**IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT,
IN AND FOR LEON COUNTY, FLORIDA**

UMB BANK, NATIONAL ASSOCIATION, in its capacity as Successor Trustee of the Santa Rosa Bay Bridge Authority (Florida) Revenue Bonds, Series 1996,

Plaintiff/Counter-Defendant,

v. Case No.: 2018-CA-002677

FLORIDA DEPARTMENT OF TRANSPORTATION,

Defendant/Counter-Claimant,
_____/

DEPARTMENT'S MOTION FOR SUMMARY JUDGEMENT ON COUNTERCLAIM

Under Rule 1.510 Florida Rules of Civil Procedure, Defendant/Counter-Claimant, the State of Florida, Department of Transportation (the "Department"), moves for summary judgment on the Department's Declaratory Judgment Counterclaim against UMB Bank, Successor Trustee, ("Trustee") of the Santa Rosa Bay Bridge Authority (Florida) Revenue Bonds, Series 1996 ("Bonds") and in support states:

INTRODUCTION

1. Trustee is the Successor Trustee of the Bonds which were sold to fund the construction of the Garcon Point Bridge in accordance with the Santa Rosa Bay Bridge Authority's ("Authority") Bond Resolution.

2. The Department entered into a Lease Purchase Agreement ("LPA") with the Authority to collect and remit the tolls to the Trustee and pay all costs for operating, maintaining, repairing, and insuring the Garcon Point Bridge until the Bonds are fully paid and discharged at which point the Department will own the bridge.

3. The Department seeks a declaration to resolve the uncertainty over whether the LPA requires the Department to only establish and collect tolls based on recommendations from traffic consultants hired by the Authority, or whether the Department can establish and collect tolls based on recommendations of traffic consultants hired by the Department.

4. This dispute arises because the Authority's forecasted toll revenue pledged to the Bonds used to build Garcon Point Bridge never met the Authority's traffic projections and the lack of a functioning board to raise tolls. The toll revenue was first pledged to pay the Bonds and then to reimburse the Department's operation and maintenance costs of the Authority's bridge. As a result of the forecasted traffic never materializing, the Authority is in default, and the Authority owes the Department $25.3 million in unreimbursed costs as of June 30, 2017.

5. None of the parties are content with the status quo. The Authority cannot raise tolls because it has no appointed board members. The Authority is projected to owe the Department an additional $16.2 million in unreimbursed costs over the next decade. The Trustee has sued to force the Department to establish a new schedule of tolls.

6. This Motion for Summary Judgment on the Counterclaim aims to seeks to resolve the uncertainty of the Department's obligations under the LPA and Bond Resolution to set tolls. The Motion's grounds are stated specifically and with particularity in the Department's Counterclaim, which is incorporated herein by this reference. [Countercl. ¶¶ 1–29.]

7. As part of the Department's broad-ranging statutory authority to study Florida's highway system, the Department complied with Trustee's 2018 Letter and retained nationally recognized traffic consultants to study tolls on the Garcon Point Bridge. [Countercl. Ex. B.] The firm recommended increasing tolls on July 1, 2019, for two axle vehicles from $3.75 to $4.50 for SunPass users and $5.00 for cash users and reduce the current volume discount from a 50%

discount to 25% discount for users that have 30 trips or more in a 30-day period. The study is attached to this motion as Exhibit A. The FTI Report, attached to the Complaint as Exhibit E, requested by the Trustee made the same recommendations except for a smaller increase to only $4.00 for SunPass users.

UNDISPUTED FACTS

8. The 2018 Trustee Letter informed the Department in writing that the Authority was not setting tolls in accordance with Section 5.02 of the Bond Resolution and asked, among other things, the Department act under section 1.04 of the LPA to retain a traffic consulting firm to serve in the capacity of the Authority's Traffic Consultant. [Compl. ¶ 41; Countercl. ¶ 20.]

9. The Authority lacks a functioning board, executive director, and has not met or conducted any official business since June 2014. [Compl. ¶ 13, Ex. I p. 17, 19; Countercl. ¶ 20.]

10. The Authority has not retained Traffic Consultants as defined by the Bond Resolution since 2013. [Compl. ¶ 28.]

11. The Department retained nationally recognized traffic consultants to study tolls on the Garcon Point Bridge. [Compl. ¶ 41; Countercl. ¶ 22.]

ARGUMENT

12. Section 86.021, Florida Statutes, of the Declaratory Judgment Act permits "[a]ny person claiming to be interested or who may be in doubt about his or her rights under a . . . contract . . . may have determined any question of construction or validity arising under" it and "obtain a declaration of rights, status, or other equitable or legal relations thereunder."

13. Summary judgment must "be rendered forthwith if the pleadings and summary judgment evidence on file show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fla. R. Civ. P. 1.510(c); *see Florida*

Bar v. Greene, 926 So.2d 1195, 1200 (Fla. 2006). "Ordinarily[,] the interpretation of a written contract is a matter of law to be determined by the court." *DEC Electric, Inc. v. Raphael Construction Corp.*, 558 So.2d 427, 428 (Fla.1990).

DECLARATIONS SOUGHT FROM THE COURT

14. The Department seeks the following declarations from the Court about its obligations under the LPA triggered by the 2018 Trustee Letter:

A. Whether the Department is required under the terms of the LPA to hire an independent qualified firm of traffic consultants to act as Traffic Consultants under the Bond Resolution to establish a new schedule of tolls for the Authority;

B. Whether the Department hiring such consultants and setting the Authority's schedule of tolls based on the recommendation would modify the method of setting tolls and require consent of all bondholders pursuant to section 6.02 of the LPA;

C. Whether the Department's traffic consultant's recommendation can be used by the Department pursuant to the LPA to collect and establish tolls; and

D. Whether any of these actions would limit or alter the rights of the bondholders in a manner prohibited by section 348.974, Florida Statutes.

WHEREFORE, the Department respectfully requests that this Court enter an order granting the Department's Motion for Summary Judgment and granting such further relief as the Court deems appropriate

Respectfully submitted,

/s/William. E. Foster

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CERTIFICATE OF SERVICE

I certify that the foregoing document has been furnished to William Spivey, Courtney Keller, Colin Baker, and Lorence Jon Bielby at spivey@gtlaw.com, kellerc@gtlaw.com, bakerco@gtlaw.com, bielbyl@gtlaw.com, hoffmanm@gtlaw.com; and nef-iws@gtlaw.com; FLService@gtlaw.com; and orllitdock@gtlaw.com (Greenberg Traurig 450 South Orange Avenue Suite 650 Orlando, FL 32801 and 101 E College Ave, Tallahassee, FL 32301) by e-mail on June 3, 2019.

/s/William. E. Foster
WILLIAM E. FOSTER

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Exhibit A

February 15, 2019

Ms. Robin Naitove, CPA
Comptroller
Florida Department of Transportation
605 Suwannee Street
Tallahassee, FL 32399

RE: Garcon Point Bridge Rate Review Study – Final Report

Dear Ms. Naitove:

CDM Smith is pleased to submit this report summarizing the results of our Garcon Point Bridge Rate Review Study. The study was conducted at the request of the Florida Department of Transportation (FDOT); in fulfilment of a request by the Trustee representing the Garcon Point Bridge's bondholders; in accordance with Toll Covenant provisions of the Garcon Point Bridge's toll revenue bond documents.

Located in Santa Rosa County in northwest Florida, the Garcon Point Bridge (GPB) was opened to traffic in 1999. The project was financed by the Santa Rosa Bridge Authority using toll revenue bonds. Traffic and revenue forecasts for the bridge were completed in the 1990's by another consultant. Over its first 19 years of operation, traffic and revenue experience on the GPB has been considerably lower than anticipated, and GPB's debt is now in default.

The Bridge is currently operated by the FDOT and the original Santa Rosa Bridge Authority is no longer functioning. Operating as an independent traffic and revenue consultant, CDM Smith performed this toll rate review and optimization study. This report summarizes the results of this study and includes a recommendation for a toll rate increase and changes in the volume discount program on the GPB, in an attempt to optimize revenue.

Figure 1
Location Map

Garcon Point Bridge Description

As shown in **Figure 1**, the Garcon Point Bridge was constructed between the Garcon Point peninsula and the Gulf Breeze peninsula across the East Bay portion of Pensacola Bay. It is located just east of the city of Pensacola and

extends about four miles across the Bay. The bridge is two lanes wide and provides one travel lane in each direction.

On the north side of the bridge, the Garcon Point peninsula remains sparsely developed. SR 281 connects the bridge with I-10, near Avalon Beach. The south end of the bridge connects with US 98, which runs the length of the Gulf Breeze peninsula through relatively high levels of commercial and residential development. There are two primary competing routes to the bridge:

- The Pensacola Bay Bridge, US 98, a toll-free crossing between Pensacola and Gulf Breeze; and,
- SR 87, which extends between I-10 near Milton and US 98 in Navarre.

Each of the alternative routes is toll-free, and each of the routes is also undergoing major reconstruction and expansion, which has contributed to increased levels of traffic on the GPB in recent years. The US 98 Pensacola Bay Bridge is being completely reconstructed, and will be expanded to six lanes, with construction to be completed in mid-2020. SR 87 is in the process of being expanded from a 2-lane facility to a 4-lane divided highway, as part of a coordinated program to improve hurricane evacuation routes along the Florida panhandle. Its expansion is also expected to be fully-completed by 2020.

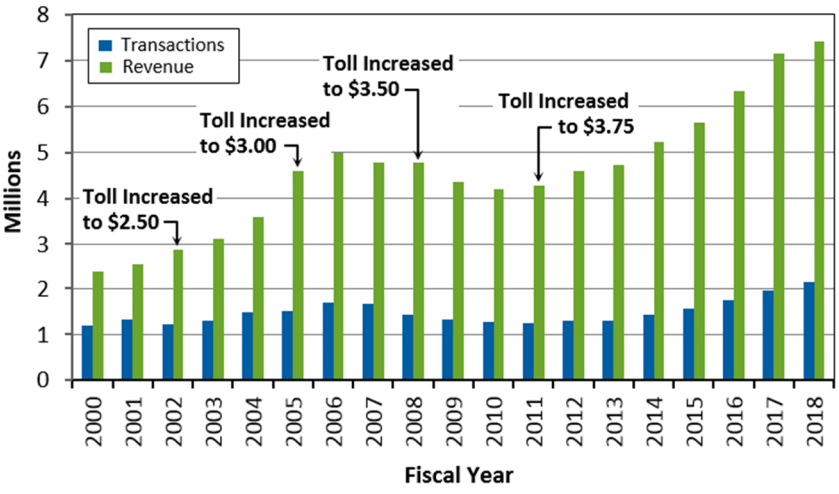


Figure 2
Annual Traffic and Revenue Trends

Figure 2 provides a graphical summary of annual traffic and revenue trends on the Garcon Point Bridge between Fiscal Year[1] (FY) 2000 and FY 2018. The blue bars represent annual transactions and the green bars represent annual revenue. When the bridge was initially opened, tolls for 2-axle vehicles were set at $2.00. Tolls were increased to $2.50 in 2002, $3.00 in 2005, $3.50 in 2008, and finally $3.75 in 2011. Toll rates have not been increased over the last seven years of operation.

Annual revenue increased from about $2.4 million in FY 2000 to almost $5.0 million by 2006, aided by two rate increases. In subsequent years, declines in transactions and revenue are shown, in large part due to the significant impact of the national "great recession" generally between 2008 and 2010. Most toll facilities in the United States experienced significant declines during these years. Transactions and revenues resumed positive growth in 2011. Relatively high growth was

[1] *For example, FY 2018 is from July 1, 2017 through June 30, 2018.*

Table 1: Existing Toll Schedule - Garcon Point Bridge	
Type of Vehicle	Toll Rate (1)
Two-axle Vehicle	$3.75
Three-axle Vehicle	$7.50
Four-axle Vehicle	$11.25
Five-axle Vehicle	$15.00
Six-axle Vehicle	$18.75
Seven-axle Vehicle	$22.50
Each Add'l Axle Above 7	$3.75

(1) Toll rates before application of any rebates based on monthly volume of usage

experienced in FY 2017 and FY 2018, influenced in part by construction activities on the two primary competing routes.

Table 1 shows the current toll rates in effect on the bridge. Two-axle vehicles pay a rate of $3.75 per trip, with tolls collected in each travel direction. The typical "N –1" structure of vehicle classifications is used on the bridge; whereby the toll for all vehicles with three or more axles is determined by subtracting "1" from the number of vehicle axles and multiplying the remainder by the 2-axle passenger car rate. Hence, a 3-axle vehicle is required to pay $7.50, or two times the 2-axle rate of $3.75. Users of the bridge can choose to pay either cash or use SunPass® or other valid electronic toll transponders. Currently, the same rate is assessed regardless of method of payment.

There is also a volume discount program for frequent users of the facility. Discounts are applied retroactively, once a minimum threshold of 30 trips per month is reached for each unique electronic toll transponder. Only 2-axle vehicles equipped with SunPass are eligible to participate in the discount program; cash payers and all larger multi-axle vehicles do not participate. Once a particular transponder reaches a minimum of 30 trips per month, toll charges for all trips made that month are reduced by 50 percent; with a discount value applied through a retroactive rebate.

Study Background and Objectives

As noted previously, actual traffic and revenue has fallen significantly below original forecasts resulting in exhaustion of the original debt service reserve funds. Toll revenue has been insufficient to meet annual debt service coverages from the outset of operation. All gross revenue, after application of volume discount rebates, is pledged to debt service. Bridge operation and maintenance has been handled by FDOT; subordinate to debt service requirements. Annual operating and maintenance cost have been accumulated for possible repayment by future revenues, to the extent possible.

Based on information provided by FDOT, the FY 2019 original amortization of principal and interest is listed as $11,704,375. Bond covenant requirements mandate a minimum annual revenue requirement of $14,045,250 for FY 2019, including the required 1.20 coverage ratio. In addition, the Reserve Account Deposit requirements total $15,174,219. Since the reserve account has been depleted in prior years, Section 5.02(c) of the Trust Indenture requires the sum of the current fiscal

year debt service with 120 percent coverage plus the minimum reserve account deposit, which total $29,219,469.

As will be discussed in more detail subsequently, actual revenue in FY 2019 was just under $7.5 million. This is well below both current year principal and interest requirements and, of course, leaves no funding available to restore the reserve account.

This study was performed in compliance with the toll covenant provisions of the Garcon Point Bridge Trust Indenture. Since revenue has historically fallen well below toll covenant requirements, the Trustee has requested a study to recommend new toll rates which could potentially bring revenue in line with toll covenant requirements. If it is not possible to achieve that objective, then the study is to recommend a rate which would optimize toll revenue to the maximum extent possible.

Hence, the objective of this study was to test alternative rates, both higher and lower than current rate levels, to determine toll rates at which revenue would be optimized. In addition, the study included an evaluation of the potential impact of either eliminating or significantly modifying the volume discount program. As will be defined in more detail below, the study found that it is not possible to recommend a rate adjustment which would immediately bring revenue on the Garcon Point Bridge in compliance with debt service requirements. The study does, however, recommend an increase in rates, and a change in the volume discount program, aimed at optimizing revenue potential to the maximum extent possible.

Overview of Study Approach

CDM Smith completed a Comprehensive Traffic and Revenue Forecast study for the Garcon Point Bridge in June 2018. That study, conducted over a period of about one year, included an economic review of the region by an independent consultant, adaptation of the regional travel demand model, market research and stated preference surveys and various other analytical tools in developing two alternative 30-year revenue forecasts for the GPB. One forecast assumed toll rates would not be adjusted in the future. The other forecast assumed an annual toll rate increase in keeping with inflation; assumed for study purposes to average 2.1 percent per year. No change was assumed in the current discount program in that study.

The current rate study built upon the results of the comprehensive study completed in 2018. Updated transaction information was obtained for the GPB through late December 2018. Audited monthly reports through June 2018 were utilized as reference in this study, and unaudited transactions data through mid-December 2018 (which included more than 2.0 million individual transaction records) were utilized to assess the frequency characteristics of the GPB users. Detailed transaction and revenue information for FY 2017 and FY 2018 were prepared, by method of payment and vehicle class.

The travel demand model was updated to 2018 levels. It was used to test a series of alternative toll rate structures, with 2-axle vehicle rates ranging from $2.50 to $6.50, in $0.25 increments. This provided an indication of potential impacts on traffic and revenue at different toll levels.

A separate detailed analysis was also made of monthly trip frequency by individual unique transponder ID codes. This frequency distribution allowed testing of potential changes to the volume discount program, including lower levels of discount, possible changes in the monthly trip threshold or even potential discount program elimination. A range of scenarios involving selected combinations of toll rate increases and volume discount program adjustments were identified. This entire analysis was undertaken at a calendar year 2018 basis, the latest one-year period for which actual transaction data was made available to CDM Smith.

Based on the results of this analysis, a recommended new toll rate and modified discount program was developed. For purposes of this study, it was assumed that the earliest practical date of implementation of the rate change and discount program modifications would be July 1, 2019. This is the beginning of FY 2020 which ends on June 30, 2020. A "base case" revenue forecast, assuming no changes in the current toll schedule and discount program, was developed for FY 2020. An alternative revenue forecast was then provided assuming the recommended toll rate and discount changes were implemented, providing an indication of additional revenue which could be expected in FY 2020.

The revenue impact assessment was performed only for FY 2020, in compliance with toll covenant requirements in the Trust Agreement. No long-term forecasts beyond FY 2020 were provided. It is important to recognize that construction activity on the two competing crossings is scheduled to be completed in mid-2020; around the end of FY 2020. The previous comprehensive study forecasted a decline in transactions and revenues in FY 2021, associated with a completion of capacity enhancement work on the two competing facilities. Hence, it may be necessary to reassess optimum toll rates for FY 2021 conditions, after actual operating experience is recorded during FY 2020.

Garcon Point Bridge Traffic and Revenue Profile

Figure 3 shows recent trends in average daily traffic on the Garcon Point Bridge by method of payment between 2012 and 2018. The bridge accommodated 3,400 vehicles per day in 2012, of which about 63 percent used cash. By 2018, average daily traffic reached almost 6,000, although only 43 percent used cash. Figure 3 displays that most of the growth in traffic on the bridge over the last seven years has occurred in the electronic toll transaction category. The impact of construction on the Pensacola Bay Bridge and SR 87 is also clearly indicated in data for calendar years 2016, 2017 and 2018.

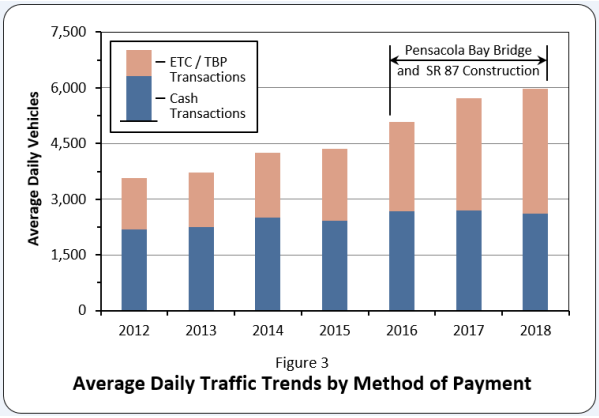


Figure 3
Average Daily Traffic Trends by Method of Payment

Table 2 provides a longer-range summary of monthly transaction and revenue activity on the bridge for the 10-year period between FY 2009 and FY 2018. All numbers are shown in thousands, with monthly transaction trends on the upper portion of the table and monthly revenue trends on the lower portion. The percent change in each month, and each fiscal year, is shown between fiscal years.

Table 2: Monthly Traffic and Revenue Trends on Garcon Point Bridge (Thousands)

Monthly Transaction Trends

Month	FY 2009	% Change	FY 2010	% Change	FY 2011	% Change	FY 2012	% Change	FY 2013	% Change	FY 2014	% Change	FY 2015	% Change	FY 2016	% Change	FY 2017	% Change	FY 2018
July	142	0.0%	142	-12.0%	125	11.2%	139	2.2%	142	-0.7%	141	29.1%	182	0.0%	182	11.5%	203	7.5%	218
August	124	-6.5%	116	-7.8%	107	6.5%	114	4.4%	119	13.4%	135	15.6%	156	-1.9%	153	10.5%	169	10.1%	186
September	103	0.0%	103	-1.0%	102	-2.9%	99	4.0%	103	8.7%	112	10.7%	124	8.9%	135	12.6%	152	23.2%	187 (2)
October	104	-1.9%	102	0.0%	102	0.0%	102	2.0%	104	5.8%	110	18.2%	130	1.5%	132	16.7%	154	11.3%	171
November	95	-4.2%	91	1.1%	92	1.1%	93	0.0%	93	7.5%	100	13.0%	113	2.7%	116	20.7%	140	13.7%	159
December	97	-6.2%	91	0.0%	91	1.1%	92	-2.2%	90	11.1%	100	7.0%	107	10.3%	118	16.1%	137	10.5%	151
January	93	-7.5%	86	-2.3%	84 (1)	4.8%	88	2.3%	90	3.3%	93	11.8%	104	9.6%	114	15.8%	132	10.1%	145
February	91	-5.5%	86	-3.5%	83	7.2%	89	-1.1%	88	8.0%	95	8.4%	103	18.4%	122	12.3%	137	8.8%	149
March	112	-0.9%	111	6.3%	118	-2.5%	115	0.9%	116	8.6%	126	-1.6%	124	25.8%	156	16.0%	181	6.1%	192
April	111	-1.8%	109	0.0%	109	0.9%	110	0.0%	110	9.1%	120	6.7%	128	21.1%	155	16.1%	180	1.7%	183
May	119	-6.7%	111	3.6%	115	3.5%	119	2.5%	122	18.9%	145	1.4%	147	17.7%	173	9.8%	190	6.3%	202
June	128	-6.3%	120	2.5%	123	5.7%	130	2.3%	133	22.6%	163	-7.4%	151	19.9%	181	6.6%	193	9.3%	211
Total FY	1,319	-3.9%	1,268	-1.3%	1,251	3.1%	1,290	1.6%	1,310	9.9%	1,440	9.0%	1,569	10.7%	1,737	13.3%	1,968	9.5%	2,155
																	Adjusted for September hurricane:	8.6%	2,137

Monthly Revenue Trends

Month	FY 2009	% Change	FY 2010	% Change	FY 2011	% Change	FY 2012	% Change	FY 2013	% Change	FY 2014	% Change	FY 2015	% Change	FY 2016	% Change	FY 2017	% Change	FY 2018
July	$479	0.4%	$481	-12.5%	$421	20.7%	$508	1.8%	$517	0.8%	$521	29.0%	$672	0.0%	$672	11.6%	$750	7.5%	$806
August	$410	-5.4%	$388	-9.3%	$352	15.3%	$406	10.6%	$449	8.5%	$487	15.4%	$562	-0.4%	$560	9.5%	$613	9.1%	$669
September	$337	0.6%	$339	-0.3%	$338	3.8%	$351	5.4%	$370	10.5%	$409	8.6%	$444	10.4%	$490	12.0%	$549	-43.4%	$302 (2)
October	$340	1.2%	$344	-1.7%	$338	7.7%	$364	0.0%	$364	7.1%	$390	16.4%	$454	5.1%	$477	15.9%	$553	11.4%	$616
November	$316	-7.6%	$292	4.1%	$304	8.2%	$329	1.5%	$334	8.4%	$362	12.4%	$407	5.2%	$428	18.9%	$509	14.3%	$582
December	$322	-7.5%	$298	1.3%	$302	7.6%	$325	-1.2%	$321	12.5%	$361	5.5%	$381	13.6%	$433	13.4%	$491	13.4%	$557
January	$303	-7.6%	$280	5.4%	$295 (1)	3.4%	$305	3.6%	$316	4.1%	$329	10.9%	$365	12.9%	$412	15.3%	$475	9.7%	$521
February	$301	-7.3%	$279	5.4%	$294	4.8%	$308	2.6%	$316	7.3%	$339	8.6%	$368	19.8%	$441	11.8%	$493	9.1%	$538
March	$370	-1.4%	$365	5.8%	$386	4.4%	$403	4.5%	$421	8.1%	$455	-1.5%	$448	25.7%	$563	17.4%	$661	5.3%	$696
April	$366	-0.5%	$364	5.5%	$384	1.6%	$390	1.5%	$396	10.9%	$439	4.6%	$459	20.9%	$555	20.0%	$666	-0.5%	$663
May	$398	-7.0%	$370	11.9%	$414	3.6%	$429	3.3%	$443	20.1%	$532	0.6%	$535	17.9%	$631	8.9%	$687	3.8%	$713
June	$427	-5.6%	$403	11.2%	$448	5.8%	$474	3.2%	$489	22.9%	$601	-8.0%	$553	20.3%	$665	4.5%	$695	6.5%	$740
Total FY	$4,369	-3.8%	$4,203	1.7%	$4,276	7.4%	$4,592	3.1%	$4,736	10.3%	$5,225	8.1%	$5,648	12.0%	$6,327	12.9%	$7,142	3.7%	$7,403
																	Adjusted for September hurricane:	8.0%	$7,714

(1) indicates a change in toll rate (from $3.50 to $3.75) happened in this month
(2) indicates tolls were suspended on Garcon Point Bridge in this month for 15 days (September 5, 2017 to September 20, 2017) due to Hurricane Irma that resulted in a $331,000 loss in revenue collections.

The significant impact of the great recession of 2008-2010 is clearly shown with negative traffic growth, followed by increasingly positive growth in later years. Toll rates were increased in FY 2011, which resulted in a 7.4 percent increase in revenue, as compared to a 3.1 percent drop in transactions. In recent years, percent transaction growth has increased significantly, reaching a maximum of 13.3 percent between FY 2016 and FY 2017. This was influenced by construction activity, which began midway in FY 2016.

Occasionally, toll collection is suspended on some Florida toll facilities at times of hurricanes. The most recent full suspension occurred in September 2017, in FY 2018; for Hurricane Irma. Tolls were suspended for a period of about two weeks. This resulted in a significant loss of revenue (about $331,000 in September 2017), but also resulted in an artificial increase in transactions in the same month of more than 23 percent. The bridge itself remained open, and vehicle passages were recorded, even though tolls were not collected during the suspension. In the lower right portion of each section of the Table alternative totals for FY 2018 are presented in bold, reflecting nominal adjustments for what conditions during that fiscal year would have been without this hurricane related suspension of tolls.

In the most recent fiscal year, total transactions increased by 9.5 percent to more than 2.1 million annually. However, after adjusting for the artificial impact in September 2017 due to the Hurricane Irma toll suspension, annual transactions would more likely have been 2,137,000, representing growth of about 8.6 percent over FY 2017. Likewise, annual revenue increased 3.7 percent to about $7.4 million. However, had toll collection continued throughout September 2017, it is estimated that annual revenue would have been increased to about $7.7 million, for an overall revenue increase of about 8.0 percent.

Tables 3 and 4 provide monthly transaction and revenue results, by method of payment. **Table 3** displays FY 2017 results, showing monthly transactions using cash, SunPass, and non-revenue vehicles. In that fiscal year, a total of 1,967,581 vehicles crossed the bridge, of which about one percent were non-revenue vehicles. Of the revenue vehicles, SunPass transactions represented about half of the transactions. The SunPass market share tends to be lower in the peak summer months when there is an increase in recreational beach traffic by non-local residents. During the winter months, when recreational activity is lower, local residents using SunPass represent a higher share of total transactions, as shown on the right side of the Table.

The lower portion of the Table shows monthly revenue activity. Gross toll revenue in FY 2017, before volume discount rebate, reached $7,639,164. A volume discount rebate of $496,184 was retroactively applied, resulting in total revenue after rebate of $7,142,981. During FY 2017, the volume discount rebate represented about 12.6 percent of gross SunPass toll revenue, although the actual percentage varies slightly by month. As noted previously, only 2-axle vehicles equipped with SunPass are eligible for the monthly volume discount.

Table 3: FY 2017 Monthly Garcon Point Bridge Transactions and Revenue

	Monthly Transactions					Average Daily	Percent Share		
Month	Cash	Sunpass [1]	Subtotal	Non-Rev.	Total	Transactions	Cash	Sunpass	Non-Rev.
July 2016	125,953	74,849	200,802	1,745	202,547	6,534	62.2%	37.0%	0.9%
August 2016	89,132	78,195	167,327	1,607	168,934	5,449	52.8%	46.3%	1.0%
September 2016	75,124	75,169	150,293	1,620	151,913	5,064	49.5%	49.5%	1.1%
October 2016	71,762	80,476	152,238	1,698	153,936	4,966	46.6%	52.3%	1.1%
November 2016	62,774	76,115	138,889	1,432	140,321	4,677	44.7%	54.2%	1.0%
December 2016	60,819	74,836	135,655	1,549	137,204	4,426	44.3%	54.5%	1.1%
January 2017	54,322	76,498	130,820	1,426	132,246	4,266	41.1%	57.8%	1.1%
February 2017	59,246	76,007	135,253	1,542	136,795	4,886	43.3%	55.6%	1.1%
March 2017	86,606	92,449	179,055	1,760	180,815	5,833	47.9%	51.1%	1.0%
April 2017	87,119	91,292	178,411	1,552	179,963	5,999	48.4%	50.7%	0.9%
May 2017	91,993	96,136	188,129	1,885	190,014	6,129	48.4%	50.6%	1.0%
June 2017	100,471	90,896	191,367	1,526	192,893	6,430	52.1%	47.1%	0.8%
FY 2017 Total	**965,321**	**982,918**	**1,948,239**	**19,342**	**1,967,581**	**5,391**	**49.1%**	**50.0%**	**1.0%**

	Monthly Revenue						Average Toll / Transaction		
Month	Cash	Sunpass [1]	Gross Toll Revenue	Volume Discount Rebate [2]	Total Revenue After Rebate	Rebate as Percent of Sunpass	Cash	Sunpass	Total
July 2016	$484,499	$300,037	$784,537	($34,537)	$750,000	11.5%	$3.847	$4.009	$3.907
August 2016	$342,805	$310,852	$653,657	($40,656)	$613,000	13.1%	$3.846	$3.975	$3.906
September 2016	$287,620	$290,251	$577,871	($28,871)	$549,000	9.9%	$3.829	$3.861	$3.845
October 2016	$275,843	$321,036	$596,879	($42,879)	$554,000	13.4%	$3.844	$3.989	$3.921
November 2016	$242,749	$304,855	$547,605	($38,604)	$509,000	12.7%	$3.867	$4.005	$3.943
December 2016	$232,138	$297,446	$529,584	($38,585)	$491,000	13.0%	$3.817	$3.975	$3.904
January 2017	$211,871	$306,739	$518,610	($43,268)	$475,341	14.1%	$3.900	$4.010	$3.964
February 2017	$229,168	$303,672	$532,840	($39,576)	$493,264	13.0%	$3.868	$3.995	$3.940
March 2017	$335,628	$374,357	$709,985	($49,068)	$660,917	13.1%	$3.875	$4.049	$3.965
April 2017	$335,833	$372,958	$708,791	($43,247)	$665,544	11.6%	$3.855	$4.085	$3.973
May 2017	$356,911	$380,946	$737,857	($51,329)	$686,528	13.5%	$3.880	$3.963	$3.922
June 2017	$381,488	$359,462	$740,950	($45,564)	$695,386	12.7%	$3.797	$3.955	$3.872
FY 2017 Total	**$3,716,553**	**$3,922,612**	**$7,639,164**	**($496,184)**	**$7,142,981**	**12.6%**	**$3.850**	**$3.991**	**$3.921**

(1) Sunpass category includes Sunpass and other accepted ETC transponders as well as toll by plate transactions.

(2) Only Sunpass equipped passenger cars are eligible for volume discount; 50% discount applied to all monthly trips once 30 trip threshold is reached.

Table 4: FY 2018 Monthly Garcon Point Bridge Transactions and Revenue

	Monthly Transactions					Average Daily	Percent Share		
Month	Cash	Sunpass [2]	Subtotal	Non-Rev.	Total	Transactions	Cash	Sunpass	Non-Rev.
July 2017	124,028	92,525	216,553	1,639	218,192	7,038	56.8%	42.4%	0.8%
August 2017	88,612	95,759	184,371	1,618	185,989	6,000	47.6%	51.5%	0.9%
September 2017 [1]	38,818	44,715	83,533	103,732	187,265	6,242	20.7%	23.9%	55.4%
October 2017	66,707	103,070	169,777	1,579	171,356	5,528	38.9%	60.1%	0.9%
November 2017	63,737	94,024	157,761	1,402	159,163	5,305	40.0%	59.1%	0.9%
December 2017	60,378	89,315	149,693	1,732	151,425	4,885	39.9%	59.0%	1.1%
January 2018	52,521	90,719	143,240	2,074	145,314	4,688	36.1%	62.4%	1.4%
February 2018	57,088	90,425	147,513	1,876	149,389	5,335	38.2%	60.5%	1.3%
March 2018	86,259	103,518	189,777	2,250	192,027	6,194	44.9%	53.9%	1.2%
April 2018	77,207	103,375	180,582	2,084	182,666	6,089	42.3%	56.6%	1.1%
May 2018	89,906	109,168	199,074	2,394	201,468	6,499	44.6%	54.2%	1.2%
June 2018	116,550	91,607	208,157	2,322	210,479	7,016	55.4%	43.5%	1.1%
FY 2018 Total	**921,811**	**1,108,220**	**2,030,031**	**124,702**	**2,154,733**	**5,903**	**42.8%**	**51.4%**	**5.8%**

	Monthly Revenue						Average Toll / Transaction		
Month	Cash	Sunpass [2]	Gross Toll Revenue	Volume Discount Rebate [3]	Total Revenue After Rebate	Rebate as Percent of Sunpass	Cash	Sunpass	Total
July 2017	$483,414	$363,393	$846,807	($41,151)	$805,656	11.3%	$3.898	$3.928	$3.910
August 2017	$343,707	$376,797	$720,504	($51,486)	$669,018	13.7%	$3.879	$3.935	$3.908
September 2017 [1]	$149,240	$172,876	$322,116	($19,912)	$302,204	11.5%	$3.845	$3.866	$3.856
October 2017	$257,083	$413,451	$670,534	($54,091)	$616,442	13.1%	$3.854	$4.011	$3.949
November 2017	$246,174	$379,146	$625,320	($43,665)	$581,655	11.5%	$3.862	$4.032	$3.964
December 2017	$232,644	$360,756	$593,400	($36,555)	$556,845	10.1%	$3.853	$4.039	$3.964
January 2018	$200,560	$367,506	$568,066	($46,817)	$521,249	12.7%	$3.819	$4.051	$3.966
February 2018	$217,902	$364,215	$582,117	($43,652)	$538,465	12.0%	$3.817	$4.028	$3.946
March 2018	$328,175	$417,224	$745,399	($49,839)	$695,560	11.9%	$3.805	$4.030	$3.928
April 2018	$303,642	$412,723	$716,365	($52,996)	$663,369	12.8%	$3.933	$3.992	$3.967
May 2018	$340,393	$428,942	$769,335	($55,935)	$713,400	13.0%	$3.786	$3.929	$3.865
June 2018	$411,173	$365,512	$776,685	($37,977)	$738,708	10.4%	$3.528	$3.990	$3.731
FY 2018 Total	**$3,514,107**	**$4,422,541**	**$7,936,648**	**($534,076)**	**$7,402,571**	**12.1%**	**$3.812**	**$3.991**	**$3.910**

(1) Tolling was suspended for 15 days in September, 2017 due to Hurricane Irma. Toll free transactions were recorded and are included above.

(2) Sunpass category includes Sunpass and other accepted ETC transponders as well as toll by plate transactions.

(3) Only Sunpass equipped passenger cars are eligible for volume discount; 50% discount applied to all monthly trips once 30 trip threshold is reached.

Note: Sunpass revenue for June, 2018 is estimated due to processing delays at new central processing center; based on transactions times $3.99 average Sunpass toll per transaction.

The lower right portion of the table shows average toll per transaction, by payment mode. Overall, in FY 2017, the average toll per vehicle was $3.921. It should be noted that monthly transactions include uncollected "violations"; primarily motorists using SunPass lanes without being properly equipped with SunPass. Tolls are collected from some of these vehicles under a toll by plate arrangement; however, the overall uncollected rate of violation vehicles averages around 4 percent of total traffic. Revenue shown in Table 3 reflects only collected revenue; while transactions include both paying and violation vehicles.

Table 4 provides similar information for FY 2018. Revenue was significantly impacted in September of 2017, due to temporary toll suspensions during Hurricane Irma. The toll suspension also resulted in an unusual increase in non-revenue transactions during that month, as compared to other months. The overall average toll in FY 2018 was similar to FY 2017 and volume discount rebates totaled about 12.1 percent of overall annual revenue. After rebate adjustment, FY 2018 annual revenue reached just over $7.4 million.

Potential Revenue Increase Evaluations

Two possible areas of revenue enhancement were initially analyzed in the study:

- A toll rate sensitivity analysis which tested possible changes in nominal toll rates to optimize overall revenue; and
- An assessment of several possible changes in the current volume discount program, as a further method of revenue enhancement.

Each analysis area was evaluated independently at Calendar Year 2018 levels; the most recent year for which actual traffic usage information was available to CDM Smith for the analysis. The results of each area of evaluation were then combined for eight theoretical Scenarios of change, to estimate the collective impact of changing both toll rates and discount program modifications.

Toll Rate Sensitivity Analysis

As previously mentioned, toll rates have been increased on Garcon Point Bridge four times during its existence, in FY 2002, FY 2005, FY 2008 and FY 2011. A general review was made to determine traffic and revenue patterns in response to each of the prior toll increases. In all cases, revenues in the fiscal year in which tolls were increased were higher than the prior fiscal year. In three of the four cases, toll transactions declined. This is typical of toll increases. Actual experience following the FY 2008 increase was heavily impacted by the overall pattern of decline in traffic with the onset of the significant national economic downturn. The most recent change in FY 2011 took place just as traffic and revenue began to recover from the Great Recession. As such, the analytical value of historical patterns of recent toll changes is reduced based on abnormal traffic and revenue trends during periods of rate increases.

Using travel demand models developed in the previous Comprehensive Traffic and Revenue Study of the Garcon Point Bridge that was completed by CDM Smith in June 2018, a detailed toll sensitivity impact analysis was undertaken. The previous model had been calibrated at calendar year 2016 levels. In this study, CDM Smith was provided individual transaction records for the past 60 months on the GPB. This data was used to develop updated estimates of average daily traffic on

the GPB through end of December 2018. Overall, average daily traffic in 2018 reached nearly 6,000 vehicles per day.

The model was recalibrated to 2018 levels. Estimates of value of time and vehicle operating costs developed in the prior study were adjusted to 2018 levels. As previously noted, the current 2-axle vehicle rate on the GPB is $3.75. The travel demand model was used to test rates between $2.50 and $6.50, at $0.25 increments. Lower rates were tested to verify that revenue could not be increased by actually reducing rates, which did prove to be the case.

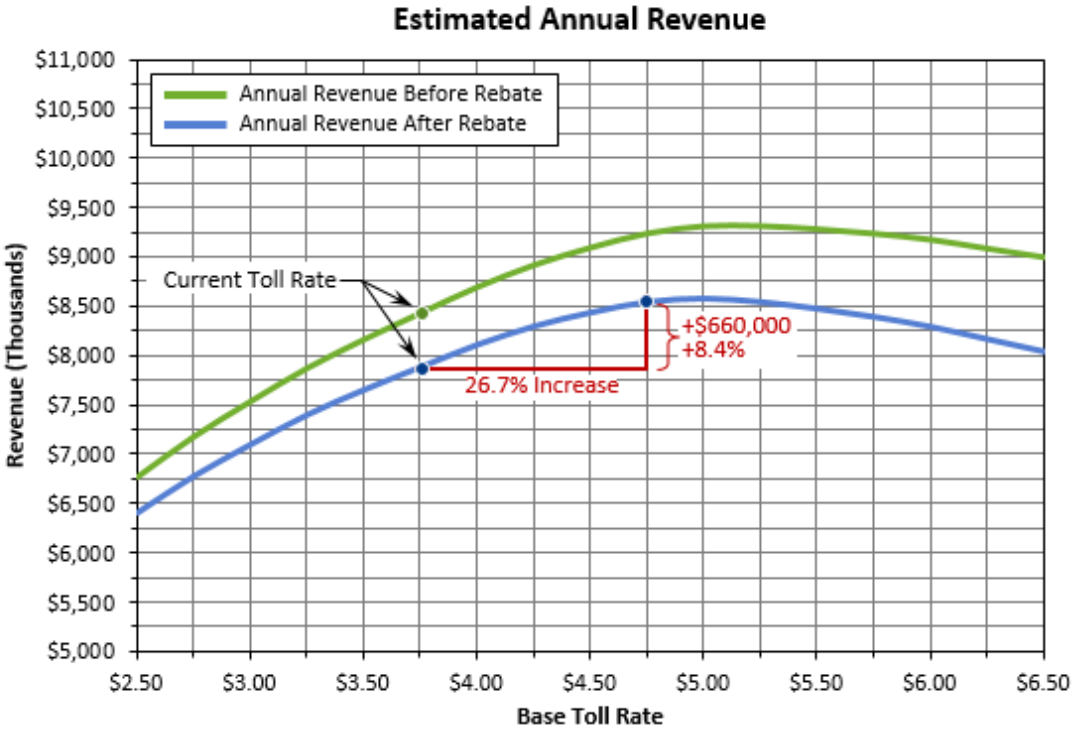
Figure 4 presents a graphical summary of the results of the toll sensitivity analysis. The upper portion shows estimated annual revenue at different toll rates within the range tested. The lower portion shows estimated average daily traffic on the GPB. As might be expected, as toll rates are theoretically reduced below the current $3.75 level, it would be expected that average daily traffic would be increased as shown in the lower portion of Figure 4. As rates are increased above $3.75, the model shows reductions in average daily traffic.

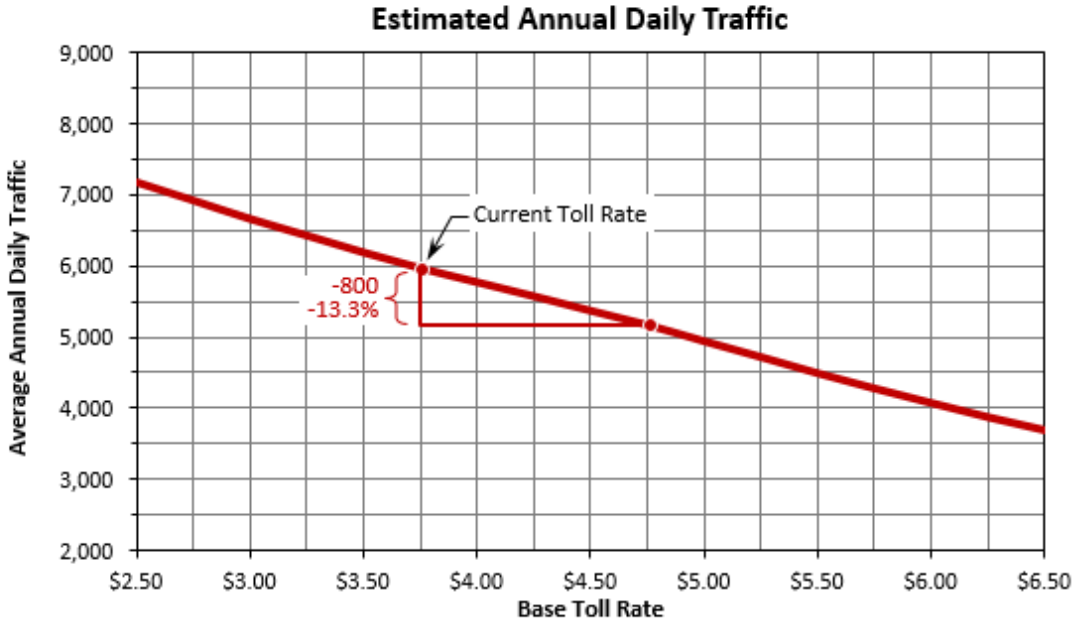
The green line on the revenue portion of the toll sensitivity curves depicts gross toll revenue, at calendar year 2018 levels. This is before adjustment for any volume discount rebates. The blue curve shows estimated annual revenue after adjustment for volume discount rebates. The gap between the two lines increases as nominal toll rates increase, since a fixed 50 percent volume discount is assumed at all rate levels in this toll sensitivity analysis. The dollar value of the annual rebate, therefore, increases in direct proportion to increases in the SunPass toll rates. At the current toll rates, calendar year 2018 revenue is estimated at just under $8.4 million. The annual volume discount rebate for calendar 2018 is estimated at $550,000, resulting in adjusted revenue of about $7.9 million after the rebate.

Revenue would increase at progressively higher toll rates, up to a rate level between $5.00 and $5.25. This is the absolute maximum revenue point on the curve. However, it is recommended that the optimal rate should be located just to the left of the revenue maximizing point, for two reasons:

- As with any modeling or forecasting process, there is some level of uncertainty regarding motorists' response to rate changes; if rates are set at the theoretical revenue maximizing location, any potential error of estimate could actually place revenue on the "down side" of the revenue curve, resulting in a lower increase in revenue; and,
- This analysis assumed any rate change would be implemented on July 1, 2019, at the beginning of FY 2020. By the beginning of FY 2021, construction activity on the two primary competing routes is expected to be completed; the prior study showed that the competitive position of Garcon Point Bridge may be slightly weakened by construction completion.

Hence, CDM Smith suggests that the maximum overall average toll for two-axle vehicles which should be considered is $4.75. This is an increase of $1.00 over today's toll rates. As shown, this would result in an increase estimated at $660,000 in calendar year 2018 levels. This is an increase of about 8.4 percent in revenue, resulting from a 26.7 percent increase in tolls. As shown in the lower portion of Figure 4, it is estimated that an increase in tolls to $4.75 for passenger cars would result in a reduction in average daily traffic of about 800 vehicles per day, or about 13.3 percent.





TOLL SENSITIVITY CURVES

FIGURE 4

Rate Differential by Method of Payment – The Garcon Point Bridge currently has no toll differential between SunPass and cash transactions. This is unusual; almost all toll facilities in Florida have some form of price differential. This incentivizes the use of electronic toll collection, which is more efficient and reduces the risk of violations and leakage. By comparison, the nearby Mid-Bay Bridge has a $1.00 differential for 2-axle vehicles, with passenger cars using SunPass charged $3.00 while cash users are charged $4.00.

As noted above, the toll sensitivity analysis found that the overall optimum rate for two-axle vehicles would be $4.75. While this is an appropriate overall average level for that vehicle category, it could also be implemented with a built-in rate differential, specifically $4.50 for SunPass transactions and $5.00 for cash. Beyond encouraging additional use of electronic toll collection, this would reduce the amount of rate increase for the more frequent users at $0.75, while relatively infrequent cash users would experience an increase of $1.25. This may tend to reduce the risk of "overreaction" in response to the toll change by bridge customers. The $5.00 toll would also expedite the in-lane cash collection process. The toll sensitivity analysis portion of the study, therefore, considered two possible options for overall rate adjustment:

- A flat $4.75 toll for 2-axle vehicles under all payment modes; and,
- A 2-axle rate of $4.50 for SunPass and $5.00 for cash.

Volume Discount Program Modification Analysis

The second portion of the overall rate review involved an analysis of possible elimination or changes to the existing volume discount rate program. The current program applies only to 2-axle vehicles using SunPass. Other types of electronic toll transponders are also accepted on the Bridge, such as E-PASS, LEEWAY, and some out-of-state electronic toll programs. However, vehicles using these transponders, and all vehicles with three or more axles, are not eligible for volume discounts.

The current discount program has a minimum trip frequency of 30 trips per month. Frequency is accumulated for each individual unique SunPass transponder, not for each SunPass account. In some cases, SunPass accounts have more than one transponder associated with them. Frequency is based on individual transponder ID categories. Once a transponder is used 30 or more times per month, at the end of the month, all tolls charges in that month are reduced by 50 percent. Reduced toll charges are then applied in the form of a rebate to the SunPass account and result in a reduction of effective revenue on the bridge.

The evaluation of possible changes or elimination of the discount program was conducted at calendar year 2018 levels, based on the detailed individual transaction information provided by FDOT for use in the analysis. It is estimated that during calendar year 2018, the overall revenue impact from the volume discount program would be about $555,000. The proportion of eligible SunPass transponders over each month of calendar 2018 was determined based on an evaluation of more than 2.0 million individual transaction records. About 30 percent of all SunPass trips (excluding trucks) were recorded by transponders which were used 30 or more times per month across the GPB, and hence were eligible for discounting. The vast majority of motorists receiving the volume discounts made between 31 and 50 trips per month. Less than 4.0 percent of all SunPass transponders were used on more than 50 trips per month.

A spreadsheet model was developed to test the impacts of several potential changes in the discount program, including:

- Reductions in the percentage discounts level;
- Increases in the monthly trip frequency thresholds (above 30); and,
- Institution of a possible "tiered" discount program with progressively lower rates of discount for less frequent high-volume users.

For each scenario, the model estimated the potential impact on average toll rates and possible trip reductions associated with each conceptual change in discount level. The analysis was applied individually to more than 100 individual trip frequency levels per month, as determined based on the detailed data analysis of individual transaction records for 2018. The model also calculated potential impacts on the annual rebate amount, as well as possible reductions in overall traffic on the GPB based on the modification (or elimination) of the volume discount program.

Under the current program, at the nominal toll of $3.75, frequent SunPass users experience an overall average toll of $1.88 per transaction, after the 50 percent discount is retroactively applied. A change in the rate of discount to, say, 25 percent would increase the effective overall average toll rate to $2.81. While this would be less evident than a change in the nominal toll rate itself, it would represent an effective toll increase to frequent users beyond any change in the overall toll rate. Hence, some further reduction in trip making by frequent users could be anticipated as the effective rate of discount is reduced.

Figure 5 provides a graphical summary of the impact of potential modifications to rates of discount or changes in the minimum monthly trip thresholds needed to achieve a discount. Focusing on the left side of Figure 5, six alternative reduced levels of discount were tested, ranging from 20 percent to 45 percent. As the discount rate is reduced, the estimated size of annual rebate decreases. For example, in the base case, with a 50 percent retroactive discount, the annual rebate is estimated at $555,000. This would be reduced to $374,000 at a discount of 35 percent or $260,000 if the discount were reduced to 25 percent.

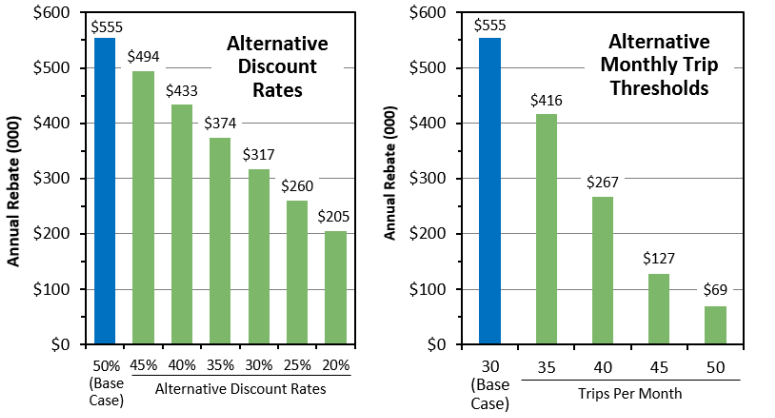


Figure 5
Impact of Potential Changes In Discount Rates or Trip Thresholds

As shown on the right side of Figure 5, increasing the minimum trip threshold above the current 30-trip level would also result in a reduction of annual rebate amounts. For example, increasing the trip threshold from 30 to 40 trips per month would drop the estimated annual rebate value to $267,000. In both cases, it is important to note that Figure 5 shows the estimated revised amount of annual rebate. However, these changes may also result in a slight reduction of overall trips on

the bridge; this is not reflected in the values shown in Figure 5 but is applied later to the total traffic estimate on the GPB.

Figure 6 shows the impact of potential alternative "tiered" discount programs. Three such programs were tested, as shown on the left side of the figure. These would involve progressively higher rates of discount at higher levels of frequency. For example, under Tiered Discount Program A, no discount would be offered for transponders making less than 30 trips per month, as with the current system. For those being using between 30 and 40 trips per month, as shown in green, a 20 percent discount would be applied to all trips for the entire month. If the transponder is used between 40 and 50 times per month, the total monthly discount applied to all trips would increase to 30 percent. For those transponders using the bridge 50 or more times per month, a 50 percent discount would be provided, as is currently the case. Tiered programs B and C are simply further variations on the tiered discount program concept.

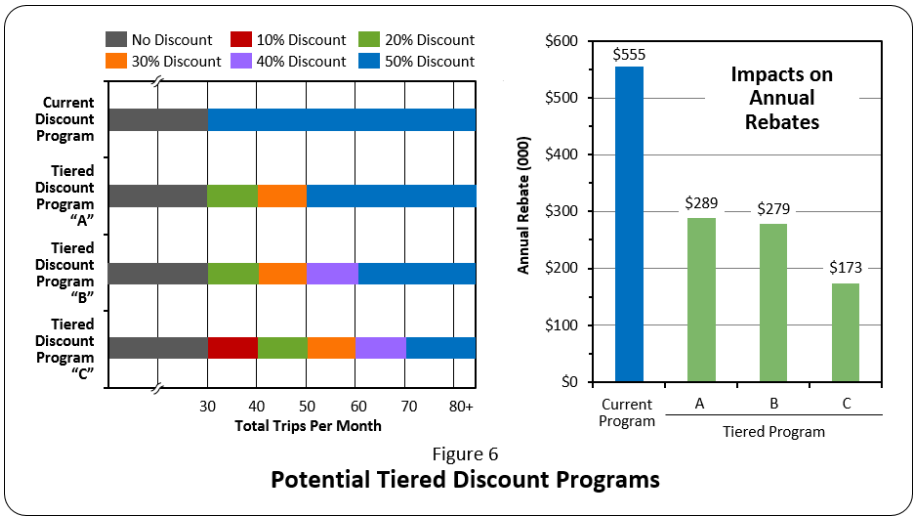


Figure 6
Potential Tiered Discount Programs

As shown on the right side of Figure 6, introduction of the Tiered Program A or B would significantly reduce the amount of the annual rebate. This is because most frequent users travel between 30 and 50 trips per month, with only a small percentage getting the full 50 percent discount. Tiered Program C, which would introduce an even lower 10 percent level of discount for users making 30-40 trips per month, would reduce the annual rebate amount to just $173,000.

If the volume discount program on the Garcon Point Bridge was eliminated altogether, the value of the annual rebate would, of course, go to zero. However, there would still be some associated reduction in traffic which would have some negative impact on revenue.

Potential Rate Change/Discount Change Combinations

As discussed above, the evaluation of overall toll sensitivity and potential volume discount program modifications was handled separately; all at calendar year 2018 basis. A series of potential combinations of rate changes and discount plan modifications were then evaluated. These are displayed in **Table 5**. All figures in Table 5 represent calendar year 2018 levels.

Table 5: Comparison of Selected Combination Rate Adjustment Scenarios

Scenario	2 Axle Rates ETC	2 Axle Rates Cash	Discount Program	Estimated Annual Transactions (000)	Percent Impact	Annual Revenue Before Rebate (000)	Estimated Annual Discount Rebate (000)	Annual Revenue After Discount (000)	Estimated Annual Revenue Increase Amount (000)	Estimated Annual Revenue Increase Percent
Existing	$3.75	$3.75	Current (1)	2,180		$8,438	$555	$7,883		
1	$4.75	$4.75	Current (1)	1,893	-13.2%	$9,245	$706	$8,539	$656	8.3%
2	$4.50	$5.00	Current (1)	1,904	-12.7%	$9,188	$668	$8,520	$637	8.1%
3	$4.75	$4.75	Eliminated	1,856	-14.9%	$9,069	$0	$9,069	$1,186	15.0%
4	$4.50	$5.00	Eliminated	1,867	-14.4%	$9,022	$0	$9,022	$1,139	14.4%
5	$4.75	$4.75	Reduce to 25%	1,874	-14.0%	$9,155	$330	$8,825	$942	11.9%
6	$4.50	$5.00	Reduce to 25%	1,885	-13.5%	$9,103	$312	$8,791	$908	11.5%
7	$4.75	$4.75	Tiered Prog A	1,876	-13.9%	$9,164	$366	$8,798	$915	11.6%
8	$4.50	$5.00	Tiered Prog A	1,887	-13.4%	$9,112	$346	$8,766	$883	11.2%

(1) Current Discount Program is flat 50% discount on all trips after 30 trip monthly threshold is reached

For comparison purposes, estimated transactions and revenue for 2018 are shown for existing conditions, with a 2-axle rate of $3.75 for both SunPass and cash. This scenario includes the existing discount program, which provides the 50 percent discount on all trips after the 30-trip monthly threshold is reached. Annual transactions are estimated at almost 2.2 million for the year, generating revenue more than $8.4 million before the annual rebate. After deducting the annual rebate, annual revenue is estimated at almost $7.9 million. This represents the base case against which each of eight possible alternative combinations were tested.

Scenarios 1 and 2 would assume retention of the existing discount program in its current form. Under Scenario 1, the 2-axle rate for both SunPass and cash would be increased to $4.75, as discussed in the toll sensitivity analysis above. In Scenario 2, SunPass rates would be increased to $4.50 while cash rates would be increased to $5.00. In all cases, rates for vehicles with more than two axles would be progressively higher.

In general, this would reduce estimated transactions by about 13 percent, but increase revenue to approximately $9.2 million before rebate. Under Scenario 1, the annual discount is estimated at $706,000 and under Scenario 2, $668,000. The annual rebate for Scenario 2 is lower than Scenario 1, since the volume discount only applies to SunPass vehicles which would have a lower toll rate in Scenario 2. Overall, after applying the respective rebates, revenue would be increased to about $8.5 million, an increase of just over 8 percent from the base condition under either Scenario 1 or 2.

Scenarios 3 and 4 consider the same two alternative changes in nominal toll rates but assume the discount program is eliminated entirely. Here, estimated annual transactions would be slightly lower, based on the fact that the elimination of the discounts would further reduce traffic as effective average tolls are increased for frequent users. Increasing the nominal tolls together with elimination of the volume discount program would reduce transactions by almost 15 percent from current levels. Revenue before rebate is actually slightly lower than Scenarios 1 and 2, but the rebate amount is set to zero, hence, these scenarios would generate the maximum annual revenue after discount, estimated at about $9.0 million, or 14-15 percent above the base case.

Scenarios 5 and 6 would involve the same two alternative rate increase strategies and retention of the discount program. However, the rate of volume discount would be decreased from 50 percent to 25 percent, resulting in a significant reduction in the annual rebate amount. These strategies would generate overall revenue after rebate in the range of $8.8 million, or more than a $900,000 annual increase in revenue; generally, in the range of 11.5 to 12 percent.

Finally, Scenarios 7 and 8 would combine the two nominal rate change options with a modified discount program introducing the Tiered Discount Program A. The tiered program would reduce the amount of annual rebate and increase the amount of annual revenue after discount. It would provide comparable impacts to simply reducing the rate of discount to 25 percent.

After review of the eight alternative scenarios shown in Table 5, CDM Smith recommends implementation of Scenario 6. This program would increase overall rates to optimum levels but would introduce a $0.50 differential between SunPass and cash transactions, encouraging additional use of SunPass. In addition, the discount program would be reduced to just 25 percent. This strategy would reduce the amount of nominal increase for SunPass users and would introduce a perceived effective discount (versus cash) for each trip made using SunPass. This would reduce the negative impacts associated with reducing the volume discount from 50 percent to 25 percent; SunPass users would be experiencing an effective discount each time they use the bridge. Scenario 6 would still increase overall revenue, after discount, by 11.5 percent, but would present considerably less risk of overreaction by drivers as compared to Scenarios in which the discount program would be eliminated entirely.

Conclusion and Recommendations

It is recommended, therefore, that toll rates on the Garcon Point Bridge be increased on July 1, 2019, to optimize revenue potential while still falling short of full toll rate compliance. The recommended new toll rate schedule is shown in **Table 6**. It does assume that separate rate levels will be established for SunPass and cash methods of payment. The recommended schedule also assumes that the price differentials will be applied to all higher multi-axle vehicles as well, and that the existing "N - 1" axle classification rate structure would be retained.

Table 6: Recommended Toll Schedule - FY 2020 - Garcon Point Bridge

Type of Vehicle	Method of Payment	
	Sunpass (1)	Cash
Two Axle Vehicles	$4.50	$5.00
Three axle Vehicles	$9.00	$10.00
Four Axle Vehicles	$13.50	$15.00
Five Axle Vehicles	$18.00	$20.00
Six Axle Vehicles	$22.50	$25.00
Seven Axle Vehicles	$27.00	$30.00
Each Additional Axle over 7	$4.50	$5.00

(1): Sunpass rate would also apply to vehicles equipped with other accepted electronic toll transponders such as E-Pass, Leeway and others.

In addition, it is further recommended that as of July 1, 2019, that the volume discount program level of discount be reduced from 50 percent to 25 percent. The monthly trip threshold needed to achieve the volume discount would remain at 30 trips and eligibility for the program would continue to be limited to vehicles with two axles using a SunPass transponder.

Table 7 presents estimated FY 2020 transactions and revenue, under both the current toll rates and discount programs and with the recommended toll rates and modified discount program. In each case, annual transactions and annual revenue are shown, (in thousands) together with the toll rates assessed. Information is provided separately for 2-axle vehicles and, in total, vehicles with more than two axles.

Table 7: Estimated FY 2020 Transactions and Revenue - Garcon Point Bridge

		With Current Toll Rates and Discounts			With Recommended Toll Rates and Discounts		
Vehicle Category	Method of Payment	Annual Transactions (000)	Average Toll	Annual Revenue (000)	Annual Transactions (000)	Average Toll	Annual Revenue (000)
Two-Axle	Sunpass [1]	1,253	$3.75	$4,699	1,196	$4.50	$5,381
	Cash	985	$3.75	$3,692	734	$5.00	$3,670
	Total	2,238	$3.75	$8,391	1,930	$4.69	$9,051
Over 2 Axles	Sunpass [1]	70	$10.27	$720	63	$12.33	$776
	Cash	38	$9.99	$377	31	$13.32	$416
	Total	108	$10.17	$1,096	94	$12.66	$1,192
Total Vehicles	Sunpass [1]	1,323	$4.10	$5,419	1,259	$4.89	$6,158
	Cash	1,022	$3.98	$4,069	765	$5.34	$4,086
	Total	2,345	$4.05	$9,487	2,024	$5.06	$10,243
Allowance for Leakage From Violations and Toll by Plate				$379			$410
Adjusted Annual Revenue				$9,108			$9,834
Less Estimated Annual Volume Discount Rebate				$597			$336
Estimated Annual Revenue After Rebate				$8,511			$9,498
Estimated Annual Impact with Recommended Rate Change					-321		$987

(1) The Sunpass category includes all electronic toll transactions, including transponders issued by other agencies which are accepted on the Garcon Point Bridge, as well as a limited number of toll by plate transactions.

Baseline estimates for FY 2020 transactions and revenue were developed by applying nominal estimated growth to monthly transactions experienced in FY 2019. The forecast assumes a continuation of positive transaction growth, with some moderation in the rate of growth over the next two fiscal years. Transaction growth between FY 2018 and FY 2019 is estimated at about 5.0 percent, decreasing to about 4.5 percent between FY 2019 and FY 2020. Note that this includes total transactions, about four percent of which would typically prove to be violations for which revenue is uncollectable. An allowance for uncollected revenue is provided later in the table.

Under the current toll structure, annual transactions in FY 2020 are estimated at more than 2.3 million, which would generate about $9.5 million in overall annual "indicated" revenue in FY 2020. After allowance for leakage from violations and uncollected toll-by-plate transactions, estimated at $379,000, adjusted annual revenue in FY 2020 under the current toll rate schedule is estimated at just over $9.1 million. The annual volume discount rebate for FY 2020 is estimated at $597,000, resulting in adjusted annual revenue after rebate of $8.51 million.

The right side of Table 7 shows estimated FY 2020 transactions and revenue with the recommended toll rate modifications and changes to the discount program. Total transactions in FY 2020 would be reduced to just over 2.0 million, a net reduction estimated at about 321,000 transactions per year or just under 900 vehicles per day. Toll rates would be increased, and the price differential between SunPass and cash is introduced. This would yield an overall full revenue potential of over $10.2 million. After allowance for leakage, this would be reduced to about $9.8 million. The estimated annual volume discount rebate would be significantly reduced, to just $336,000, resulting in estimated annual revenue of $9.5 million. This represents an increase of $987,000 (11.6 percent) as a result of the recommended toll change and discount program modifications.

Finally, it is important to recognize that it may be necessary to evaluate optimal rates again for FY 2021 and beyond. This further analysis will have the advantage of actual experience following implementation of the recommended toll changes in FY 2020. In addition, FY 2021 will be the first fiscal year following completion of construction activity on the two competing routes, when the competitive position of the Garcon Point Bridge may be slightly reduced.

* * *

CDM Smith sincerely appreciates the opportunity to provide this analysis and recommendations regarding toll rate and discount modifications for the Garcon Point Bridge.

Disclaimer

CDM Smith used currently accepted professional practices and procedures in the development of these Traffic and Revenue (T&R) estimates. However, as with any forecast, it should be understood that differences between forecasted and actual results may occur, as caused by events and circumstances beyond the control of the forecasters. In formulating the estimates, CDM Smith reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the Florida Department of Transportation (FDOT) and Florida's Turnpike Enterprise (FTE). CDM Smith also relied upon the reasonable assurances of independent parties and is not aware of any material facts that would make such information misleading.

CDM Smith made qualitative judgments related to several key variables in the development and analysis of the T&R estimates that must be considered as a whole; therefore, selecting portions of any individual result without consideration of the intent of the whole may create a misleading or incomplete view of the results and the underlying methodologies used to obtain the results. CDM Smith gives no opinion as to the value or merit of partial information extracted from these T&R estimates.

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