

# Department-Operated Facilities



## GARCON POINT BRIDGE

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- \$5.2 million total toll revenue
- 1.4 million total transactions
- SunPass participation increased to 39.2 percent during the year.



## MID-BAY BRIDGE/WALTER FRANCIS SPENCE PARKWAY

PAGE 107

- \$17.0 million total toll revenue
- 7.7 million total transactions
- SunPass participation increased to 64.7 percent during the year.

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## GARCON POINT BRIDGE

### 8.1 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 8.1** shows a map of Garcon Point Bridge and the surrounding area. The toll plaza is located at the southern end of Garcon Point, and tolls are collected in both directions. Beyond the Gulf Breeze peninsula, south of Santa Rosa Sound, the Sikes Bridge (SR 399) and Navarre Bridge provide access to the resort communities on Santa Rosa Island.

The Santa Rosa Bay Bridge Authority, established in 1984, oversaw the financing and construction of the Garcon Point Bridge. Construction of this two-lane facility was financed by the Series 1996 Revenue



Bonds. The two-lane bridge opened to traffic on May 14, 1999.

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

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

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

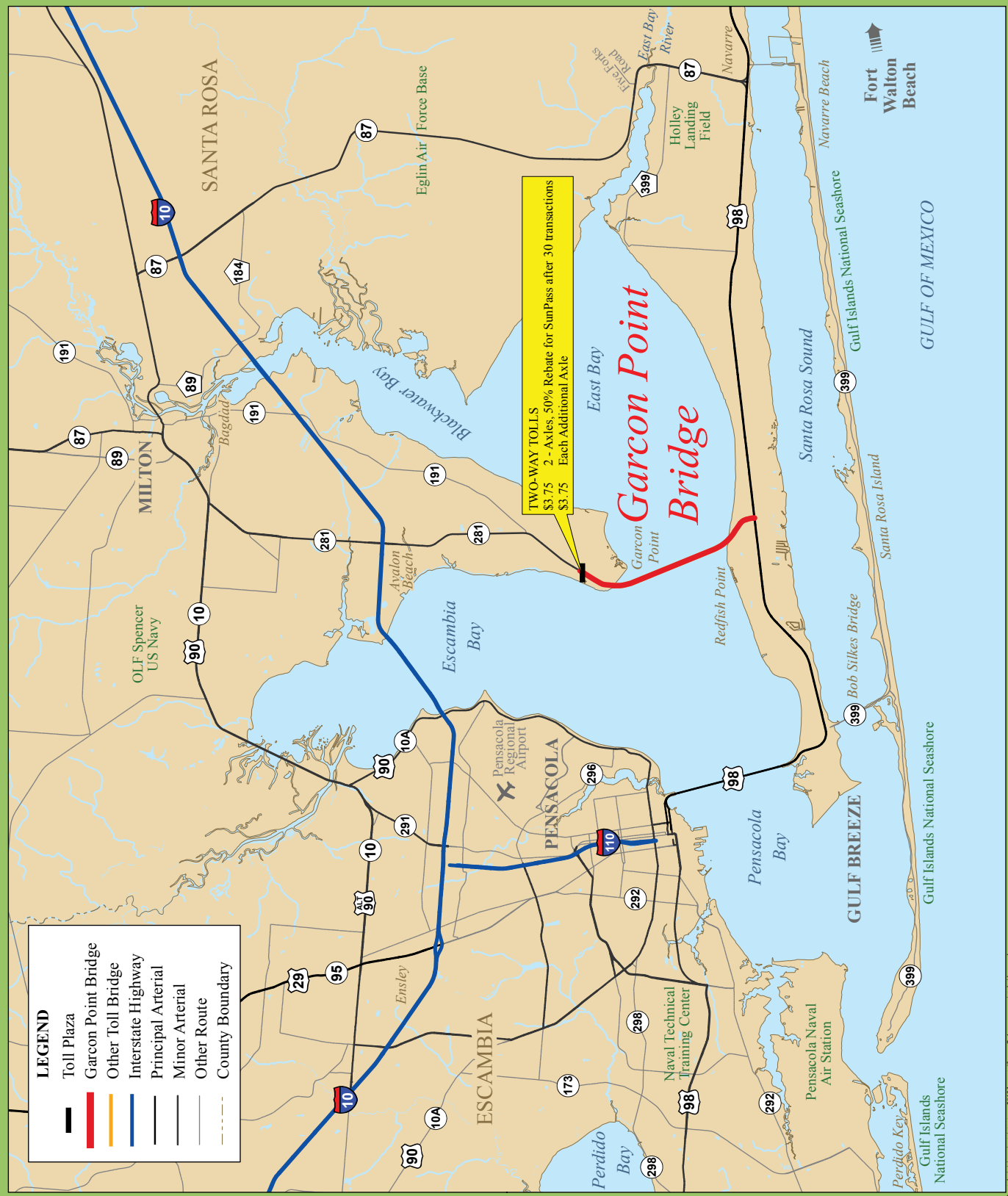
Figure 8.1

# Garcon Point Bridge



SOURCE:  
Florida Department  
of Transportation 2014;  
NAVTEQ 2013

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advised investors that neither the State of Florida nor Santa Rosa County would have any responsibility for payment of the bond debt. The Department continues to operate and maintain the Garcon Point Bridge. Further details can be found in **Section 8.6**

**- Revenue Sufficiency.**

When the Garcon Point Bridge opened to traffic in May 1999, the toll for passenger cars and other two-axle vehicles was set at \$2.00. Based on the toll rate increase schedule discussed later in **Section 8.5**, the toll rate was increased to \$2.50 for two-axle vehicles in FY 2002. On July 1, 2004 (FY 2005) the two-axle toll rate increased to \$3.00, reflecting the second scheduled toll rate increase. The third scheduled toll rate increase went into effect on July 1, 2007 (FY 2008), which increased the two-axle rate to \$3.50. On January 5, 2011 (FY 2011) the two-axle rate increased to \$3.75, reflecting the fourth scheduled toll rate increase. 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 toll facility. Tolls for vehicles with three or more axles are calculated using the “N minus 1” method and increase at the rate of \$3.75 per axle above that of the two-axle toll.

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

**Table 8.1** shows historical transactions and revenue growth on the Garcon Point Bridge. In FY 2005, total transactions increased 1.2 percent from FY 2004, while revenue increased by approximately 28.3 percent. The modest increase in transactions can be attributed to the active hurricane season, as well as the elasticity associated with the July 2004 toll rate increase. The increase in toll revenue is due to the toll rate increase and increased truck traffic brought about by post-hurricane construction in the area. FY 2008 transactions and toll revenue decreased by 13.6 and 0.5 percent, respectively. The decrease in traffic and revenue in FY 2007 and FY 2008 can primarily be attributed to the economic slowdown and rising fuel prices. Additionally, FY 2008 transactions were negatively impacted by the July 2007 toll rate increase. Despite the impacts of the economic slowdown, FY 2008 revenue only decreased by 0.5 percent due to the additional revenue generated from the toll rate increase. FY 2009 transactions and toll revenue decreased by 8.6 percent and 8.3 percent,

**Table 8.1  
Garcon Point Bridge  
Historical Transactions and Revenue Growth  
FY 2004 through FY 2014**

Fiscal Year	Transactions (000)				Toll Revenue <sup>(1)</sup> (\$000)		Average Toll
	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change	
2004	1,477	18	1,495	-	\$3,588	-	\$2,400
2005	1,489	24	1,513	1.2%	4,604	28.3%	3.043
2006	1,660	29	1,689	11.6	4,997	8.5	2.959
2007	1,666	4	1,670	(1.1)	4,790	(4.1)	2.868
2008	1,439	4	1,443	(13.6)	4,767	(0.5)	3.304
2009	1,312	7	1,319	(8.6)	4,369	(8.3)	3.312
2010	1,264	4	1,268	(3.9)	4,203	(3.8)	3.315
2011	1,243	8	1,251	(1.3)	4,276	1.7	3.418
2012	1,268	22	1,290	3.1	4,592	7.4	3.559
2013	1,284	26	1,310	1.6	4,736	3.1	3.615
2014	1,421	19	1,440	9.9	5,225	10.3	3.628

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.

## ENTERPRISE TOLL OPERATIONS



respectively. The decrease in traffic and revenue in FY 2009 can be attributed to the economic recession. Traffic decreased in FY 2010 due to the continuing recession, but also due to the BP Oil Spill which began on April 20, 2010 and continued during the remainder of the fiscal year.

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

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

In FY 2013, there were a total of 1.3 million transactions (revenue and non-revenue combined), generating revenues of almost \$4.7 million. Compared to FY 2012, total transactions increased 1.6 percent

while revenues increased 3.1 percent. This modest increase in traffic and revenue can be attributed to normal traffic growth after the recovery from the recession, and the rebound from the BP Oil spill that began in April 2010 and the effects of the toll increase that occurred in January 2011.

In FY 2014 there were a total of 1.4 million transactions (revenue and non-revenue combined), generating revenues of \$5.2 million. Compared to FY 2013, total transactions increased 9.9 percent while revenues increased 10.3 percent. This increase in traffic and revenue can be attributed to a continuing rebound, or increase, in traffic due to improving economic conditions in Florida and the United States in general. Further, during the spring and summer of 2014, Northwest Florida had a record-breaking tourist season. Hotel bed tax collections were up double digits in April, May and June from 2013 levels.

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

Historical operating and routine maintenance expenses from FY 2004 through FY 2014 are presented in **Table 8.2**. Operating expenses have decreased slightly from approximately \$1.2 million in FY 2004 to \$1.0 million in FY 2014. In FY 2014, total operating expenses increased by 2.7 percent or \$27 thousand from FY 2013. This increase in operating expenses is primarily due to an increase in credit card fees, toll plaza operating contracts and transponder purchases.

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 road-side mowing and upkeep, guardrail repair, shoulder repair and other routine maintenance items. Maintenance activity has been provided in-house

**Table 8.2**  
**Garcon Point Bridge**  
**Historical Operating and Routine**  
**Maintenance Expenses (\$000)**  
**FY 2004 through FY 2014**

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
2004	\$1,174	\$14	\$1,188
2005	994	99	1,093
2006	868	93	961
2007	1,020	118	1,138
2008	1,051	124	1,175
2009	997	98	1,095
2010	956	135	1,091
2011	969	160	1,129
2012	1,017	196	1,213
2013	987	148	1,135
2014	1,014	159	1,173

Source: FDOT Office of the Comptroller.

beginning in FY 2012. Toll facilities maintenance and bridge inspections are performed outside the scope of the Asset Maintenance Contract. FY 2014 routine maintenance expenses increased approximately \$11 thousand, or 7.4 percent, from the prior year due to an increase in general maintenance on the facility and bridge inspection costs.

**Table 8.3**  
**Garcon Point Bridge**  
**Monthly Transactions and Toll Revenue**  
**FY 2014**

Month	Transactions (000)	Toll Revenue (\$000)
July 2013	141	\$521
August	135	487
September	112	409
1st Quarter Total	388	1,417
October	110	390
November	100	362
December	100	361
2nd Quarter Total	310	1,113
January 2014	93	329
February	95	339
March	126	455
3rd Quarter Total	314	1,123
April	120	439
May	145	532
June	163	601
4th Quarter Total	428	1,572
<b>Annual Total</b>	<b>1,440</b>	<b>\$5,225</b>

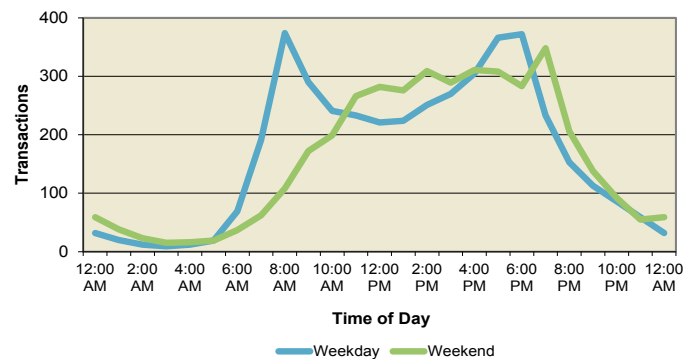
Source: FDOT Office of the Comptroller (Annual Toll Revenue) and Turnpike Enterprise Finance Office.  
Note: Transactions represent toll-paying and non-revenue traffic at the mainline plaza.

## 8.2 FY 2014 TRANSACTIONS AND TOLL REVENUES

Monthly transactions and toll revenue on the Garcon Point Bridge during FY 2014 are presented in **Table 8.3**. The second and third quarters generated a similar number of transactions and toll revenue.

**Graph 8.1** shows the number of hourly weekday and weekend transactions of a typical week during FY 2014 on the Garcon Point Bridge. As indicated, weekday demand for travel on the facility is highest during the morning and evening peak hours. The morning peak hour occurs from 7:00 a.m. to 9:00 a.m. and the afternoon peak occurs from 4:00 p.m. to 6:00 p.m. In addition, midday traffic volumes of just over 200 vehicles per hour show the relative influence of non-commuters (tourist/recreational travelers) on the facility. The influence of tourists and recreational travelers is noticeably more pronounced on the weekends.

**Graph 8.1**  
**Garcon Point Bridge**  
**Typical Hourly Transactions**  
**FY 2014**



Source: Data obtained from Turnpike Enterprise Finance Office for the 7-day period beginning Monday March 24, 2014.

**Table 8.4** shows the monthly seasonal transaction variation in FY 2014. On average, approximately 3,900 vehicles use the bridge each day, up 300 vehicles per day from FY 2013. 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

**ENTERPRISE TOLL OPERATIONS**

by 38 percent. January was the lowest month at 23 percent below the average, in part due to a winter storm that hit the panhandle area.

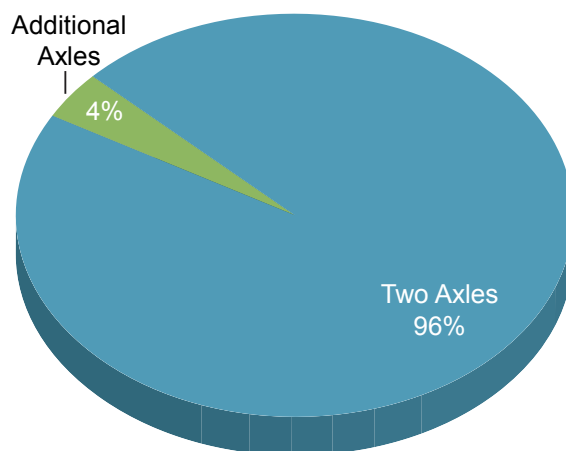
**Table 8.4  
Garcon Point Bridge  
Seasonal Transaction Variation  
FY 2014**

Month	Average Daily Transactions	Seasonal Factor
July 2013	4,500	1.15
August	4,300	1.10
September	3,700	0.95
October	3,600	0.92
November	3,300	0.85
December	3,200	0.82
January 2014	3,000	0.77
February	3,400	0.87
March	4,100	1.05
April	4,000	1.03
May	4,700	1.21
June	5,400	1.38
<b>AADT</b>	<b>3,900</b>	<b>1.00</b>

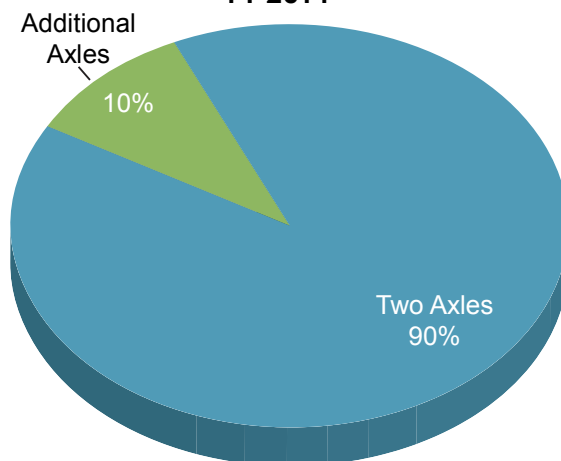
Traffic and revenue contributions for trucks on the Garcon Point Bridge are shown in **Graph 8.2**. For FY 2014, trucks accounted for approximately 4 percent of traffic on the facility. Correspondingly, the revenue collected from truck traffic translated into almost 10 percent of the total revenue on the facility. The revenue percentage for trucks is influenced by the “N minus 1” toll structure. In terms of actual revenues, trucks provided approximately \$0.6 million of the total revenues, while passenger vehicles comprised the remaining \$4.6 million.



**Graph 8.2  
Garcon Point Bridge  
Transactions by Axle Class  
FY 2014**



**Revenue Contribution by Axle Class  
FY 2014**



### 8.3 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 8.5** shows the SunPass transactions on Garcon Point Bridge during FY 2014. SunPass usage totaled 564 thousand transactions in FY 2014, resulting in a SunPass participation rate of 39.2 percent, up slightly from 38.5 percent in FY 2013. On a daily basis, approximately 1,545 vehicles out of 3,900 utilize SunPass. The monthly SunPass participation ranged from 31.2 percent in July 2013 to 47.3 percent in January 2014, peaking during the winter months due to a lower percentage of tourists.

**Table 8.5  
Garcon Point Bridge  
Transactions by Payment Method  
FY 2014**

Month	Transactions (000)			Percent SunPass
	SunPass	Non-SunPass	Total	
July 2013	44	97	141	31.2%
August	46	89	135	34.1
September	46	66	112	41.1
October	49	61	110	44.5
November	44	56	100	44.0
December	44	56	100	44.0
January 2014	44	49	93	47.3
February	43	52	95	45.3
March	50	76	126	39.7
April	49	71	120	40.8
May	52	93	145	35.9
June	53	110	163	32.5
<b>Total</b>	<b>564</b>	<b>876</b>	<b>1,440</b>	
<b>Percentage</b>	<b>39.2%</b>	<b>60.8%</b>	<b>100.0%</b>	

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

Revenue attributable to SunPass for FY 2014 totaled \$1.9 million, as shown in **Table 8.6**. This amount represents 36.1 percent of all toll revenue. The SunPass revenue amount is net of the SunPass discount for the facility, which for FY 2014, amounted to approximately \$367 thousand. The monthly SunPass revenue

contribution ranged from a low of 29.2 percent to a high of 43.5 percent during FY 2014. Non-SunPass payments accounted for 63.9 percent of total revenue in FY 2014.

**Table 8.6  
Garcon Point Bridge  
Gross Toll Revenue by Payment Method  
FY 2014**

Month	Gross Toll Revenue (\$000)			Percent SunPass
	SunPass	Non-SunPass	Total	
July 2013	\$152	\$369	\$521	29.2%
August	154	333	487	31.6
September	149	260	409	36.4
October	157	233	390	40.3
November	149	213	362	41.2
December	149	212	361	41.3
January 2014	143	186	329	43.5
February	145	194	339	42.8
March	164	291	455	36.0
April	165	274	439	37.6
May	181	351	532	34.0
June	178	423	601	29.6
<b>Total</b>	<b>\$1,886</b>	<b>\$3,339</b>	<b>\$5,225</b>	
<b>Percentage</b>	<b>36.1%</b>	<b>63.9%</b>	<b>100.0%</b>	

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

### 8.4 FY 2014 EXPENSES AND LIABILITIES

The actual operating and routine maintenance expenses in FY 2014 are shown in **Table 8.7**. In FY 2014 operating expenses amounted to \$1.0 million, while routine maintenance expenses amounted to \$159 thousand. This results in an overall total for both operating and routine maintenance expenses of approximately \$1.2 million for FY 2014.

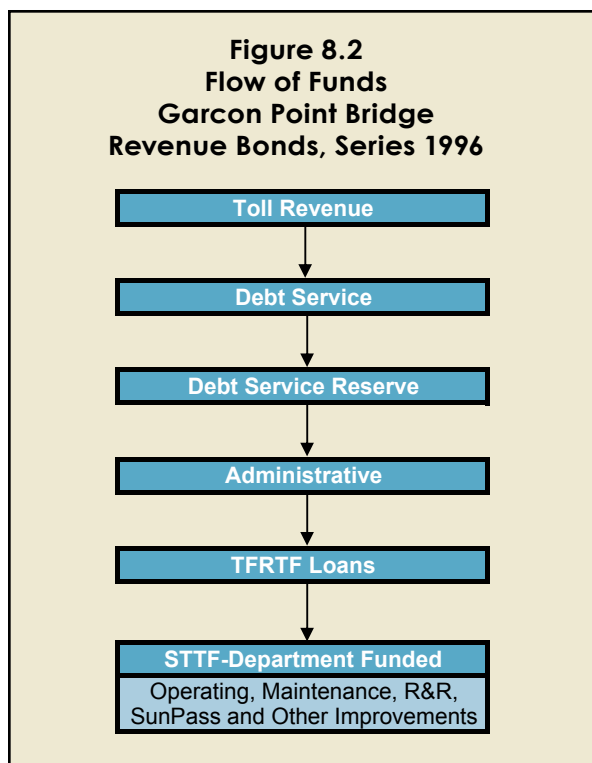
**Table 8.7  
Garcon Point Bridge  
Operating and Routine Maintenance  
Expenses (\$000)  
FY 2014**

Type of Expense	Actual
Operating	\$1,014
Routine Maintenance	159
<b>Total</b>	<b>\$1,173</b>

Source: FDOT Office of the Comptroller, Turnpike Enterprise Finance Office. There is no FY 2014 budget as the Asset Maintenance Contract expired in FY 2011. All maintenance activity is provided in-house beginning in FY 2012.

**ENTERPRISE TOLL OPERATIONS**

As shown in **Figure 8.2**, Garcon Point Bridge has liabilities payable to the Department for TFRTF loans and an advance from the STTF. The first payable is an advance from the Department's Toll Facility Revolving Trust Fund (TFRTF). As of June 30, 2014, the TFRTF balance was approximately \$7.9 million, to be paid back when sufficient funds become available (i.e., when the debt service reserve is fully funded).



The second payable is an advance for the costs of operating and maintaining the toll facility. The Department, in accordance with the Lease-Purchase Agreement between the Department and the Santa Rosa Bay Bridge Authority, pays operating and maintenance expenses on the bridge. As such, the Department considers these expenses as long-term receivables. This liability is to be paid subsequent to the payment of the TFRTF loans. An analysis of the long-term liability for FY 2014 is presented in **Table 8.8**. As indicated, the long-term liability balance as of June 30, 2014 was approximately \$20.4 million.

**Table 8.8  
Garcon Point Bridge  
Long-Term Liability (\$000)  
FY 2014**

Transaction		Amount
Balance, July 1, 2013		\$19,199
Additions	Operating & Routine Maintenance	1,173
	Other <sup>(1)</sup>	17
Balance, June 30, 2014		\$20,389

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

**8.5 NOTEWORTHY EVENTS**

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

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

In late January of 2014 a winter storm hit the Panhandle area of the state. This resulted in the suspension of toll collection on the Garcon Point Bridge on January 28 and 29. Due to the suspension of tolls, the Department reimbursed the Authority in the amount of \$9,948. In addition, there were severe and heavy rains on April 29 and 30, 2014 with rainfall amounts ranging from 17 to 26 inches. Due to this rain, parts of the Scenic Highway (US 90) in Pensacola, on the west side of Pensacola Bay, were washed out and the road was not fully reopened until July 17, 2014.

FDOT District 3 is widening SR 87 from two to four lanes in four stages from US 98 to US 90, north of I-10. The 4-mile segment from US 98 to north of Five Forks Road

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

## 8.6 REVENUE SUFFICIENCY

Each year, an amount of principal and accrued interest on the outstanding bonds becomes due and payable. This amount is known as the annual debt service. As a test of the ability of a facility to repay the annual debt service, a "coverage" calculation is performed. In accordance with the Series 1996 Bond Resolution, gross revenues are required to provide 120 percent of the Annual Net Debt Service Requirement (or a 1.2 coverage ratio). It should be noted that the Authority has not met the required coverage ratio in a number of years.

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

Pursuant to the bond resolutions, approximately \$9.2 million in Santa Rosa Bay Bridge Authority, Series 1996 bond proceeds were deposited into a Debt Service Reserve Fund established to meet debt service payment in instances where toll revenues are deficient. During FY 2002 through FY 2011, approximately \$7.4 million of these funds were used to supplement gross toll revenues to satisfy debt service requirements.

As a result, the remaining balance (\$1.8 million) was not sufficient to pay for the July 1, 2011 debt service payment. The Bank of New York Mellon sent a notice of default to the Authority on April 27, 2011. A new board has been formed to look into possible restructuring of the debt. The Department continues to collect toll revenues from the bridge and these are remitted to the Bank of New York Mellon. On June 29, 2012 a notice was sent to the Authority from the Bank of New York Mellon stating that "on or about March 26, 2012, the Trustee disbursed amounts remaining in the Reserve Account as set forth in its Notice of Special Distribution for Holders dated March 6, 2012. It is anticipated that Gross Revenues will be insufficient to pay debt service for the foreseeable future. Accordingly, the Trustee will not be making any payments on July 1, 2012."

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

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

As reported in the June 19, 2014 Meeting Minutes of the Authority, the Chairman presented a check from FDOT in the amount of \$9,948 as reimbursement for the suspension of toll collection that took place on January 28 and January 29, 2014 as a result of an ice storm. As noted in the meeting minutes, the full amount was forwarded to the Trustee.

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## MID-BAY BRIDGE AND WALTER FRANCIS SPENCE PARKWAY

### 9.1 BACKGROUND

The Mid-Bay Bridge is a 3.6-mile, limited access, two-lane, fixed span toll bridge that 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 9.1** shows a map of the bridge and the 11-mile Mid-Bay Bridge Connector (Mid-Bay Bridge to SR 85). The first section of the Connector (Mid-Bay 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 Connector (Range Road to SR 85) opened to traffic on January 4, 2014, with toll collection beginning two days later, on January 6, 2014. The Connector was designated the Walter Francis Spence Parkway by the Florida State Legislature and signed into law by the Governor in May 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 north approach 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 toll 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 one mile and intersects with US 98. Overall, SR 293 is 15.5 miles in length. The Spence 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 Mid-Bay Bridge Authority was established in 1986 as a dependent special district of Okaloosa County to plan, construct, operate, 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 Bridge (and subsequently Spence Parkway) and remits all of the tolls collected to the Authority as lease payments. The term of the lease runs concurrently with the bonds. At the time the bonds mature and are fully paid, the Department will have full ownership of the Mid-Bay Bridge system.

The Mid-Bay Bridge Authority operates on a fiscal year ending September 30. However, for consistency across all seven Department-owned and Department-operated facilities, all FY 2014 data for this facility is reported according to the Department's fiscal year ending June 30, 2014.

Tolls are collected in both directions on the Mid-Bay Bridge. The toll for two-axle vehicles was \$2.00 from 1993, when the bridge opened, until September 30, 2004. A book of 20 coupons, valid for one month, was offered for sale to commuters at a cost of \$20 (a 50 percent discount). With the conversion to SunPass, coupons were discontinued on May 31, 1999. The discount for two-axle vehicles continued under SunPass

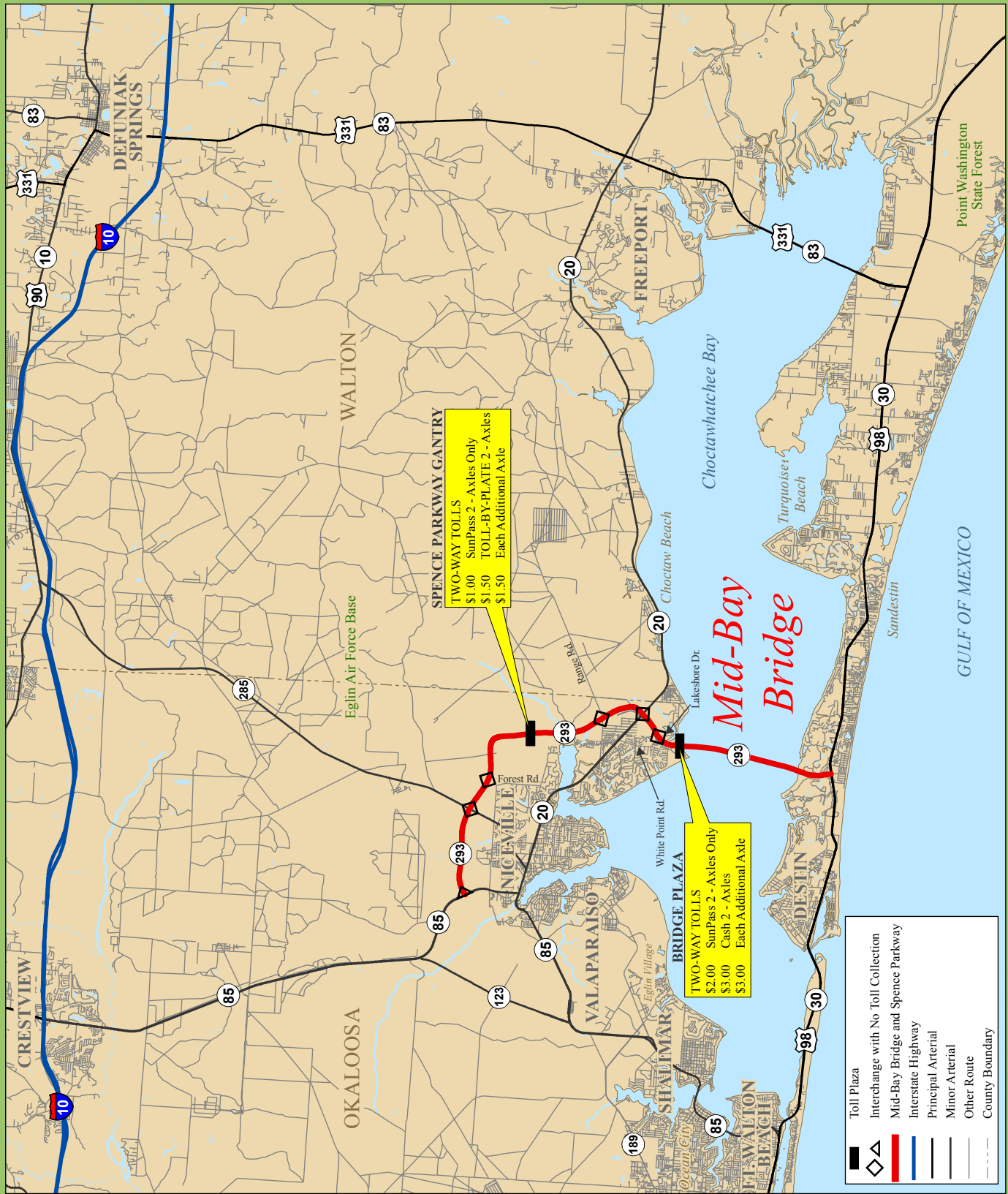
Figure 9.1

# Mid-Bay Bridge



SOURCE:  
Florida Department  
of Transportation 2014;  
NAVTEQ 2013

Produced by:  
URS Corporation



	Toll Plaza
	Interchange with No Toll Collection
	Mid-Bay Bridge and Spence Parkway
	Interstate Highway
	Principal Arterial
	Minor Arterial
	Other Route
	County Boundary

L:\Maps\Tolls\TEAP\Report\Map\2014\Figure 9.1 Mid-Bay Bridge.mxd

with a \$1.00 discount off the \$2.00 cash toll without any limitations on trip frequency. Effective October 1, 2004 (FY 2005), the two-axle toll rate increased to \$2.50 for cash customers and \$1.50 for SunPass customers. Then, on June 1, 2010 (FY 2010) tolls were increased to \$3.00 for cash customers and \$2.00 for SunPass customers. Tolls for vehicles with three or more axles (regardless of whether they pay by 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 Forrest Road. Tolls are collected using All-Electronic Tolling (AET) technology. Users have the option of paying using SunPass or TOLL-BY-PLATE (TBP). Those electing to pay by TBP have the option of either setting up a prepaid account (and avoid service charges) or having a statement sent to them via the US mail and incurring a service charge of \$2.50 per monthly statement plus the applicable tolls. Toll rates on the 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 toll 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.

Generally, both traffic and revenue on the Mid-Bay Bridge have increased over the years. The annual increase in traffic and revenue for the facility from FY 2004 through FY 2014 is presented in **Table 9.1**. In FY 2004, total transactions were approximately 6.9 million and toll revenues were approximately \$10.3 million. In FY 2005, transactions and toll revenues increased by 9.8 percent and 31.9 percent, respectively, primarily due to the October 2004 toll rate

increase and continued development in the area. From FY 2006 to FY 2007, transactions decreased by 3.0 percent and revenues decreased by 2.3 percent. This decrease in traffic and revenue in FY 2007 can be attributed to the residual impact of the severe hurricane seasons in 2004 and 2005, as well as the economic slowdown affecting the state of Florida, e.g., the reduced level of tourism in Okaloosa and Walton counties. Potential visitors were not making motel-hotel-condominium reservations, not only because of any renewed hurricane threat, but apparently due to post-hurricane concerns (from the 2004-2005 seasons) back in their respective communities. The decline in traffic and revenue in FY 2008 and FY 2009 can be attributed to the economic recession. In FY 2011, transactions decreased by 4.0 percent, whereas revenue increased by 20.2 percent compared to FY 2010. FY 2011 transactions were negatively impacted by the June 2010 toll rate increase and the continuing uncertainty of the economic recovery, which is further discussed in the **Overview** chapter of this report. However, FY 2011 revenue significantly increased due to the additional revenue generated from the first full year of the toll rate increase.

**Table 9.1**  
**Mid-Bay Bridge Authority**  
**Historical Transactions and Revenue Growth**  
**State FY 2004 through State FY 2014**

Fiscal Year	Transactions (000)			Percent Change	Toll Revenue (\$000)		Average Toll
	Toll Paying	Non Revenue	Total		Amount	Percent Change	
2004	6,915	21	6,936	-	\$10,254	-	\$1.478
2005	7,361	256	7,617	9.8%	13,528	31.9%	1.776
2006	7,529	156	7,685	0.9	14,540	7.5	1.892
2007	7,452	3	7,455	(3.0)	14,200	(2.3)	1.905
2008	7,165	3	7,168	(3.8)	13,421	(5.5)	1.872
2009	6,789	50	6,839	(4.6)	12,586	(6.2)	1.840
2010	6,755	4	6,759	(1.2)	12,867	2.2	1.904
2011	6,476	13	6,489	(4.0)	15,472	20.2	2.384
2012	6,491	30	6,521	0.5	15,699	1.5	2.407
2013	6,523	42	6,565	0.7	15,797	0.6	2.406
2014	7,644	43	7,687	17.1	17,021	7.7	2.214

Source: FDOT Office of the Comptroller and Turnpike Enterprise Finance Office.

Notes: The non-revenue class includes authorized vehicles that pass through a toll plaza without incurring a toll (i.e., law enforcement, emergency vehicles) and transactions reported during toll suspensions attributable to hurricanes.

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

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Transactions and revenue during the late spring-early summer of 2010 (FY 2011) were affected by the BP oil spill, which began with the explosion of the Deepwater Horizon drilling platform on April 20, 2010. While the oil slick moved eastward from the waters off of Louisiana to Mississippi and Alabama, and began affecting the beaches in Escambia and Santa Rosa Counties, it only minimally affected Okaloosa Island to the west of Destin. Accordingly, Mid-Bay Bridge traffic was affected more by media reports than by the actual oil spill.

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

FY 2013 transactions increased 0.7 percent over FY 2012 while FY 2013 toll revenue increased 0.6 percent over FY 2012, reflecting a modest rebound following the Great Recession.

With the opening of the Spence Parkway in January, total transactions in FY 2014 increased 17.1 percent over FY 2013, while FY 2014 toll revenue increased 7.7 percent over FY 2013. These large increases can be directly attributable to the opening of the Parkway. Taken separately, there were a total of 6.7 million total transactions on the Bridge in FY 2014, an increase of 2.3 percent over FY 2013. The increase in traffic can be attributed to the continued economic recovery and an increase in tourism in the area. During the spring and summer of 2014, Northwest Florida had a record-breaking tourist season. Hotel bed tax collections were up in April, May and June from 2013 levels. From its opening in January to the end of the fiscal year, there were a total of 971 thousand transactions on the Parkway.

Historical operating and routine maintenance expenses from FY 2004 through FY 2014 are presented in **Table 9.2**. Operating expenses have increased from approximately \$1.9 million in FY 2004 to just over \$2.3 million in FY 2014. This increase represents an average annual compounded growth rate of 2.4 percent. FY 2014 operating expenses increased by approximately 14.8 percent, or \$303 thousand, from FY 2013. The increase in FY 2014 operating expenses was primarily related to an increase in credit card fees, toll plaza operating contracts and insurance premiums.

**Table 9.2**  
**Mid-Bay Bridge Authority**  
**Historical Operating and Routine**  
**Maintenance Expenses (\$000)**  
**FY 2004 through FY 2014**

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
2004	\$1,852	\$131	\$1,983
2005	1,624	196	1,820
2006	1,643	194	1,837
2007	1,916	246	2,162
2008	2,058	213	2,271
2009	2,155	195	2,350
2010	1,971	167	2,138
2011	2,061	202	2,263
2012	2,124	187	2,311
2013	2,045	314	2,359
2014	2,348	261	2,609

Source: FDOT Office of the Comptroller.

Maintenance of the Mid-Bay Bridge has been performed under a private Asset Maintenance Contract beginning in FY 2005. Maintenance activities include roadside mowing and upkeep, guardrail repair, shoulder repair and other routine maintenance items. FY 2014 routine maintenance expenses decreased 16.9 percent, or \$53 thousand, from FY 2013 primarily due to a decrease in facility and roadway maintenance expenses performed under the Asset Management Contract. In addition to routine maintenance expenses, approximately \$3.1 million in periodic maintenance and capital improvement expenses were incurred during FY 2014 primarily for



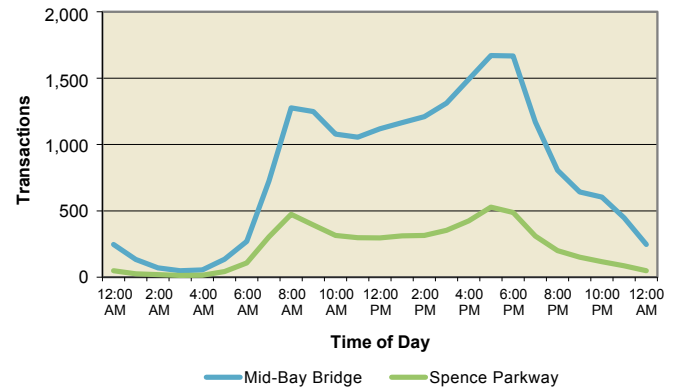
replacement of bearing pads at the piers on the Bridge and AET equipment and installation of the Parkway toll gantry. Mid-Bay Bridge bond proceeds were used to reimburse the department for the AET equipment and its installation.

### 9.2 FY 2014 TRANSACTIONS AND TOLL REVENUES

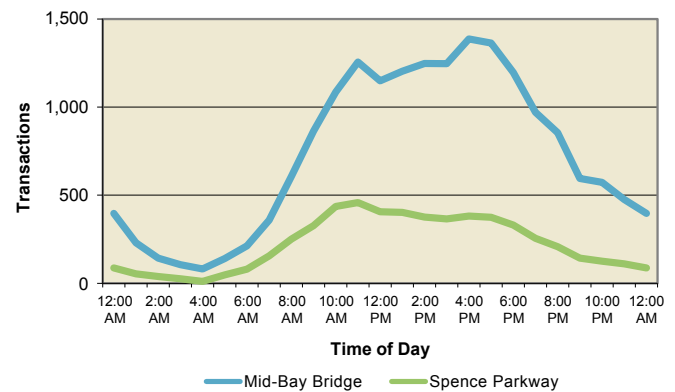
Monthly transactions and toll revenue on the Mid-Bay Bridge and the Spence Parkway facilities during FY 2014 are presented in **Table 9.3**. The fourth quarter (April through June) experienced the most transactions and highest revenue of any quarter. This is also the first period in which the Parkway was open for a full three-month quarter.

**Graph 9.1** shows the number of hourly weekday and weekend transactions of a typical week during FY 2014 for the Bridge and the Parkway facilities. As expected, the demand for travel on the facilities during weekdays is highest during the morning and evening peak hours. Approximately 1,300 vehicles

**Graph 9.1**  
**Mid-Bay Bridge Authority**  
**Typical Hourly Weekday Transactions**  
**FY 2014**



**Typical Hourly Weekend Transactions**  
**FY 2014**



Source: Data obtained from Turnpike Enterprise Finance Office for the 7-day period beginning Monday, March 10, 2014

**Table 9.3**  
**Mid-Bay Bridge Authority**  
**Monthly Transactions and Toll Revenue**  
**FY 2014**

Month	Transactions (000)			Toll Revenue (\$000)		
	Mid-Bay Bridge	Spence Parkway	Total	Mid-Bay Bridge	Spence Parkway	Total
July 2013	671	-	671	\$1,664	-	\$1,664
August	605	-	605	1,475	-	1,475
September	515	-	515	1,235	-	1,235
1st Quarter Total	1,791	-	1,791	4,374	-	4,374
October	532	-	532	1,271	-	1,271
November	484	-	484	1,139	-	1,139
December	508	-	508	1,187	-	1,187
2nd Quarter Total	1,524	-	1,524	3,597	-	3,597
January 2014	441	93	534	1,020	\$94	1,114
February	458	119	577	1,076	120	1,196
March	584	167	751	1,403	164	1,567
3rd Quarter Total	1,483	379	1,862	3,499	378	3,877
April	566	166	732	1,354	157	1,511
May	664	204	868	1,605	192	1,797
June	688	222	910	1,681	184	1,865
4th Quarter Total	1,918	592	2,510	4,640	533	5,173
<b>Annual Total</b>	<b>6,716</b>	<b>971</b>	<b>7,687</b>	<b>\$16,110</b>	<b>\$911</b>	<b>\$17,021</b>

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

used the Bridge during the morning peak hour from 8:00 a.m. to 9:00 a.m. while, during the same time period, 500 vehicles used the Parkway. In the evening peak period 1,700 vehicles used the Bridge and slightly over 500 vehicles used the Parkway facility from 4:00 p.m. to 6:00 p.m. On weekends, there is no clear morning or evening peak periods indicating that a large number of non-commuters, many associated with recreational travel, use each of the facilities.

The monthly transaction variation for the Bridge and the Parkway in FY 2014

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is analyzed in **Table 9.4**. The overall two-way annual average daily traffic (AADT) for the combined Mid-Bay Bridge and Spence Parkway for FY 2014 was 23,900. The peak season occurs in the late spring and early summer, continuing from March to August. May, June and July were the highest months with May and July at 17 percent above the average for the facility and June at 27 percent above the average. January was the lowest month at 26 percent below the average. It should be noted that the January results were also affected by the approximately two-day closure of the Bridge near the end of January due to a winter storm. Typically, the lowest

transaction levels occur from November through February, as it is the off-season for tourists and seasonal residents in northwest Florida.

The traffic and revenue contributions from trucks on the Bridge, the Parkway and the combined facilities are shown in **Graph 9.2**. For FY 2014, trucks accounted for approximately 2 percent of traffic on the Bridge, 3 percent on the Parkway and 2 percent on the combined facilities. Correspondingly, the revenue collected from truck traffic amounted to 4 percent of the total on the Bridge, 6 percent on the Parkway and 4 percent on the combined facilities. In terms of actual numbers, vehicles with three or more axles provided approximately \$0.6 million on the Bridge, \$0.1 million on the Parkway and \$0.7 million total.

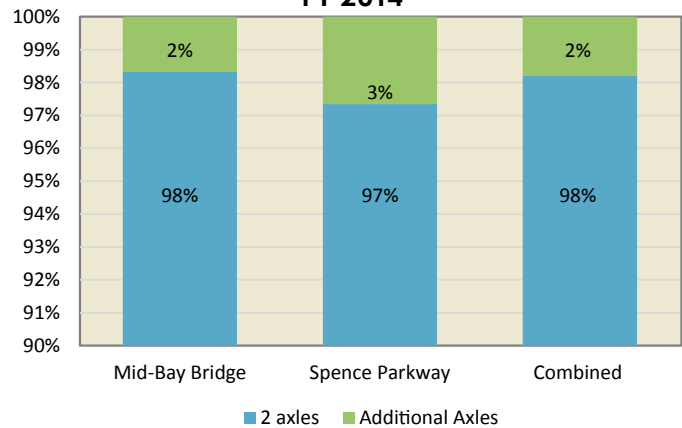
**Table 9.4**  
**Mid-Bay Bridge Authority**  
**Seasonal Transaction Variation**  
**FY 2014**

Month	Average Daily Transactions			Seasonal Factor
	Mid-Bay Bridge	Spence Parkway	Total	
July 2013	21,600		21,600	1.17
August	19,500		19,500	1.06
September	17,200		17,200	0.93
October	17,200		17,200	0.93
November	16,100		16,100	0.88
December	16,400		16,400	0.89
January 2014	14,200	3,600	17,800	0.74
February	16,400	4,300	20,700	0.87
March	18,800	5,400	24,200	1.01
April	18,900	5,500	24,400	1.02
May	21,400	6,600	28,000	1.17
June	22,900	7,400	30,300	1.27
<b>AADT</b>	<b>18,400</b>	<b>5,500</b>	<b>23,900</b>	<b>1.00</b>

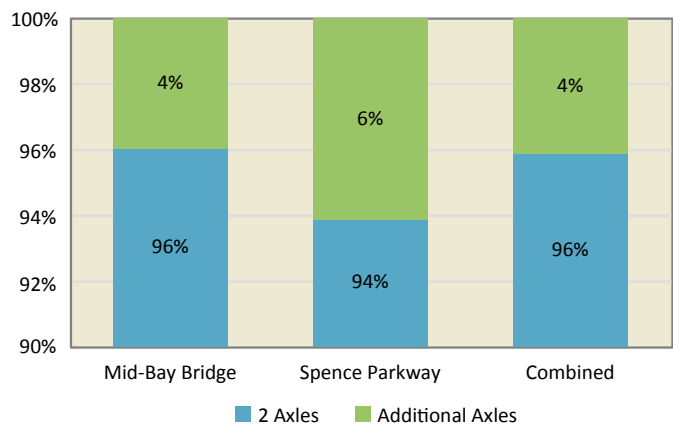
Note: The Spence Parkway facility opened to traffic on January 4, 2014. Toll collection on the facility started on January 6, 2014.



**Graph 9.2**  
**Mid-Bay Bridge Authority**  
**Transactions by Axle Class**  
**FY 2014**



**Revenue Contribution by Axle Class**  
**FY 2014**



### 9.3 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. As noted earlier, 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 percentages of SunPass transactions on the facilities during FY 2014 are shown in **Table 9.5**. As indicated, SunPass transactions totaled approximately 5.0 million, resulting in a participation rate of 64.7 percent. SunPass transactions on the Parkway were 0.6 million. Individually, the SunPass participation rate on the Bridge during FY 2014 was 65.3 percent while on the Parkway the participation rate was 60.8 percent. Correspondingly, non-SunPass transactions accounted for the remaining 2.7 million transactions or 35.3 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 9.5**  
**Mid-Bay Bridge Authority**  
**Transactions by Payment Method**  
**FY 2014**

Month	Transactions (000)			Percent SunPass
	SunPass	Non-SunPass	Total	
July 2013	388	283	671	57.8%
August	376	229	605	62.1
September	342	173	515	66.4
October	358	174	532	67.3
November	336	148	484	69.4
December	360	148	508	70.9
January 2014	386	148	534	72.3
February	409	168	577	70.9
March	481	270	751	64.0
April	479	253	732	65.4
May	537	331	868	61.9
June	524	386	910	57.6
<b>Total</b>	<b>4,976</b>	<b>2,711</b>	<b>7,687</b>	
<b>Percentage</b>	<b>64.7%</b>	<b>35.3%</b>	<b>100.0%</b>	

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

The resulting SunPass revenue on the Bridge and the Parkway is approximately \$9.8 million, or 57.5 percent, of all revenue collected on the facility. The Parkway SunPass revenue accounted for \$0.6 million of the total SunPass revenue. Non-SunPass revenue totaled approximately \$7.2 million, or 42.5 percent, in FY 2014. **Table 9.6** shows revenue contributions from SunPass and non-SunPass on the combined facilities by month. Note that while SunPass contributed approximately 57.5 percent of the total combined toll revenue in FY 2014, as previously mentioned, SunPass comprised approximately 64.7 percent of the overall, combined facilities traffic. This is due to the lower (discounted) toll paid by two-axle SunPass customers. It should be noted that the above SunPass transaction and revenue results are skewed as a result of the January opening of the Parkway.

**Table 9.6**  
**Mid-Bay Bridge Authority**  
**Gross Toll Revenue by Payment Method**  
**FY 2014**

Month	Gross Toll Revenue (\$000)			Percent SunPass
	SunPass	Non-SunPass	Total	
July 2013	\$814	\$850	\$1,664	48.9%
August	788	\$687	\$1,475	53.4
September	712	\$523	\$1,235	57.7
October	748	\$523	\$1,271	58.9
November	700	\$439	\$1,139	61.5
December	748	\$439	\$1,187	63.0
January 2014	733	\$381	\$1,114	65.8
February	767	\$429	\$1,196	64.1
March	900	\$667	\$1,567	57.4
April	894	\$617	\$1,511	59.2
May	1,002	\$795	\$1,797	55.8
June	978	\$887	\$1,865	52.4
<b>Total</b>	<b>\$9,784</b>	<b>\$7,237</b>	<b>\$17,021</b>	
<b>Percentage</b>	<b>57.5%</b>	<b>42.5%</b>	<b>100.0%</b>	

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

### 9.4 FY 2014 EXPENSES AND LIABILITIES

A comparison between actual and budgeted operating and routine maintenance expenses for FY 2014 is presented in **Table 9.7**. Actual FY 2014 operating expenses were less than the budget by \$76 thousand, or 3.1 percent. This decrease in actual operating expenses is primarily due to lower expenses originally budgeted for transponder purchases. Actual routine maintenance expenses of \$261 thousand

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**Table 9.7  
Mid-Bay Bridge Authority  
Operating and Routine Maintenance Expenses  
(\$000)  
FY 2014**

Type of Expense	Budget	Actual	Over/ (Under)	Variance
Operating	\$2,424	\$2,348	(\$76)	(3.1%)
Routine Maintenance	321	261	(60)	(18.7)
<b>Total</b>	<b>\$2,745</b>	<b>\$2,609</b>	<b>(\$136)</b>	<b>(5.0%)</b>

Source: FDOT Office of the Comptroller, Turnpike Enterprise Finance Office and the FY 2013 Enterprise Toll Operations Traffic Engineer's Annual Report.

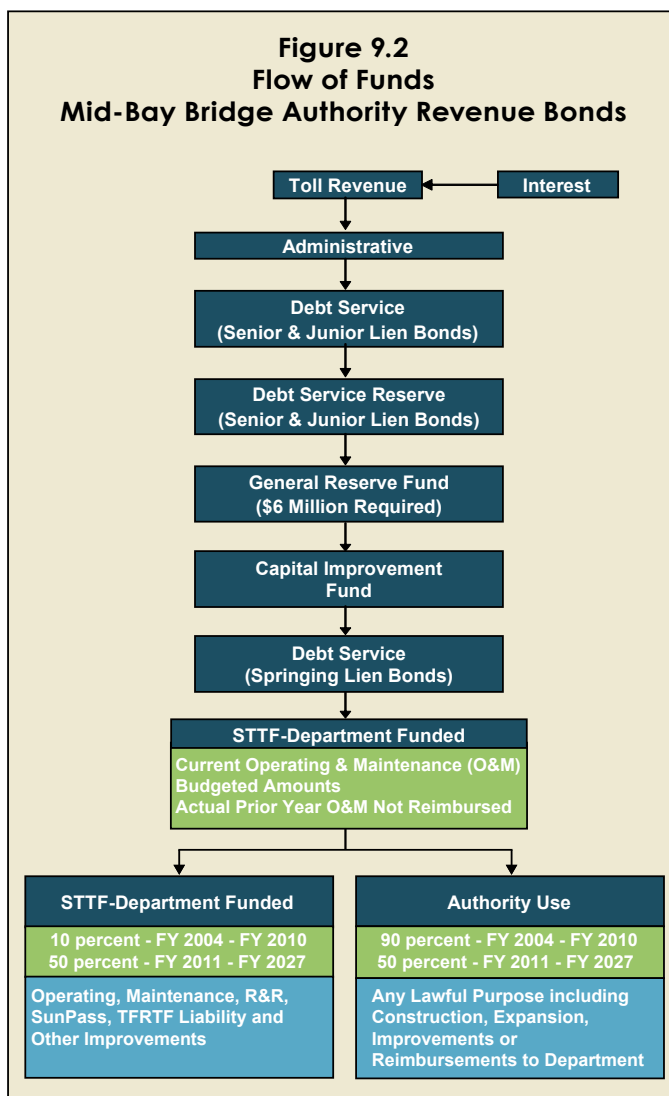
were lower than the FY 2014 budget by approximately \$60 thousand, or 18.7 percent, primarily due to a decrease in periodic maintenance needed on the facility compared to what was originally budgeted. Overall, operating and routine maintenance expenses for FY 2014 were \$136 thousand, or 5.0 percent, less than budgeted amounts.

As reflected in **Figure 9.2**, the Mid-Bay Bridge Authority has a liability that is payable to the Department subsequent to the payment of annual debt service. This liability consists of funds advanced to the Authority to fund the costs of operations, maintenance and improvements. As provided in the Bond Covenants, the amount of repayment is based on the condition that if the moneys on deposit in the General Reserve (GR) Fund are in excess of \$6.0 million, and if all the obligations of the debt service payments have been satisfied, the excess shall be transferred to reimburse the Department for the current budgeted cost of operation and maintenance and any actual prior year operations and maintenance costs not reimbursed.

Moneys in excess of the current operating and maintenance liability to the Department 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 the Authority shall determine. The Department agreed to accept 10 percent of the amount in the Capital Improvement Fund and to defer the

remaining amount due to the Department from FY 2004 through FY 2010. The moneys deferred helped finance a portion of the costs of design and construction of the north approach capacity improvements and toll plaza expansion. Beginning in FY 2011, the Department consented to subordinate its right to reimbursement for cost of O&M paid in current year, any future year and in prior fiscal years to the payment of the Springing Lien Bonds.

An analysis of the FY 2014 State Transportation Trust Fund (STTF) long-term liability is presented in **Table 9.8**. FY 2014 additions to the liability totaled approximately \$5.7 million, comprised of \$2.6 million



in operating and routine maintenance expenses and \$3.1 million in periodic maintenance and capital improvements. During FY 2014, \$4.2 million was reimbursed to the Department, comprised of \$2.7 million for budgeted operating and maintenance expenses and \$1.5 million for the Spence Parkway AET equipment and installation.

**Table 9.8**  
**Mid-Bay Bridge Authority**  
**STTF Long-Term Liability (\$000)**  
**FY 2014**

Transaction	Amount
Balance, July 1, 2013	\$9,751
Additions <sup>(1)</sup>	5,726
Reductions <sup>(2)</sup>	4,213
Balance, June 30, 2014	\$11,264

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

The Mid-Bay Bridge Authority has a second liability consisting of various advances from a \$1.5 million loan (plus investment interest) from the Department's Toll Facilities Revolving Trust Fund (TFRTF) for a corridor study, traffic and revenue study and project design work. As shown in **Table 9.9**, the TFRTF liability balance as of June 30, 2014 was \$242 thousand. As reflected in **Table 9.10**, the TFRTF liability is to be paid back from excess toll revenues available in the Capital Improvement Fund in installments in FY 2015 and FY 2016.

**Table 9.9**  
**Mid-Bay Bridge Authority**  
**TFRTF Liability (\$000)**  
**FY 2014**

Transaction	Amount
Balance, July 1, 2013	\$494
Additions	
New loans	—
Interest	—
Reductions	252
Balance, June 30, 2014	\$242

Source: FDOT Office of Project Finance.

**Table 9.10**  
**Mid-Bay Bridge Authority**  
**Payment Schedule**  
**TFRTF Liability (\$000)**

Fiscal Year	Payment
2015	\$158
2016	84
Balance	\$242

Source: FDOT Office of Project Finance

## 9.5 NOTEWORTHY EVENTS

The Authority will be looking toward the future to consider/plan capital improvements like a second parallel bridge, extension of SR 293 to the vicinity of the airport, widening Spence Parkway, etc.

The Mid-Bay Bridge Capital Improvement Program continues to be refined as a cooperative effort among the Mid-Bay Bridge Authority, the US Air Force, the Florida Department of Transportation, and the local County and City governments and communities. Many of the completed improvements are located on Eglin Air Force Base, owned by the US Government.

The primary completed Capital Improvement was the construction and completion of the Spence Parkway which was constructed in three phases as follows:

- **Phase 1:** Mid-Bay Bridge to Range Road. This section was completed and opened to SR 20 in May 2011 and to Range Road in September 2011;
- **Phase 2** Range Road to State Road 285; and
- **Phase 3:** State Road 285 to State Road 85.

The Authority combined Phases 2 and 3 of the Parkway (Range Road to SR 85) to run concurrently. These two sections were completed and opened to traffic from Range Road to SR 85, on January 4, 2014 with toll collection commencing two days later, on January 6.

Another completed Capital Improvement was the widening of SR 20 from White Point Road to the Parkway. The widening to four lanes was completed

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in May 2011. The Authority and the Department entered into an agreement in December 2006 that was amended in April 2008 and again in September 2009. This agreement allowed for the offsetting of the Authority's Long Term Debt for costs incurred in construction of SR 20 up to an amount which shall not exceed the total amount owed. The project was completed in April 2012 in the amount of \$6.6 million.

From January 28, 2014 through to January 30, 2014 tolls on the Mid-Bay Bridge were suspended for a total of 26 hours due to a winter storm. The severe impacts of the winter storm resulted in a complete closure of the Bridge from mid-morning on January 29, 2014 through the early afternoon on January 30, 2014. In addition, the Bridge was briefly closed on April 30, 2014 for approximately two hours due to flooding on Danny Wuerffel Way.

In the afternoon on March 20, 2013 (FY 2013) a barge collided with the Brooks Bridge which carries US 98 traffic between Fort Walton Beach and Destin. As a result of the collision, the Brooks Bridge was temporarily closed to traffic. Traffic was diverted to the Mid-Bay Bridge which led to a subsequent increase in toll revenue. However, toll collection was suspended shortly after the diversion for approximately twelve and a half hours due to the surge in traffic, resulting in a loss of toll revenue. The tolls were reinstated in the early morning hours the next day, March 21, 2013. In June 2014 (FY 2014) a Memorandum of Agreement was signed between the Authority and the Department which stated that the revenue loss of \$10,796 would be credited against the long term debt owed by the Authority to the Department.

As noted in last year's report, the Florida Department of Transportation (FDOT) announced in the first half of calendar year 2013 that they awarded a contract to design and build a second, parallel, US 331 span. A notice-to-proceed (NTP) was issued on August 14, 2013 (FY 2014) with the expected completion date scheduled for summer 2016 (FY 2017). Ground for the

project was broken on December 30, 2013 with construction commencing in January 2014. This 3.3-mile project (span) is planned to be toll-free as it is at the present time. The expansion of the bridge is expected to be complete by summer 2016 (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. This route is especially attractive to tourists coming from I-10 and the east. In addition to the second span, US 331 is currently being widened to four lanes from the north end of the US 331 bridge to south of SR 20, with completion expected to occur in fall 2015 (FY 2016). Ground has also been broken for the widening of US 331 from SR 20 to I-10, with completion expected to take place in winter 2016 (FY 2017). The expansion of US 331 could have a negative effect on the traffic and revenue of the Mid-Bay Bridge.

**9.6 TRAFFIC, REVENUE AND EXPENSE FORECASTS**

In forecasting traffic and revenue for the bridge, prior traffic and revenue performance was used as a guide to estimate the total traffic and revenue for FY 2015 through FY 2025. The forecasts presented in **Table 9.11** and **Table 9.12** show traffic and gross toll revenues, respectively.

**Table 9.11  
Mid-Bay Bridge Authority  
Traffic Forecast  
FY 2015 through FY 2025**

Fiscal Year	Mid-Bay Bridge without the Spence Parkway (000)	Spence Parkway Impact to Bridge (000)	Spence Parkway (000)	Toll Rate Increase Impact (000)	Total Traffic (000)
2015	6,228	1,291	1,963	N/A	9,482
2016 <sup>(1)</sup>	6,014	1,377	2,093	(106)	9,378
2017	6,206	1,418	2,155	(106)	9,673
2018	6,385	1,459	2,217	(109)	9,952
2019	6,553	1,504	2,285	(118)	10,224
2020	6,705	1,551	2,356	(131)	10,481
2021	6,838	1,598	2,427	(148)	10,715
2022	6,963	1,647	2,501	(168)	10,943
2023	7,074	1,697	2,578	(191)	11,158
2024	7,171	1,749	2,657	(216)	11,361
2025	7,258	1,803	2,739	(246)	11,554

Note: Traffic and revenue forecasts correspond to the Authority's fiscal year (October 1 - September 30).

(1) Planned toll increase, subject to change as financial conditions warrant.

**Table 9.12**  
**Mid-Bay Bridge Authority**  
**Gross Toll Revenue Forecast**  
**FY 2015 through FY 2025**

Fiscal Year	Mid-Bay Bridge without the Spence Parkway (\$000)	Spence Parkway Impact to Bridge (\$000)	Spence Parkway (\$000)	Toll Rate Increase Impact (\$000)	Toll Revenue Comparisons (\$000)			
					FY 2014 Gross Revenue	2013 Annual Report Forecast	Variance	
							Amount	Percent
2015	\$15,085	\$1,829	\$1,988	N/A	\$18,902	\$22,255	(\$3,353)	(15.1%)
2016 <sup>(1)</sup>	17,758	2,538	2,256	\$3,965	26,517	31,222	(4,705)	(15.1%)
2017	18,285	2,614	2,323	4,083	27,305	32,150	(4,845)	(15.1%)
2018	18,830	2,692	2,392	4,204	28,118	33,107	(4,989)	(15.1%)
2019	19,315	2,759	2,459	4,364	28,897	34,024	(5,127)	(15.1%)
2020	19,700	2,816	2,527	4,485	29,528	34,769	(5,241)	(15.1%)
2021	20,030	2,871	2,595	4,601	30,097	35,436	(5,339)	(15.1%)
2022	20,382	2,921	2,641	4,682	30,626	36,059	(5,433)	(15.1%)
2023	20,702	2,968	2,683	4,754	31,107	36,627	(5,520)	(15.1%)
2024	20,995	3,010	2,720	4,823	31,548	37,145	(5,597)	(15.1%)
2025	21,256	3,047	2,754	4,883	31,940	N/A	N/A	N/A

Note: Traffic and revenue forecasts correspond to the Authority's fiscal year (October 1 - September 30).

(1) Planned toll increase, subject to change as financial conditions warrant.

N/A The FY 2013 Traffic Engineer's Annual Report forecast went through FY 2024.

Current revenue forecasts for FY 2015 through FY 2025 have been revised downward from the forecasts in the Series 2011 Official Statement, based on actual results seen during FY 2014, including the opening of the Parkway. Actual revenues are coming in at approximately 15 percent below forecast. This is due in part to an over estimation of the impact of traffic using both the Parkway and the Bridge. It is also attributed to the newness of the Parkway and possible lack of knowledge of non-local drivers that they can use it to access the Bridge. Finally, it is due in part to the lag time in collecting the TOLL-BY-PLATE revenues. The forecast accounts for the previously implemented toll rate increase on the Mid-Bay Bridge on June 1, 2010 (FY 2010), the opening and collection of tolls for the Spence Parkway in January 2014 (FY 2014), as well as a planned increase in tolls on both the Bridge and Parkway in FY 2016 (currently under study).

The forecast tables include the additional traffic and revenue anticipated for the Parkway, as well as the impact that the Parkway will have on Bridge traffic and revenue. The large, positive revenue increase from FY 2015 to FY 2016 reflects the 2011 Official

Statement's planned toll increase in FY 2016 as part of its 2011 bond issuance. The planned toll rate increase is \$1.00 on the Mid-Bay Bridge and \$0.50 on the Spence Parkway for two-axle vehicles, with a proportionate increase for multi-axle vehicles. A study is currently underway to validate a toll increase, and if warranted, recommend to the Mid-Bay Bridge Authority the exact amount/toll structure to implement to collect required revenues to maintain the required minimum debt service coverage.

The modest traffic growth (tapering down in the later years) on both the Bridge and the Parkway reflect a return to normal economic conditions as described in the **Overview** chapter of this report. However, Florida's economic recovery over the next 10 years will probably not achieve growth rates as high as those seen in the years leading up to the recession.

Accordingly, revenues for the Bridge and Parkway are projected to increase from \$18.9 million in FY 2015 to \$31.9 million in FY 2025. Traffic profiles are provided in **Appendix B** showing the two-way AADT on the Mid-Bay Bridge and the Spence Parkway for FY 2014 through FY 2025.

**ENTERPRISE TOLL OPERATIONS**

The projected operating and maintenance expenses for FY 2015 through FY 2025 are shown in **Table 9.13**. The operating expenses in FY 2015 represent the budget amount for that fiscal year (see **Appendix C** for a detailed description of the FY 2015 operating expense budget). Estimated FY 2015 operating expenses are approximately \$264 thousand (11.2 percent) higher than actual FY 2014 levels due, in part, to an expected increase in bank service fees and toll plaza operating contracts. Subsequent to FY 2015, operating expenses are projected to grow at 2.0 percent annually to allow for inflation.

**Table 9.13**  
**Mid-Bay Bridge Authority**  
**Projected Operating and Maintenance**  
**Expenses (\$000)**  
**FY 2015 through FY 2025**

Fiscal Year	Operating Expense	Maintenance Expenses		Total O&M Expenses
		Routine	Periodic <sup>(1)</sup>	
2015	\$2,612	\$293	\$493	\$3,398
2016	2,664	248	426	3,338
2017	2,718	231	166	3,115
2018	2,772	249	92	3,113
2019	2,827	249	95	3,171
2020	2,884	114	97	3,095
2021	2,942	116	99	3,157
2022	3,000	118	101	3,219
2023	3,060	121	103	3,284
2024	3,122	123	105	3,350
2025	3,184	126	107	3,417

Note: Operating expenses are based on the budget developed by Turnpike Enterprise Finance Office for FY 2015.

(1) Periodic maintenance expenses were provided by the FDOT Office of Financial Development based on estimated expenditures from the 5-Year Work Program and are reported on a cash basis. Periodic maintenance expenses beyond FY 2019 include a minimal level of preservation (excluding extraordinary expenses such as major bridge repairs) that are based on FY 2019 expenses increased at 2.0 percent annually.

Routine Maintenance expenses are based on the Asset Maintenance Contract through FY 2020. Subsequent years have been increased at 2.0 percent annually through FY 2025. In addition, estimated costs for work not performed under the Asset Maintenance Contract are based on FY 2014 actual results increased for inflation at 2.0 percent annually. Periodic maintenance expenses are provided by the Department's Office of Project Finance and they are based on the 5-year Work Program.

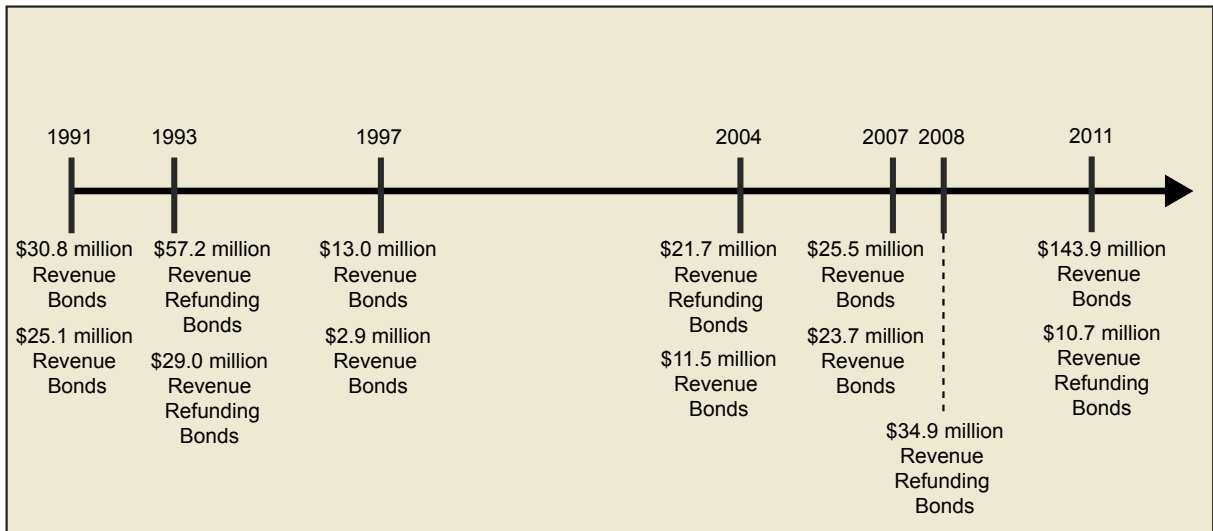
**9.7 REVENUE SUFFICIENCY**

As of September 30, 2014, bonds in the principal amount of \$259.6 million (unaudited) remain outstanding from the Series 1993A, 1993D, 1997A, 2007A, 2007B, 2008A, 2011A and 2011B issues. Each year, an amount of principal and accrued interest on the outstanding bonds becomes due and payable. This amount is known as the annual debt service. As a test of the ability of a facility to repay the annual debt service, a "coverage" calculation is performed. In accordance with the Bond Resolution, gross revenues are first required to provide 100 percent of the administrative expenses. The amount of revenues remaining (net revenues) are then available for the payment of debt service. The net revenues and the amounts on deposit in the General Reserve Fund are required to be at least sufficient to pay 175 percent of the Annual Debt Service Requirement, or net revenues will be sufficient to pay 140 percent of the Senior Lien Bonds and 115 percent of the Junior Lien Bonds. A timeline of Mid-Bay Bridge bond sales for the facility is shown in **Figure 9.3**.





**Figure 9.3**  
**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.

**Table 9.14** provides a forecast of the revenues and expenses available for the payment of debt service of the Mid-Bay Bridge through FY 2025. Interest earnings are based on actual FY 2014 amounts (unaudited) and held constant thereafter. Administrative expenses are based on actual FY 2014 expenses (unaudited), inflated annually at 2.0 percent. To be consistent with the other facilities in this report, the gross toll revenue in the table below is based on the State of Florida's year end of June 30; however, the Authority operates

under the municipal year end of September 30. As a result, the calculation of debt service coverage may differ and therefore is not included in this report. An assessment of the debt service coverage is provided in the Authority's Annual Audited Financial Statements. The on-going toll rate study results will be considered by the Mid-Bay Bridge Authority and its toll rate recommendations as well as debt financing options will be evaluated and enacted by the Authority to sustain its financial position.

**Table 9.14**  
**Mid-Bay Bridge Authority**  
**Analysis of Debt Service Coverage (\$000)**  
**FY 2014 through FY 2025**

Fiscal Year	Gross Toll Revenue	Interest Earnings	Administrative Expenses	Total Gross Revenue	General Reserve Fund	Total Available Revenue	Debt Service Payment <sup>(1)</sup>
2014	\$17,021	\$877	\$697	\$17,201	\$6,000	\$23,201	\$13,352
2015	18,902	877	711	19,068	6,000	25,068	14,313
2016	26,517	877	725	26,669	6,000	32,669	20,964
2017	27,305	877	740	27,442	6,000	33,442	19,253
2018	28,118	877	754	28,240	6,000	34,240	20,731
2019	28,897	877	770	29,005	6,000	35,005	20,518
2020	29,528	877	785	29,620	6,000	35,620	20,621
2021	30,097	877	801	30,173	6,000	36,173	22,006
2022	30,626	877	817	30,686	6,000	36,686	22,005
2023	31,107	877	833	31,151	6,000	37,151	22,006
2024	31,548	877	850	31,575	6,000	37,575	22,007
2025	31,940	877	867	31,950	6,000	37,950	22,006

Note: Interest Earnings and Administrative Expenses for FY 2014 are preliminary totals and are subject to change.  
(1) Taken from the Official Statement for the Series 2011A and 2011B Bonds.

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