JACOBS

Traffic Engineers' Report for Fiscal Year 2016

Mid-Bay Bridge Authority

MID-BAY

Contents

Tables

Figures

Executive Summary

This Traffic Engineers' Annual Report for Fiscal Year (FY) 2016 looks at the traffic and revenue results for the Mid-Bay Bridge Authority's two toll facilities, the Mid-Bay Bridge and the Walter Francis Spence Parkway, for the time period of October 1, 2015 through September 30, 2016.

In FY 2016 the combined facilities of the Authority processed 9,942,925 transactions that generated a total of $27,417,335 in gross toll revenues. When the $27,417,335 is added to the investment and other income of $379,884, total Mid-Bay Bridge Authority revenues for FY 2016 amounted to $27,797,219.

For the combined facilities, actual FY 2016 toll revenue of $27,417,335 exceeded the $24,854,000 forecast by $2,563,335 or 10.3 percent.

Jacobs will continue to monitor traffic and revenue conditions on the Authority's facilities and will consult with the Executive Director on a frequent basis, including the production of monthly reports, in case any updates to the forecasts and/or toll schedules may be warranted.

1. Introduction

Jacobs prepared this Annual Report for the Mid-Bay Bridge (Bridge) and Walter Francis Spence Parkway (Parkway) for the Authority's fiscal year ended September 2016 (FY 2016). It covers the annual traffic and revenue results for FY 2016 and contains Bridge data going back to July 1993, the first full month of Bridge operation and Parkway data going back to January 2014, the first month of Parkway operation.

The format of this report will discuss the combined results of the two facilities, followed by the Bridge and Parkway results separately. The last section includes a discussion of the related services provided by Jacobs during FY 2016.

The Authority's revenue sources documented herein include toll revenues from both Bridge and Parkway operation, investment income, and other revenues including sale of assets.

2. Mid-Bay Bridge Authority System

For the combined facilities, actual FY 2016 toll revenue collected exceeded the forecast for FY 2016 by $2,563,335 or 10.3 percent, as shown in Table 1:

Table 1
Mid-Bay Bridge Authority System
Actual vs. Forecast Toll Revenue, FY 2016

FY 2016	Actual	Forecast	Differential	
			Amount	Percent
Toll Revenue	$27,417,335	$24,854,000	$2,563,335	10.3%

Full year toll revenue was $27,417,335 including Okaloosa County SunPass® violations. When the $27,417,335 is added to the investment and other income of $379,884, total Mid-Bay Bridge Authority revenues for FY 2016 amounted to $27,797,219.

As shown in Table 2, the breakdown by vehicle classification (vehicles of three or more axles have been grouped) indicates that 97.2 percent of the total traffic was comprised of two-axle vehicles (excluding not charged and non-revenue 2-axle traffic) in FY 2016, and that these vehicles produced 93.0 percent of the system's toll revenue. Vehicles with three or more axles comprised only 2.3 percent of the total traffic producing 7.0 percent of the system's toll revenue.

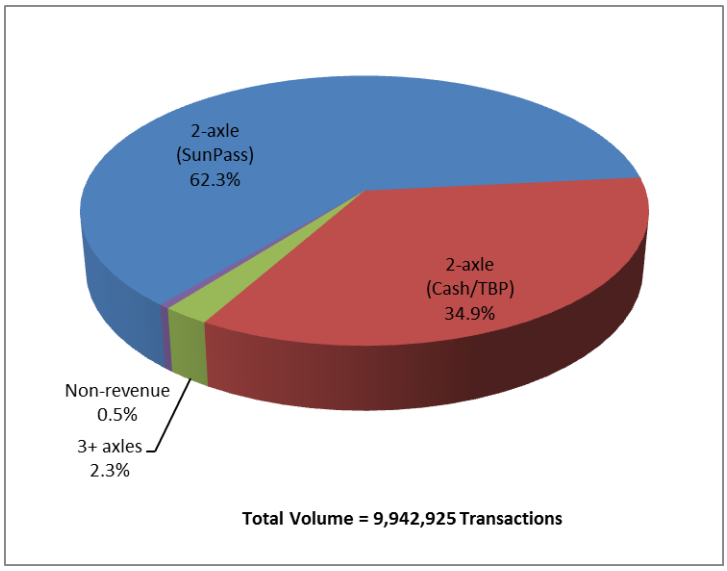
Table 2
Mid-Bay Bridge Authority System
SunPass® v. Cash/TBP, FY 2016

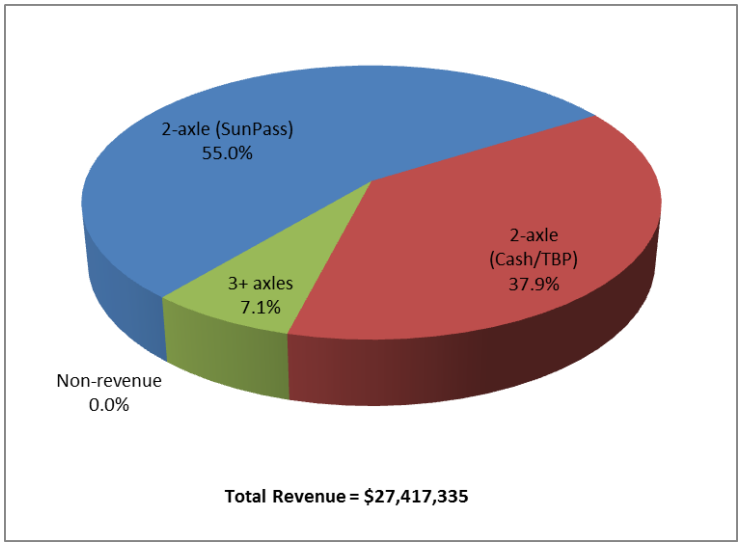
Vehicle Group	Traffic		Toll Revenue	
	Volume	Percent	Amount	Percent
2-axle (SunPass)	6,190,575	62.3%	$ 15,069,465	55.0%
2-axle (Cash/TBP)	3,468,550	34.9%	$ 10,400,698	37.9%
3+ axles	231,790	2.3%	$ 1,947,172	7.1%
Subtotal	9,890,915	99.5%	$ 27,417,335	100.0%
Non-revenue	52,010	0.5%		
Total	9,942,925	100%	$ 27,417,335	100.0%

TBP: TOLL-BY-PLATE ®

Narrowing in on the two-axle vehicles, while the two-axle-SunPass® group in FY 2016 represented 62.3 percent of the traffic mix; they produced 53.4 percent of the toll revenues due to their lower toll. On the other hand, two-axle-Cash/TBP-payers represented 34.9 percent of the traffic mix, producing 39.6 percent of the toll revenue. It is important to note that although the TBP revenues lag due to the difference between the transaction date and the subsequent billing and collection of the revenue, the Authority recognizes the TBP revenues in the year in which the toll transaction was made. The FY 2016 classification results are shown graphically in Figure 1.

Figure 1
Mid-Bay Bridge Authority System
Traffic and Toll Revenue, FY 2016





With respect to traffic for the combined facilities, the traffic exceeded the updated projections from the Series 2015 bond issue by 614,925 vehicles, or 6.6 percent, as shown in Table 3:

Table 3
Mid-Bay Bridge Authority System
Actual vs. Forecast Traffic, FY 2016

FY 2016	Actual	Forecast	Amount	Percent
Traffic	9,942,925	9,328,000	614,925	6.6%

3. Mid-Bay Bridge

FY 2016 actual Bridge toll revenue exceeded the forecast for FY 2016 by $1,607,055 or 7.5 percent, as shown in Table 4:

Table 4
Mid-Bay Bridge
Actual vs. Forecast Toll Revenue, FY 2016

FY 2016	Actual	Forecast	Differential	
			Amount	Percent
Toll Revenue	$ 23,028,055	$ 21,421,000	$ 1,607,055	7.5%

The revenue results in FY 2016 continue to be affected by the improving economic conditions. In addition, for the eighth consecutive year, the Mid-Bay Bridge and Okaloosa County did not experience major tropical storm activity during FY 2016.

With respect to traffic, for the Mid-Bay Bridge, actual FY 2016 traffic (transactions) exceeded the forecast for FY 2016 by 156,105 vehicles or 2.2 percent, as shown in Table 5:

Table 5
Mid-Bay Bridge
Actual vs. Forecast Traffic, FY 2016

FY 2016	Actual	Forecast	Amount	Percent
Traffic	7,207,105	7,051,000	156,105	2.2%

The following section of the report discusses the traffic and revenue results from Bridge operation and the relationship of the toll rates and the toll rate increases (October 2004, June 2010 and October 2015) to inflation since the opening of the Bridge and during the twelve years since the first toll increase.

3.1 Traffic and Revenue Results

Toll revenues collected in FY 2016 amounted to $23,028,055, up 30.4 percent from FY 2015. A breakdown of the monthly results is summarized in Table 6:

Table 6
Mid-Bay Bridge
Monthly Toll Revenue, FY 2016 v. FY 2015

Month	Total Toll Revenue		Percent Change
	FY 2016	FY 2015	
October	$ 1,939,817	$ 1,401,898	38.4%
November	$ 1,541,172	$ 1,188,357	29.7%
December	$ 1,666,462	$ 1,264,383	31.8%
January	$ 1,526,973	$ 1,169,838	30.5%
February	$ 1,575,350	$ 1,157,098	36.1%
March	$ 1,998,530	$ 1,474,020	35.6%
April	$ 1,931,513	$ 1,483,343	30.2%
May	$ 2,218,645	$ 1,708,277	29.9%
June	$ 2,300,142	$ 1,808,193	27.2%
July	$ 2,479,379	$ 1,936,442	28.0%
August	$ 2,021,280	$ 1,609,122	25.6%
September	$ 1,811,740	$ 1,443,345	25.5%
Subtotal	$ 23,011,003	$ 17,644,316	30.4%
Tolls/collections/fines	$ 17,052	$ 13,010	31.1%
Grand Total	$ 23,028,055	$ 17,657,326	30.4%

Tracing the percent changes shows strong revenue growth throughout FY 2016, averaging 30.4 percent for the year. From FY 2015 to FY 2016, the year-over-year revenue increases ranged from a low of 25.5 percent in September to a high of 38.4 percent in October.

In terms of Bridge traffic and revenues as FY 2016 transitions into FY 2017, Jacobs will continue to monitor the impact of local economic conditions.

Figure 2 shows, graphically, the monthly average daily toll revenue fluctuations from fiscal years 2002 through 2016, and Figure 3 shows the monthly revenue fluctuations from fiscal years 1995 through 2016. Superimposed on Figure 3 is a 12-month moving average beginning with the 12-month period ended June 1994. This shows the steady upward growth trend through the summer of 2005, while removing the monthly variations from the trend line. Note, in Figure 3, however, that the 12-month average line first flattened and then began slipping (downward) through May 2009, followed by a bottoming out beginning in June 2009 and continuing through May 2010 until the economy showed signs of improving. The impacts of the June 2010 toll increase and the BP oil spill (during the early summer of 2010) are clearly visible, as well as that of the Authority's first toll increase in October 2004 (FY 2005). Towards the end of FY 2012, and continuing into early FY 2014, the graph shows a

slight upward turn. Beginning in the latter part of FY 2014 and continuing into FY 2015, this upward turn increases as the moving average line shows a sharper upward trend resulting from stronger summer season traffic and the opening of, and increasing familiarity with, the Spence Parkway. Jacobs will continue to monitor this trend.

Figure 2
Mid-Bay Bridge
Monthly Toll Revenue Fluctuations, FY 2002-FY 2016

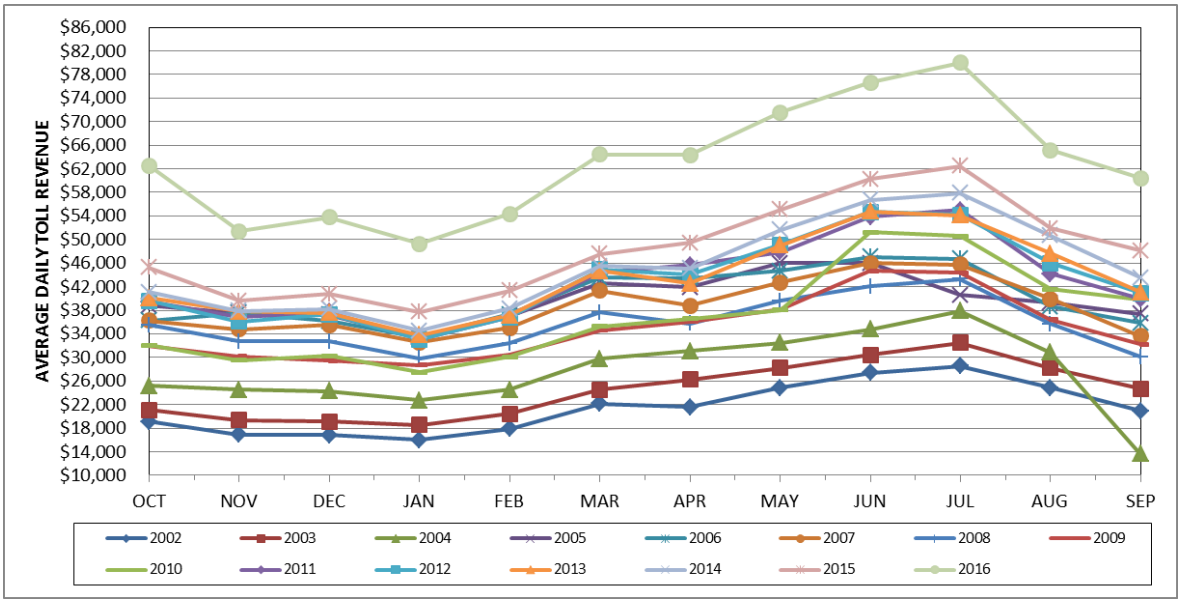


Figure 3
Mid-Bay Bridge
Toll Revenue Trend, FY 1994-FY 2016

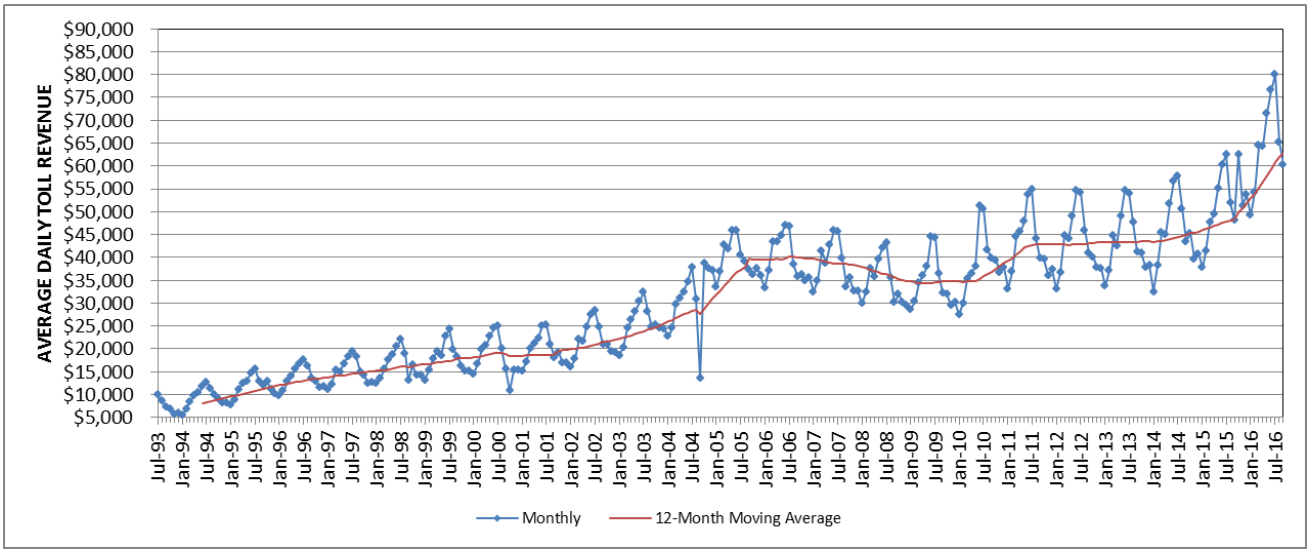


Table 7 lists the Bridge annual traffic (annual volume and Annual Average Daily Traffic, or AADT) and revenue record starting in FY 1994, its first full year of operation:

Table 7
Mid-Bay Bridge
Traffic and Revenue, FY 1994-FY 2016

Fiscal Year	Traffic			Average Toll	Toll Revenue
	Annual Volume[1]	AADT	AADT Growth		
1994	1,896,661	5,196		$1.69	$3,204,321.00
1995	2,513,848	6,887	32.5%	$1.62	$4,083,361.00
1996	3,043,997	8,317	20.8%	$1.62	$4,930,014.00
1997	3,402,779	9,323	12.1%	$1.59	$5,414,698.00
1998	3,695,064	10,123	8.6%	$1.59	$5,859,643.00
1999	4,056,689	11,114	9.8%	$1.61	$6,531,816.00
2000	4,463,449	12,195	9.7%	$1.56	$6,952,118.00
2001	4,518,228	12,379	1.5%	$1.53	$6,900,307.00
2002	5,161,898	14,142	14.2%	$1.52	$7,829,708.00
2003	5,945,318	16,289	15.2%	$1.50	$8,931,783.00
2004	6,918,521	19,711	21.0%	$1.46	$10,135,202.00
2005	7,491,342	21,108	7.1%	$1.94	$14,554,036.00
2006	7,627,382	20,897	-1.0%	$1.92	$14,648,308.00
2007	7,462,543	20,445	-2.2%	$1.89	$14,078,716.00
2008	7,050,496	19,369	-5.3%	$1.85	$13,068,488.00
2009	6,836,939	18,731	-3.3%	$1.86	$12,741,472.00
2010	6,638,505	18,188	-2.9%	$2.03	$13,469,839.00
2011	6,533,899	17,901	-1.6%	$2.40	$15,702,572.00
2012	6,542,990	17,877	-0.1%	$2.41	$15,765,967.00
2013	6,586,458	18,070	1.1%	$2.41	$15,881,722.00
2014	6,846,939	18,852	4.3%	$2.40	$16,415,891.00
2015	7,370,448	20,193	7.1%	$2.40	$17,657,326.00
2016	7,207,105	19,692	-2.5%	$3.20	$23,028,055.23

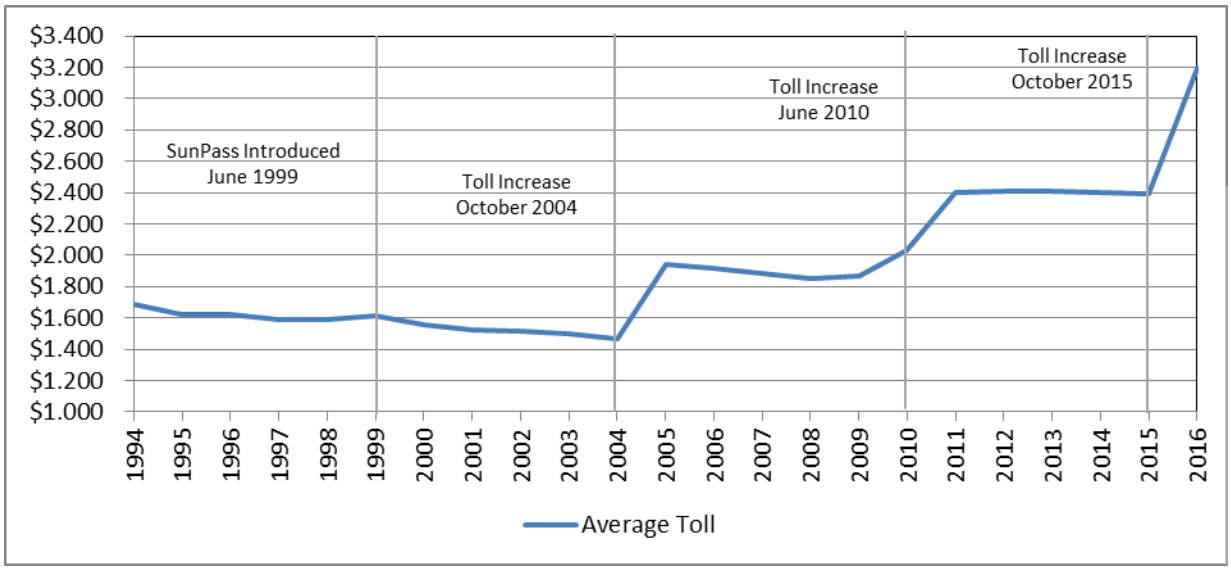
The global economic slowdown was the principal contributor to the decline in traffic on the Mid-Bay Bridge during FY 2007-2009. The reduced construction activity and the general economic slowdown impacted truck traffic (3+ axles) in particular during the FY 2007-2009 period. The 2.9 percent decline in FY 2010 reflected the BP oil spill and the economic impact and the elasticity impact of four months at the higher tolls implemented the same year. The 1.6 percent decline in FY 2011 reflected the elasticity impact of eight months at the higher tolls along with the recovering economy and the residual impact of the BP oil spill. The leveling of the traffic trend in FY 2012 and FY 2013 reflects the end of the slippage resulting from the previous events. The strong (4.3 percent) growth in FY 2014, coupled with the even stronger growth in FY 2015 (7.1 percent) is attributable to the strong peak (summer) season traffic, coupled with the opening of the Spence Parkway. The decrease in traffic in FY16 was due to the toll increase implemented on October 1, 2015.

Referring to Table 7, the gradual reduction in the average toll from $1.689 in FY 1994 to $1.465 in FY 2004 reflects the increasing proportion of commuters (at the then lower $1.00 toll rate) in the traffic mix, especially

with the elimination of the trip "threshold" when the Authority switched from coupon books to SunPass® in June 1999. The increase in the average toll to $1.943 in FY 2005 (+32.6 percent) is the result of the October 2004 toll increase (from $2.00 to $2.50 for passenger vehicles). Once having reached the $1.943 level in FY 2005, the average toll then declined to $1.854 in FY 2008, again reflecting the increasing proportion of commuters in the traffic mix and the reduced level of 3+ axle vehicles relative to the two-axle group. The average toll increased slightly to $1.864 in FY 2009; and then, with the toll increase in June (from $2.50 to $3.00 for passenger vehicles), the average toll increased to $2.029 in FY 2010. In FY 2011, the average toll increased to $2.403, reflecting the full 12 months at the higher toll rates, while the average toll in FY 2012 increased slightly, from the FY 2011 average toll, to $2.410 and remained at the FY 2012 level of $2.410 in FY 2013. The average toll slipped slightly in FY 2014 to $2.398, reflecting increased SunPass® usage relative to cash payers while in FY 2015 the average toll again slipped slightly, indicating continuing increased usage of SunPass® relative to cash payers. With the restructuring of the toll schedule in FY 2016, the average toll increased to $3.195. Figure 4 shows the average toll trend from FY 1995 through FY 2016.

The events that impacted the average toll are shown in Figure 4 and include: the introduction of SunPass® in June of 1999 (FY 1999), the toll increase in October 2004 (FY 2005), the toll increase in June 2010 (FY 2010), and the toll increase in October 2015 (FY 2016). Prior to each of these events, with the exception of the period immediately prior to the toll increase in June 2010, the average toll had been trending downward with the relative increase in SunPass® usage. Because the second toll increase was implemented three quarters the way in to the fiscal year (as opposed to at the beginning of the fiscal year, as had been the case with the first toll increase), the average toll continued to trend sharply upward through FY 2011, finally leveling off in FY 2012 and remaining at the same level through FY 2013 and decreasing slightly in FY 2014 and again in FY 2015. As previously noted, in October of 2015 (FY 2016) a third toll increase was implemented. This is discussed later in this report.

Figure 4
Mid-Bay Bridge
Average Toll Revenue Trend, FY 1994-FY 2016



The FY 2016 monthly traffic fluctuations in terms of Average Daily Traffic, or ADT, are shown in Table 8 along with the corresponding revenue results and average tolls:

Table 8
Mid-Bay Bridge
Monthly Traffic Fluctuations, FY 2016

Month	Traffic				Average Toll	Toll Revenue
	Monthly Volume	Percent of Year	ADT	Ratio ADT / AADT		
October	582,896	8.1%	18,803	0.95	$3.33	$1,939,817
November	510,450	7.1%	17,015	0.86	$3.02	$1,541,172
December	538,599	7.5%	17,374	0.88	$3.09	$1,666,462
January	489,707	6.8%	15,797	0.80	$3.12	$1,526,973
February	504,324	7.0%	17,390	0.88	$3.12	$1,575,350
March	617,769	8.6%	20,592	1.04	$3.24	$1,998,530
April	609,908	8.5%	20,330	1.03	$3.17	$1,931,513
May	684,876	9.5%	22,093	1.12	$3.24	$2,218,645
June	707,606	9.8%	23,587	1.19	$3.25	$2,300,142
July	752,504	10.4%	24,274	1.23	$3.29	$2,479,379
August	631,153	8.8%	20,360	1.03	$3.20	$2,021,280
September	577,313	8.0%	19,244	0.97	$3.14	$1,811,740
Total	7,207,105	100%	19,692	1.00	$3.19	$23,011,003

*Toll Revenue: Net of Toll Rebate and not including violations

As shown in Table 8 and graphically in Figure 5, July and January were the high and low traffic months, respectively, in both absolute volume and terms of ADT. April, August, and September were the closest to being average months in FY 2016 with an ADT to AADT ratio of 1.03 (April and August) and 0.97 (September).

As stated in previous annual reports, the traffic pattern is largely due to tourist travel and is quite unlike that in south Florida, where the winter season generates the highest traffic levels and March is normally the highest month.

Figure 5
Mid-Bay Bridge
Monthly Traffic Fluctuations, FY 2016

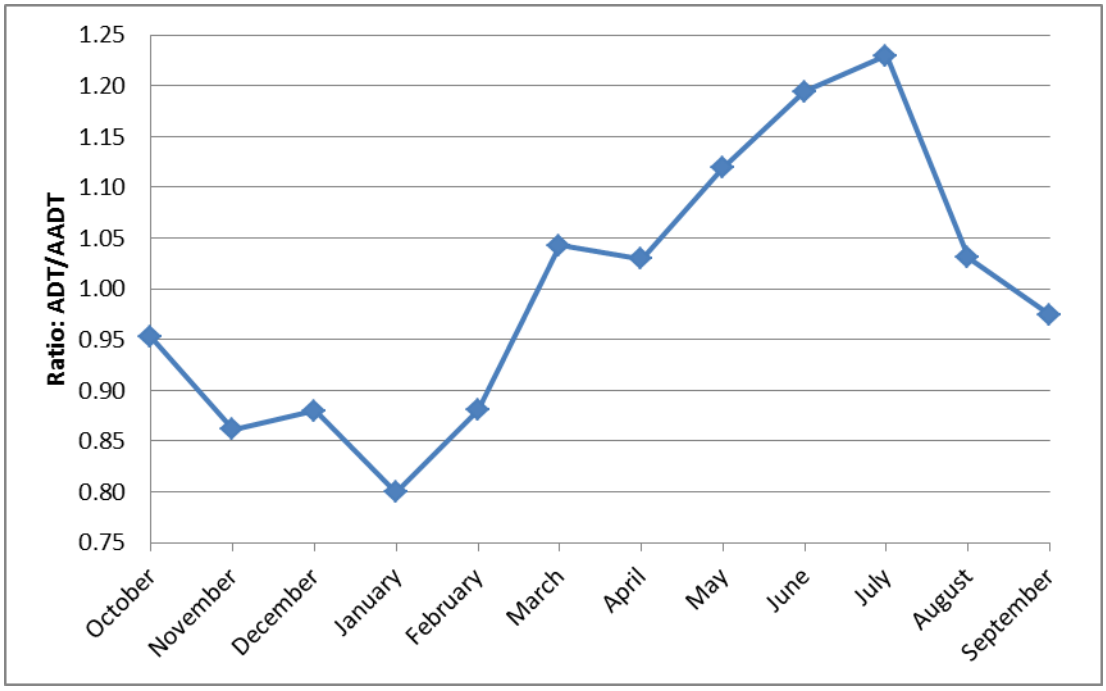


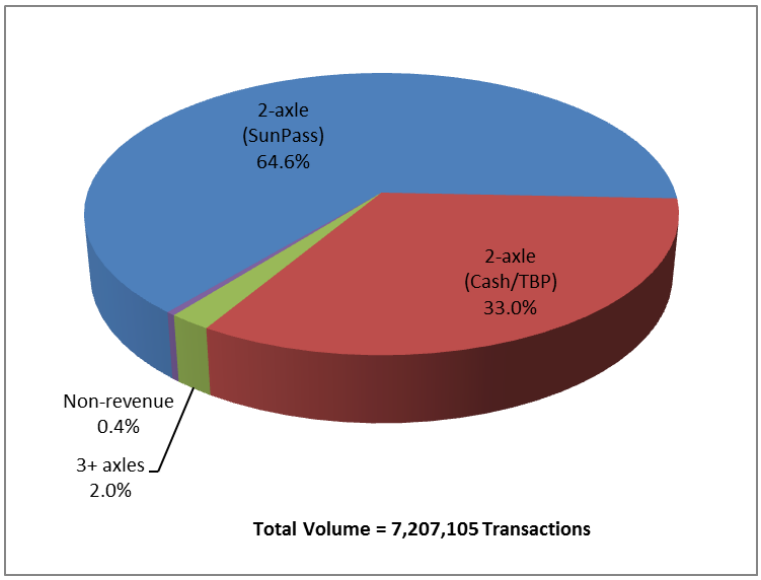
Table 9 shows the breakdown by vehicle classification (vehicles of three or more axles have been grouped) indicates that 97.9 percent of the Bridge traffic was comprised of two-axle vehicles in FY 2016, and that these vehicles produced 94.1 percent of the Bridge's toll revenue. Vehicles with three or more axles comprised 2.0 percent of the total traffic, up from 1.8 percent of the total traffic in FY 2015.

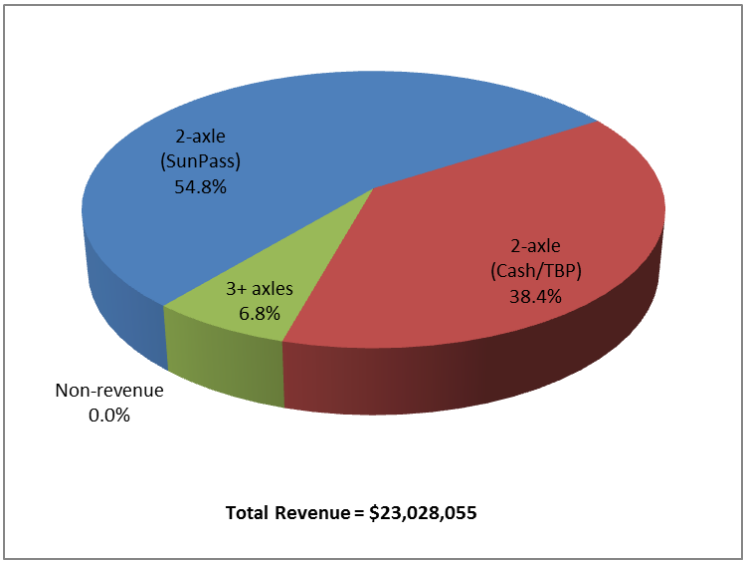
Table 9
Mid-Bay Bridge
Traffic and Toll Revenue, SunPass®/TBP v. Cash, FY 2016

Vehicle Group	Traffic		Average Toll	Toll Revenue	
	Volume	Percent		Amount	Percent
2-axle (SunPass)	4,652,329	64.6%	$2.714	$ 12,625,215	54.8%
2-axle (Cash/TBP)	2,378,864	33.0%	$3.718	$ 8,844,012	38.4%
3+ axles	144,858	2.0%	$10.761	$ 1,558,828	6.8%
Subtotal	7,176,051	99.6%	$3.209	$ 23,028,055	100.0%
Non-revenue	31,054	0.4%			
Total	7,207,105	100.0%	$3.195	$ 23,028,055	100.0%

Narrowing in on the two-axle vehicles, while the two-axle-SunPass® group in FY 2016 represented 64.6 percent of the traffic mix, they produced 57.6 percent of the toll revenues due to their lower toll. On the other hand, two-axle-Cash/TBP-payers represented 33.0 percent of the traffic mix, producing 36.0 percent of the toll revenue. These results indicate that the trend of the previous years is leveling off, indicating a possible saturation, or upper limit for SunPass®. The FY 2016 classification results are shown graphically in Figure 6.

Figure 6
Mid-Bay Bridge
Traffic and Toll Revenue, FY 2016





A rebate program was introduced in FY 2016 which allowed for a discounted toll of $2.00 per trip for 2-axle vehicle with SunPass® that completed more than 40 trips in a month. These rebates provided $1,472,352 being returned to Bridge customers, lowering the toll revenue collected from $24,500,407 to $23,028,055.

3.2 Comparison with Forecast

FY 2016 actual Bridge toll revenue of $23,028,055 exceeded the $21,420,000 forecast for FY 2016 by $1,608,055 or 7.5 percent.

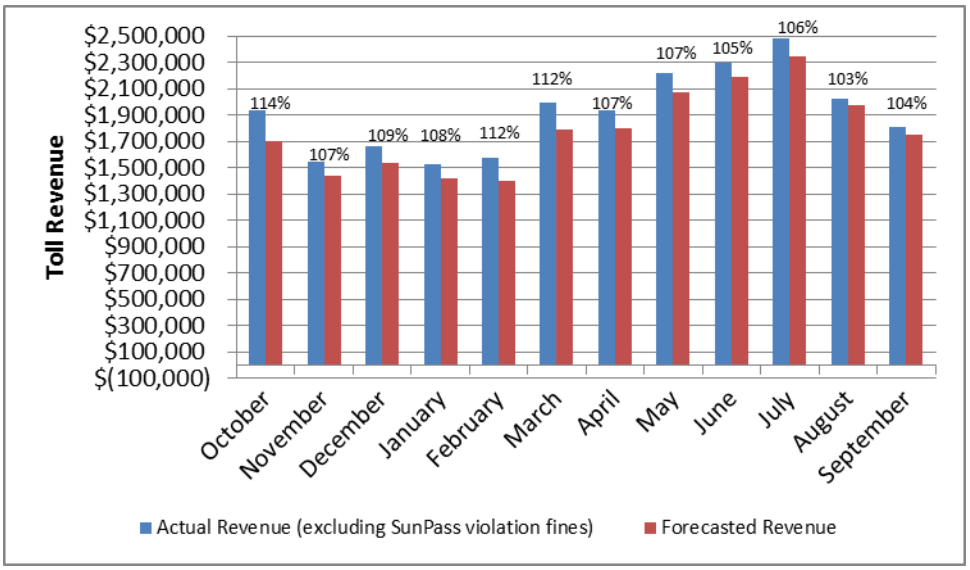
Figure 7 shows the actual revenue results alongside the expected amounts for FY 2016.

With respect to traffic, the actual 7,207,105 vehicles for the Mid-Bay Bridge, exceeded the forecast for FY 2016 of 7,051,000 vehicles by 156,105 vehicles or 2.2 percent, as shown in Table 10.

Table 10
Mid-Bay Bridge
Actual and Forecasted Traffic, FY 2016

Month	Traffic		Difference	
	Actual	Forecast	Volume	Percent
October	582,896	564,373	18,523	3.3%
November	510,450	487,855	22,595	4.6%
December	538,599	522,739	15,860	3.0%
January	489,707	484,955	4,752	1.0%
February	504,324	473,251	31,073	6.6%
March	617,769	592,963	24,806	4.2%
April	609,908	593,616	16,292	2.7%
May	684,876	680,004	4,872	0.7%
June	707,606	700,698	6,908	1.0%
July	752,504	746,380	6,124	0.8%
August	631,153	638,720	(7,567)	-1.2%
September	577,313	565,447	11,866	2.1%
Total	7,207,105	7,051,000	114,986	1.6%

Figure 7
Mid-Bay Bridge
Monthly Revenue Results, Actual vs. Forecast, FY 2016



3.3 Tolls and Inflation

During the previous 23 years that the Mid-Bay Bridge has been in operation (FY 1994 – FY 2016) there have been three toll rate increases:

1. October 2004 (FY 2005);

2. June 2010 (FY 2010); and

3. October 2015 (FY 2016).

The toll rate increase of October 2004 increased the base toll (2-Axle/Cash) 25 percent ($0.50) from the opening day toll of $2.00 to $2.50 while the second toll increase raised the base toll an additional $0.50 to $3.00, or 20 percent. SunPass® tolls for 2-axle vehicles also increased $0.50, or 50 percent, from $1.00 to $1.50 in October 2004, and an additional $0.50, or 33 percent, in June 2010.

Effective October 1, 2015 (FY 2016) the base (2-axle) tolls were increased on the Mid-Bay Bridge as follows:

- Cash – $4.00 ($1.00, or 33 percent increase)
- SunPass® (commercial accounts along with infrequent personal account users, those making 40-or-less trips per month per account) – $3.00 ($1.00, or 50 percent increase)
- SunPass® (frequent personal account users, those making 41-or-more trips per month) – $2.00 (no increase), issued in the form of a rebate

Three-or-more axle vehicles (regardless of the payment method) pay tolls calculated using the “N minus 1” method and increase at the rate of $4.00 per axle over the $4.00 cash two-axle toll on the Bridge.

Table 11 shows the history of toll increases, including the absolute dollar increases and percentage change amounts in the toll rates on the Mid-Bay Bridge.

The higher percentage increases for commercial account and non-frequent user SunPass® tolls were implemented in order to maintain the same dollar amount of the discount from the cash/TOLL-BY-PLATE® toll rate while the toll rates for frequent users were not increased so as to minimize the impact on local residents and employees who may be using the facilities to commute on a daily basis. With the continuation of the $1.00 discount on the Bridge, the SunPass®/Cash toll ratios increased from 50 percent (at opening) to 60 percent (effective October 2004) to 67 percent (effective June 2010) and then to 75 percent for commercial and infrequent users (effective October 2015).

Table 11
Mid-Bay Bridge
History of Toll Increases

Vehicle Group [1]	Toll Rates Effective June 1993 (Opening)[2]	Increase		Toll Rates Effective October 2004 (FY2005)	Increase		Toll Rates Effective June 2010 (FY2010)	Increase		Toll Rates Effective October 2015 (FY2016)
		Amount	Percent		Amount	Percent		Amount	Percent	
2 Axles/SunPass (Frequent Customer) [3]	$ 1.00	$ 0.50	50%	$ 1.50	$ 0.50	33%	$ 2.00			$ 2.00
2 Axles/SunPass[4]								$ 1.00	50%	$ 3.00
2 Axles/Cash	$ 2.00	$ 0.50	25%	$ 2.50	$ 0.50	20%	$ 3.00	$ 1.00	33%	$ 4.00
3 Axles	$ 4.00	$ 1.00	25%	$ 5.00	$ 1.00	20%	$ 6.00	$ 2.00	33%	$ 8.00
4 Axles	$ 6.00	$ 1.50	25%	$ 7.50	$ 1.50	20%	$ 9.00	$ 3.00	33%	$ 12.00
5 Axles	$ 8.00	$ 2.00	25%	$ 10.00	$ 2.00	20%	$ 12.00	$ 4.00	33%	$ 16.00
6 Axles	$ 10.00	$ 2.50	25%	$ 12.50	$ 2.50	20%	$ 15.00	$ 5.00	33%	$ 20.00
Add'l Axle (per axle)	$ 2.00	$ 0.50	25%	$ 2.50	$ 0.50	20%	$ 3.00	$ 1.00	33%	$ 4.00

[1] Ticket book payment option not shown

[2] SunPass Rate was introduced in 1999

[3] The frequent customer discount will be extended to more customers in FY2017

[4] Differentiation between frequent and infrequent customers did not occur until FY2016

With respect to inflation, the toll increases have generally kept pace with inflation as measured by the rise in the Consumer Price Index (CPI) and as summarized in Table 12 and shown graphically in Figure 8.

Table 12
Mid-Bay Bridge
Passenger Car Toll Rate Adjusted to CPI

Year	Actual Toll Rate			Consumer Price Index	Tolls Adjusted to 1994 Dollars		
	Cash	SunPass Frequent Customer	SunPass		Cash	SunPass Frequent Customer	SunPass
1994	$2.00			144.700	$2.00		
1995	$2.00			149.000	$1.94		
1996	$2.00			153.600	$1.88		
1997	$2.00			156.900	$1.84		
1998	$2.00			158.900	$1.82		
1999	$2.00		$1.00	162.000	$1.79		$0.89
2000	$2.00		$1.00	167.200	$1.73		$0.87
2001	$2.00		$1.00	171.100	$1.69		$0.85
2002	$2.00		$1.00	173.300	$1.67		$0.83
2003	$2.00		$1.00	177.300	$1.63		$0.82
2004	$2.00		$1.50	181.800	$1.59		$1.19
2005	$2.50		$1.50	188.300	$1.92		$1.15
2006	$2.50		$1.50	194.700	$1.86		$1.11
2007	$2.50		$1.50	200.361	$1.81		$1.08
2008	$2.50		$1.50	208.681	$1.73		$1.04
2009	$2.50		$1.50	207.845	$1.74		$1.04
2010	$3.00		$2.00	211.338	$2.05		$1.37
2011	$3.00		$2.00	218.618	$1.99		$1.32
2012	$3.00		$2.00	223.242	$1.94		$1.30
2013	$3.00		$2.00	226.721	$1.91		$1.28
2014	$3.00		$2.00	230.552	$1.88		$1.26
2015	$3.00		$2.00	230.147	$1.89		$1.26
2016	$4.00	$2.00	$3.00	232.692	$2.49	$1.24	$1.87
Ratio: 2016/First Year	2.00	1.00	3.00	1.61	1.24	1.00	2.09

As shown in Table 13, the first two toll increases resulted in a base toll (cash toll) that has increased at less than the inflation adjusted toll rate, however, with the third toll increase (October 2015), the 2-axle base toll was above the inflation-adjusted toll rate. As shown in Figure 8, the cash toll rate on the bridge had become a better “buy” over time as the inflation-adjusted toll decreases until such time that there was a toll rate adjustment, which occurred in October 2015.

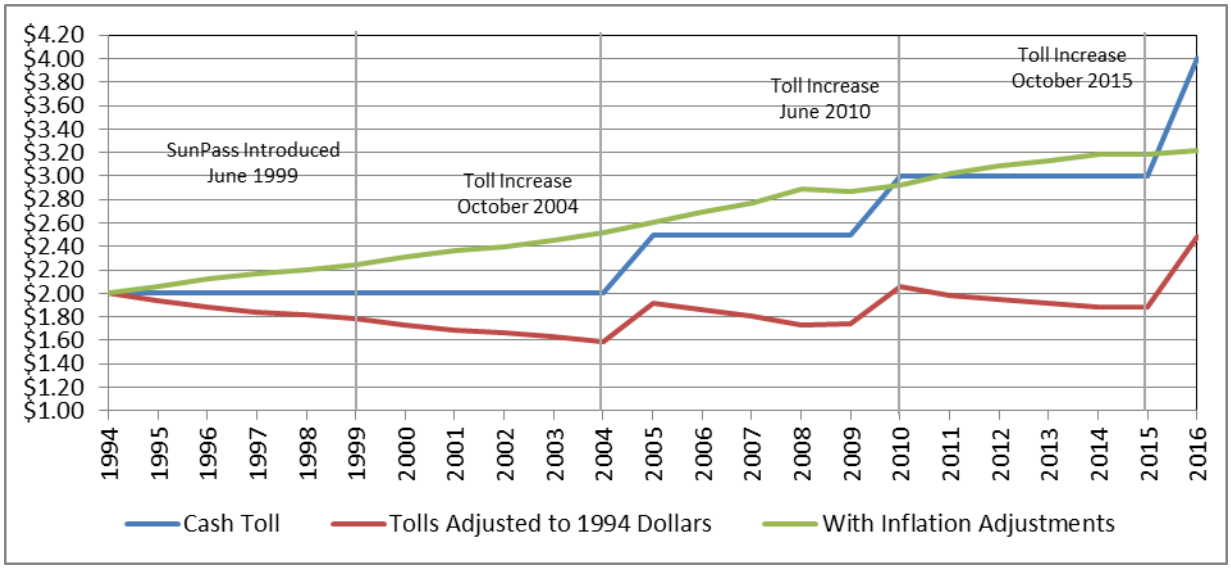
With respect to inflation, the toll increases have generally kept pace with inflation as measured by the rise in the Consumer Price Index (CPI) and as summarized back in Table 11 and as shown graphically in Figure 8. The SunPass® and SunPass® frequent customer rates are a substantial savings to the base rate (25%, 50%) and are a great value even when adjusted for inflation.

Table 13
Mid-Bay Bridge
Toll vs. Consumer Price Index (CPI)

	Actual Toll Rate			Tolls Adjusted to 1994 Dollars		
Fiscal Year	Cash	SunPass Frequent Customer	SunPass	Cash	SunPass Frequent Customer	SunPass
1994	$2.00			$2.00		
1999	$2.00		$1.00	$1.79		$0.89
2005	$2.50		$1.50	$1.92		$1.15
2010	$3.00		$2.00	$2.05		$1.37
2016	$4.00	$2.00	$3.00	$2.49	$1.24	$1.87

As shown above, the toll increases have resulted in tolls approximately equal to what the toll would have been had there been inflation adjustments in the toll rate based on the increase in the CPI.

Figure 8
Mid-Bay Bridge
Impact of Inflation on the Cash, 2-axle Toll Rate



4. Walter Francis Spence Parkway

The Walter Francis Spence Parkway (Parkway) 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) into a single contract to construct both phases 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, 2014.

SR 293, including the Parkway, is approximately 15.5 miles in length, with the Parkway being 11 miles in length and running from the toll plaza (at the north end of the bridge), north and west around Niceville, to SR 85. The Parkway has grade separated interchanges at Lakeshore Drive (for the Bluewater Bay Community), SR 20, Range Road, SR 285 and SR 85, along with an at-grade intersection with the Forest Road Extension.

The Parkway consists of four lanes from the Bridge to Range Road tapering down to two lanes north of Range Road and continuing as a two-lane expressway to SR 85 (except at the All-Electronic toll gantry, where it widens out to four lanes). As traffic warrants, the two-lane section will be expanded to four lanes (the present right-of-way will accommodate the four lanes).

Unlike the Mid-Bay Bridge, toll collection on the Parkway is accomplished by means of all-electronic tolling (AET) at a single toll gantry located between the Range Road interchange and the Forest Road Extension intersection. Motorists without a SunPass® transponder have their license plate read by video cameras and are sent an invoice via the mail. This type of toll collection is known as TOLL-BY-PLATE®. Toll rates on the Parkway are one-half of those on the Mid-Bay Bridge with vehicles that pay via TBP being assessed a monthly administrative fee in addition to the equivalent per-trip cash toll rate.

Actual Parkway FY 2016 toll revenue exceeded the forecast made by $956,280 or 27.9 percent, as shown in Table 14:

Table 14
Walter Francis Spence Parkway
Actual vs. Forecast Toll Revenue, FY 2016

FY 2016	Actual	Forecast	Differential	
			Amount	Percent
Toll Revenue	$ 4,389,280	$ 3,433,000	$ 956,280	27.9%

4.1 Traffic and Revenue Results

Toll revenues collected in FY 2016 amounted to $4,389,280, up 59.8 percent from FY 2015. This includes the accrual to report recognized revenues by the fiscal year in which the TOLL-BY-PLATE® transactions occurs. A breakdown of the monthly results of received revenue is summarized in Table 15 to provide more consistency between the years on a monthly basis.

Table 15
Walter Francis Spence Parkway
Monthly Toll Revenue, FY 2016 vs. FY 2015

Month	Total Toll Revenue		Percent Change
	FY 2016	FY 2015	
October	$ 344,571	$ 218,614	57.6%
November	$ 303,991	$ 186,752	62.8%
December	$ 273,240	$ 186,941	46.2%
January	$ 263,946	$ 177,325	48.8%
February	$ 276,801	$ 169,593	63.2%
March	$ 299,303	$ 199,956	49.7%
April	$ 268,765	$ 218,553	23.0%
May	$ 340,292	$ 230,151	47.9%
June	$ 421,044	$ 287,881	46.3%
July	$ 415,876	$ 288,049	44.4%
August	$ 529,411	$ 301,553	75.6%
September	$ 416,538	$ 280,680	48.4%
Subtotal [1]	$ 4,153,778	$ 2,746,048	51.3%
Tolls/collections/fines	$ 937	$ 72	1200.7%
Toll Revenue	$ 4,154,715	$ 2,746,120	51.3%
Accrual	$ 234,565	$ 312,359	-24.9%
Total Toll Revenue[2]	$ 4,389,280	$ 3,058,479	43.5%

[1] Received Revenues

[2] Recognized Revenue

In terms of Parkway traffic and revenues as FY 2016 transitions into FY 2017, Jacobs will continue to monitor the impact of local economic and other conditions affecting the use of the Parkway.

Table 16 lists the Parkway traffic and revenue for fiscal years 2015 and 2016, including the average toll:

Table 16
Walter Francis Spence Parkway
Traffic and Revenue, FY 2015-FY 2016

Fiscal Year	Traffic			Average Toll	Recognized Toll Revenue
	Annual Volume	AADT	AADT Growth		
2014	1,620,055	6,045	N/A	$ 1.07	$ 1,731,560
2015	2,693,552	7,380	22.1%	$ 1.14	$ 3,058,479
2016	2,735,820	7,475	1.3%	$ 1.60	$ 4,389,280

Figure 9 shows, graphically, the monthly revenue fluctuations for fiscal years 2015 and 2016, which follows the trend in Table 17 while Figure 10 shows the monthly revenue fluctuations for fiscal years 2015 and 2016. Superimposed on Figure 10 is a 12-month moving average beginning with the 12-month period ended December 2014. This shows the continuing steady upward growth trend through the summer of 2015, while removing the monthly variations from the trend line. Jacobs will continue to monitor this trend.

Figure 9
Walter Francis Spence Parkway
Monthly Received Toll Revenue Trends, FY 2016

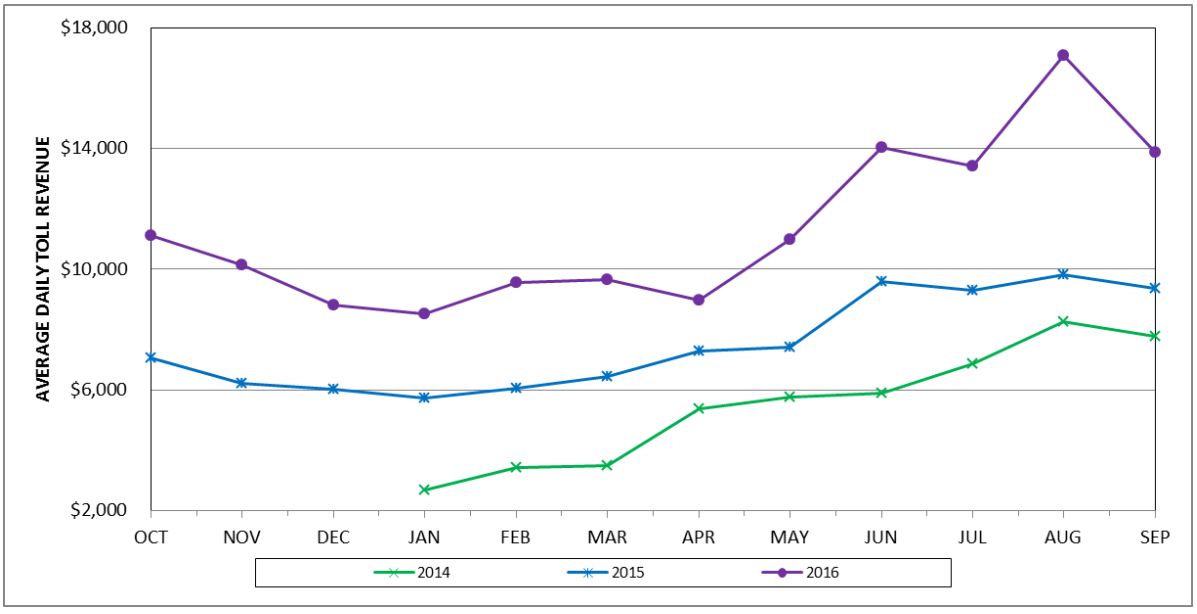
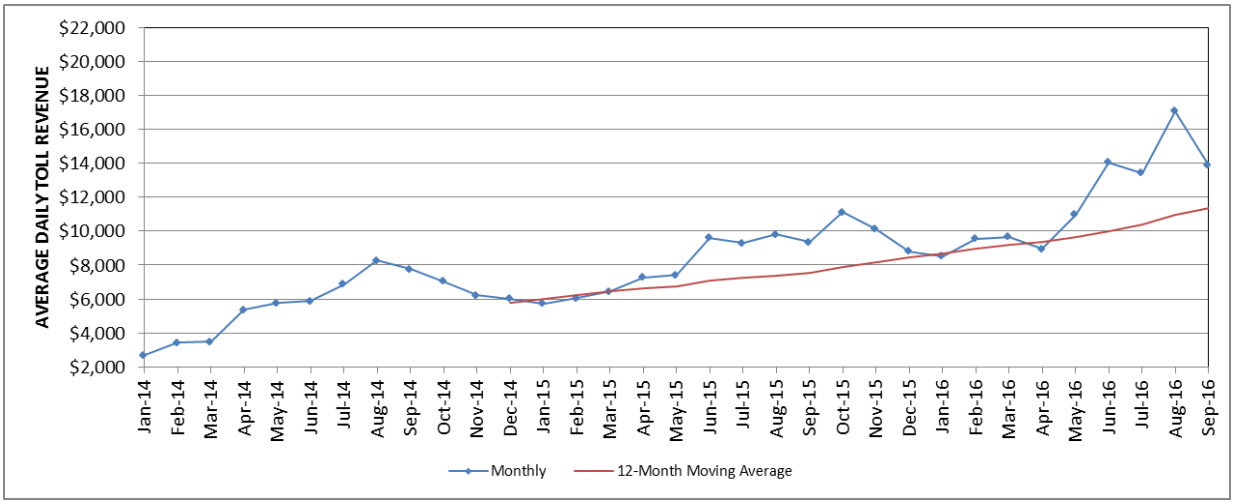


Figure 10
Walter Francis Spence Parkway
Toll Revenue Trend, 12-Month Moving Average, FY 2014-2016



The FY 2016 monthly traffic fluctuations are shown in Table 17 along with the corresponding revenue results and average tolls:

Table 17
Walter Francis Spence Parkway
Monthly Traffic Fluctuations, FY 2016

Month	Traffic				Average Toll	Received Toll Revenue
	Monthly Volume	Percent of Year	ADT	Ratio ADT / AADT		
October	220,957	8.1%	7,128	0.95	$1.56	$344,627
November	174,677	6.4%	5,823	0.78	$1.74	$304,063
December	174,409	6.4%	5,626	0.75	$1.57	$273,318
January	164,099	6.0%	5,294	0.71	$1.61	$264,006
February	170,846	6.2%	5,891	0.79	$1.62	$276,941
March	236,909	8.7%	7,897	1.05	$1.26	$299,464
April	231,031	8.4%	7,701	1.03	$1.16	$268,916
May	268,001	9.8%	8,645	1.15	$1.27	$340,395
June	288,859	10.6%	9,629	1.28	$1.46	$421,088
July	325,023	11.9%	10,485	1.40	$1.28	$415,912
August	250,036	9.1%	8,066	1.08	$2.12	$529,425
September	230,973	8.4%	7,699	1.03	$1.80	$416,559
Total	2,735,820	100%	7,475	1.00	$1.52	$4,154,715

*Monthly Parkway comparisons depict actual toll revenue received from DOT

As shown in Table 17 and graphically in Figure 11, July (during the peak tourist season) and January (during the winter) were the high and low traffic months, respectively, in terms of ADT. This is the same pattern as the Mid-Bay Bridge. Also like the Mid-Bay Bridge, the months closest to the one-year average were April and September.

Figure 11
Walter Francis Spence Parkway
Monthly Traffic Fluctuations, FY 2016

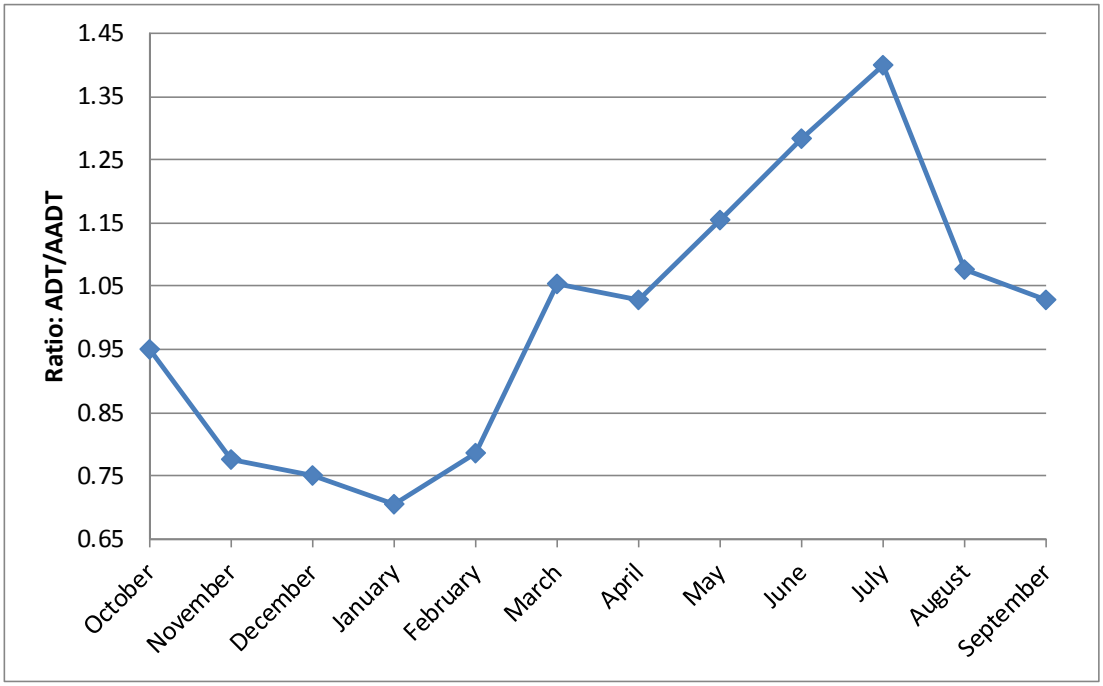


Table 18 shows the breakdown by vehicle classification (vehicles of three or more axles have been grouped) and indicates that 96.0 percent of the Parkway traffic was comprised of two-axle vehicles in FY 2016, and that these vehicles produced 91.2 percent of the Parkway's toll revenue. Vehicles with three or more axles comprised only 3.2 percent of the total traffic producing 8.8 percent of the Parkway's toll revenue.

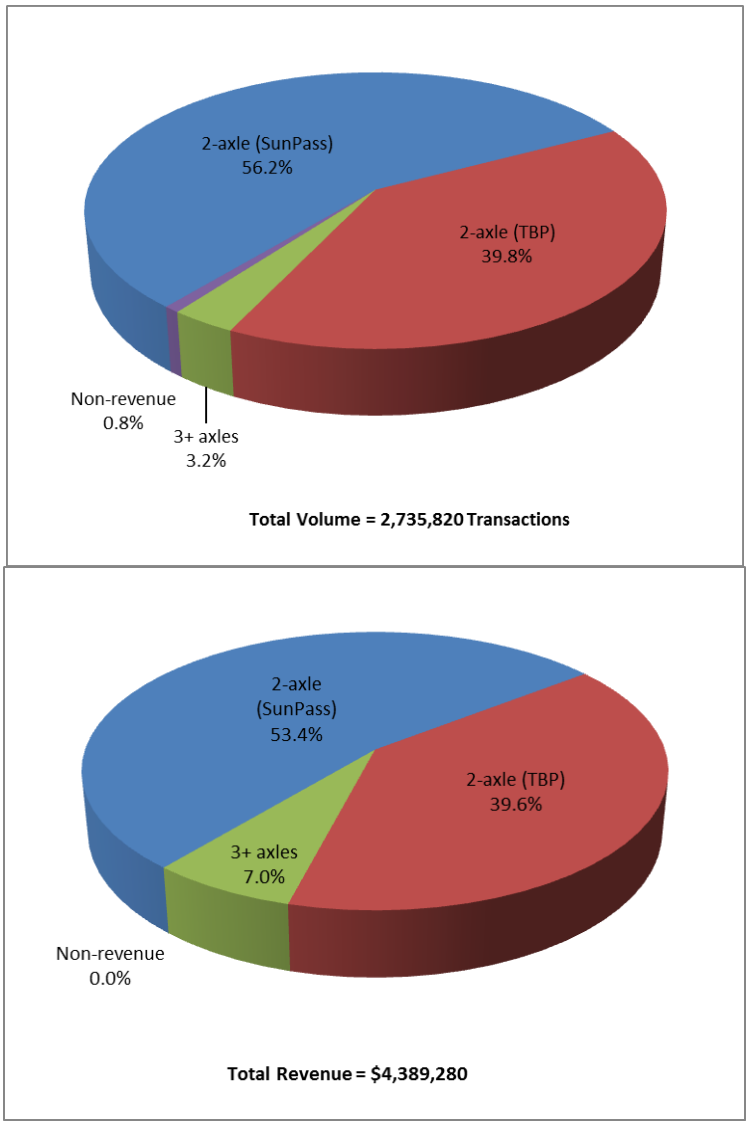
Table 18
Walter Francis Spence Parkway
Traffic and Toll Revenue, SunPass® vs. TBP, FY 2016

Vehicle Group	Traffic		Average Toll	Toll Revenue	
	Volume	Percent		Amount	Percent
2-axle (SunPass)	1,538,246	56.2%	$1.504	$ 2,444,250	55.7%
2-axle (TBP)	1,089,686	39.8%	$1.352	$ 1,556,686	35.5%
3+ axles	86,932	3.2%	$4.228	$ 388,344	8.8%
Subtotal	2,714,864	99.2%	$1.530	$ 4,389,280	100.0%
Non-revenue	20,956	0.8%			
Total	2,735,820	100.0%	$1.518	$ 4,389,280	100.0%

Narrowing in on the two-axle vehicles, while the two-axle/SunPass® group in FY 2016 represented 56.2 percent of the traffic mix (down from 57.2 percent in FY 2015), they produced 55.7 percent of the toll

revenues due to their lower toll (up from 48.1 percent in FY 2015). On the other hand, two-axle/TBP-payers (i.e., charged vehicles) represented 39.8 percent of the traffic mix, producing 35.5 percent of the toll revenue (down from 41.7 percent in FY 2015). It is important to note that although the TBP revenues lag due to the difference between the transaction date and the subsequent billing and collecting of the revenue, the Authority recognizes the TBP revenues in the year in which the toll transaction was made. The FY 2016 classification results are shown graphically in Figure 12.

Figure 12
Walter Francis Spence Parkway
Traffic and Toll Revenue, SunPass® vs. TOLL-BY-PLATE®, FY 2016



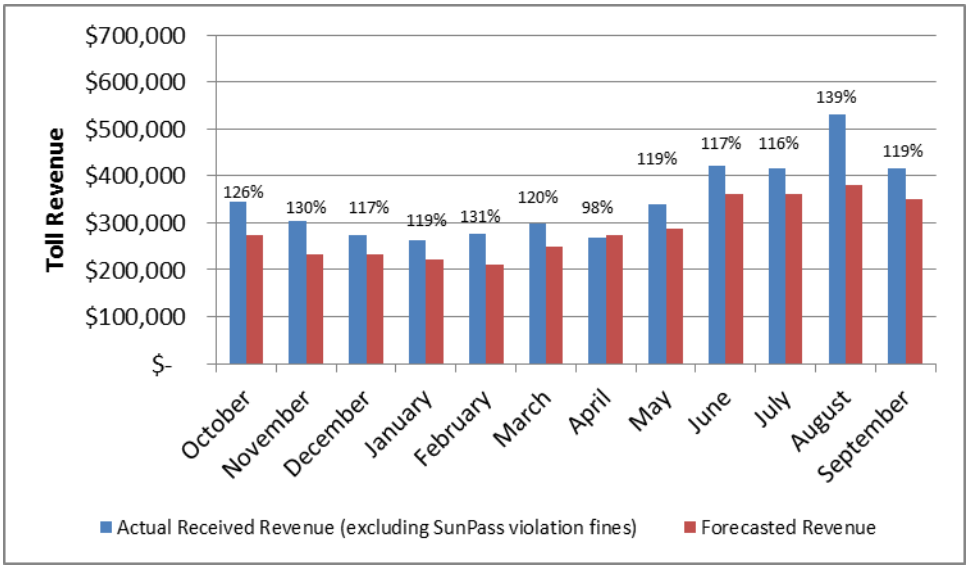
The rebate program allows for a discounted toll of $1.00 per trip for 2-axle vehicle with SunPass® that completed more than 40 trips in a month. These rebates provided $90,455 being returned to Parkway customers, lowering the toll revenue collected from $4,289,825 to $23,028,055.

4.2 Comparison with Forecast

As indicated previously, the $4,389,280 in toll revenue collected in FY 2016 exceeded the $3,433,000 estimated by $956,280 or 27.9 percent.

Figure 13 shows the actual revenue alongside the expected results for the Parkway in FY 2016. The actual to expected ratios range from 98 percent in April to 139 percent in August, averaging 121 percent for the fiscal year.

Figure 13
Walter Francis Spence Parkway
Monthly Received Revenue Results, Actual vs. Forecast, FY 2016



*Monthly Parkway comparisons depict actual toll revenue received from DOT

In terms of traffic, the 2,735,820 vehicles that used the Spence Parkway in FY 2016 exceeded the forecasts of 2,277,000 vehicles by 458,820 vehicles, or 20.2 percent as shown in Table 19.

Table 19
Walter Francis Spence Parkway
Actual and Forecasted Traffic, FY 2016

Month	Traffic		Difference	
	Actual	Forecast	Volume	Percent
October	220,957	173,108	47,849	27.6%
November	174,677	137,559	37,118	27.0%
December	174,409	140,942	33,467	23.7%
January	164,099	136,248	27,851	20.4%
February	170,846	136,230	34,616	25.4%
March	236,909	187,229	49,680	26.5%
April	231,031	192,772	38,259	19.8%
May	268,001	229,566	38,435	16.7%
June	288,859	248,774	40,085	16.1%
July	325,023	275,957	49,066	17.8%
August	250,036	223,732	26,304	11.8%
September	230,973	194,883	36,090	18.5%
Total	2,735,820	2,277,000	458,820	20.2%

4.3 Tolls

Upon opening in January 2014 the toll rates for the Spence Parkway were set at one-half those of the Mid-Bay Bridge. As noted earlier, the toll rates for the Mid-Bay Bridge increased on October 1, 2015 (FY 2016) and a three-tier toll structure was introduced. Under the new toll rate structure the toll rates for the Spence Parkway remain at one-half those for the Bridge.

Effective October 1, 2015 (FY 2016) the base (2-axle) tolls on the Spence Parkway went to the rates shown as follows:

Spence Parkway:

- TOLL-BY-PLATE® – $2.00 ($0.50, or 33 percent increase)
- SunPass® (commercial accounts along with infrequent personal account users, those making 40-or-less trips per month per account) – $1.50 ($0.50, or 50 percent increase)
- SunPass® (frequent personal account users, those making 41-or-more trips per month) – $1.00 (no increase), issued in the form of a rebate

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 $2.00 per axle over the $2.00 TOLL-BY-PLATE® two-axle toll on the Parkway.

Table 20 shows the history of toll increases, including the absolute dollar increases and percentage change amounts in the toll rates on the Spence Parkway.

The higher percentage increases for commercial account and non-frequent user SunPass® tolls were implemented in order to maintain the same dollar amount of the discount from the cash/ TOLL-BY-PLATE® toll rate while the toll rates for frequent users were not increased so as to not have an impact on local residents and employees who may be using the facilities to commute on a daily basis. With the continuation of the $0.50 discount on the Parkway, the SunPass®/ TOLL-BY-PLATE® toll ratios increased from 67 percent (at opening) to 75 percent for commercial and infrequent users (effective October 2015).

Table 20
Walter Francis Spence Parkway
History of Toll Increases

Vehicle Group	Toll Rates Effective January 2014 (Opening)	Increase		Toll Rates Effective October 2015 (FY2016)
		Amount	Percent	
2 Axles/SunPass (Frequent Customer)[1]	$1.00			$1.00
2 Axles/SunPass[2]	$1.00	$0.50	50%	$1.50
2 Axles/TBP	$1.50	$0.50	33%	$2.00
3 Axles	$3.00	$1.00	33%	$4.00
4 Axles	$4.50	$1.50	33%	$6.00
5 Axles	$6.00	$2.00	33%	$8.00
6 Axles	$7.50	$2.50	33%	$10.00
Add'l Axle (per axle)	$1.50	$0.50	33%	$2.00

[1] The frequent customer discount will be extended to more customers in FY2017

[2] Differentiation between frequent and infrequent customers did not occur until FY2016

Inflation analysis was not conducted for the Spence Parkway as there is not enough history to warrant.

5. Asset Management

The Authority is presently developing an Asset Management Plan that will incorporate elements of the former Mid-Bay Bridge Capital Improvement Program, including a second parallel bridge, the extension of SR 293 to the vicinity of the airport, and widening of the Parkway to 4 lanes. The goal is to stay consistent with the requirements of MAP-21 for future transportation funding which will continue to require an expansion of performance –based management, the ultimate goal of which is to reduce costs while improving the Authority's system's effectiveness and efficiency. In addition, the Asset Management Plan will serve to instill a more disciplined, deliberate approach to managing the Authority system. It will create an opportunity to team with others to fully understand and collaborate on maintenance, renewal/replacement/repair, and operational needs, resources, uses, and the impact on the Authority's system – a core legislative responsibility of the Authority on behalf of its bond holders. It will not only focus on what assets are needed but will include a full depiction of what assets the Authority now has and how the Authority's system and plans fit in with regional plans, to determine what capability/performance gaps exist, and what options are available to optimize the performance of the system. The Asset Management Plan will continue 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 previously completed improvements are located on Eglin Air Force Base, owned by the US Government Department of Defense.

5.1 Expansion of US 331 Bridge

As noted in previous year's reports, FDOT announced in the first half of calendar year 2013 that a contract was awarded to design and build a second, parallel, US 331 span at the east end of Choctawhatchee Bay. A notice-to-proceed was issued on August 14, 2013 (FY 2014) with the expected completion date now scheduled for spring 2017 (FY 2017). Ground for the project was broken on December 30, 2013 with construction commencing in January 2014. This 3.3-mile project (span) will be toll-free as it is at the present time. US 331 is located approximately 15 miles east of the Mid-Bay Bridge and provides the motoring public a second toll-free option in lieu of using the Mid-Bay Bridge (SR 85 being the first alternative) to get from I-10 to the beaches of Okaloosa and Walton Counties. This route is especially attractive to tourists traveling west on I-10 from parts east of the area. In addition to the second span, US 331 was widened to four lanes from the north end of the US 331 bridge to south of SR 20, with completion in 2016. Construction is also underway on the widening of US 331 from SR 20 to I-10, with completion expected to take place in fall 2016 (FY 2017). The expansion of US 331 could divert traffic from the Mid-Bay Bridge with origins/destinations from/to the east (e.g., Tallahassee), but traffic to/from the west (e.g., Alabama, Mississippi, Louisiana) should not be appreciably impacted.

To analyze the impact of the widening of US 331, the latest traffic demand model from the West Florida Regional Planning Council was run with and without the improvement. The results indicated that there is no significant impact of the US 331 Bridge widening on the Mid-Bay Bridge and the Parkway traffic in the model.

This concludes the Traffic Engineers' Annual Report for FY 2016. Jacobs looks forward to the continuation of its role as the Authority's traffic engineers, by providing the services that will support and improve customer satisfaction with the Mid-Bay Bridge and Spence Parkway, while helping the Authority maintain its investment-grade credit rating and financial obligations to its bondholders.