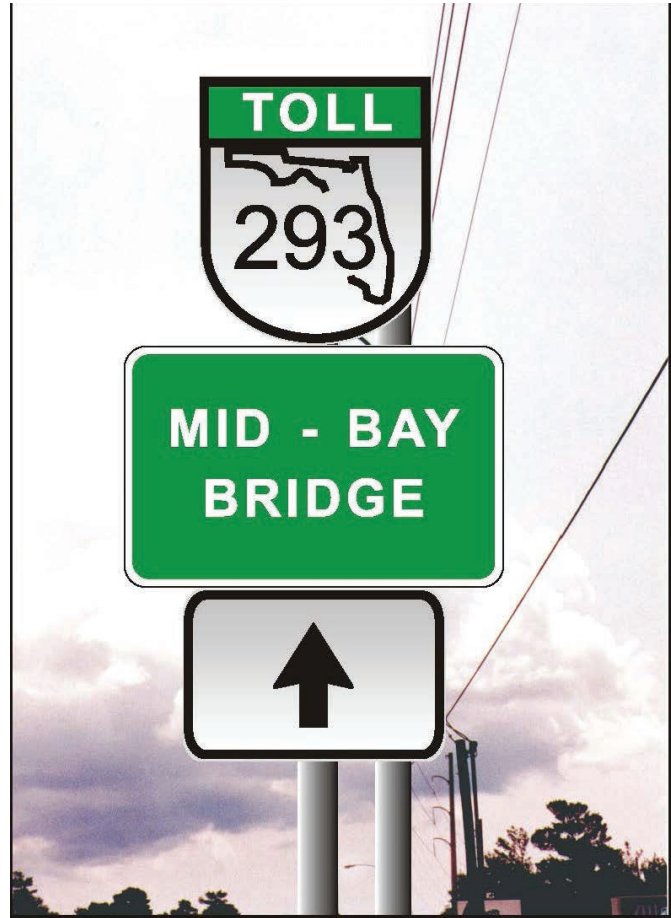
In June 2015, the Authority refinanced all outstanding debt with issuance of the Series 2015 Revenue Bonds. The total amount of the bond issue was \$285,040,000, consisting of three series:

1st Senior Lien Revenue Bonds – Series 2015A – \$227,040,000;

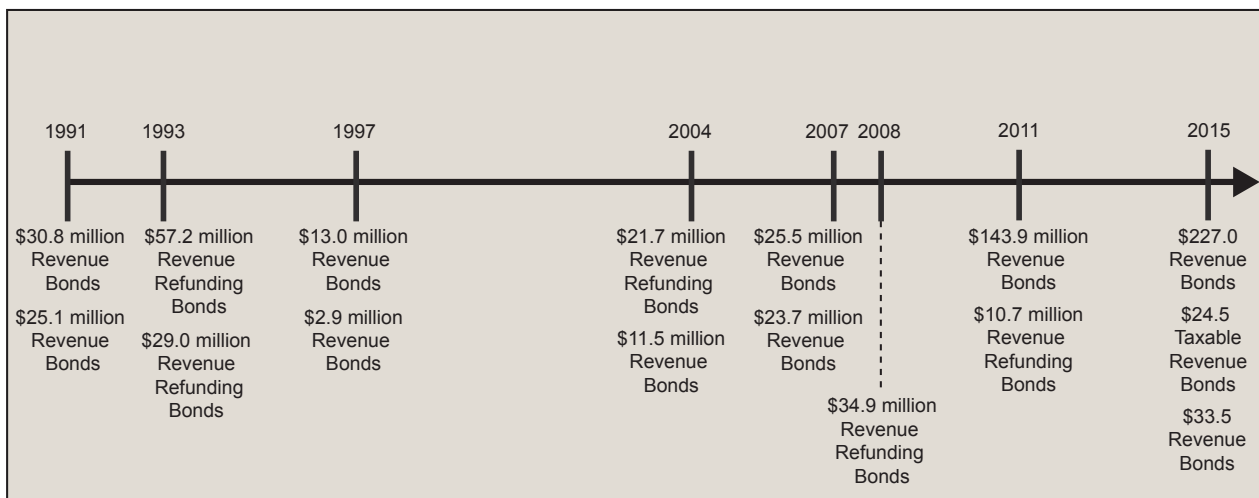
1st Senior Lien Taxable Revenue Bonds – Series 2015B - \$24,500,000; and

2nd Senior Lien Revenue Bonds – Series 2015C - \$33,500,000.

As of October 3, 2016, bonds in the principal amount of \$281.3 million remained outstanding from the Series 2015. A timeline of Mid-Bay Bridge bond sales for the facility is shown in **Figure 7.3**.



**Figure 7.3
Mid-Bay Bridge Authority Bond Issues**



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