DRIVING INNOVATION; IMPLEMENTING CHANGE

TAMPA HILLSBOROUGH EXPRESSWAY AUTHORITY

ANNUAL REPORT

2017

LETTER FROM THE CHAIRMAN:

Every day, some 100,000 commuters use the Lee Roy Selmon Expressway and countless others use the Selmon Greenway, Brandon Parkway, and Kotfila Memorial Dog Park to connect with the people, places and events that shape their lives. The Tampa Hillsborough Expressway Authority is happy to be part of so many individual stories.

Through partnerships with local businesses and organizations, THEA is also active in education, economic development, civic improvement and other programs that benefit our region. We're also a leader in developing and testing autonomous vehicle technology.

I invite you to learn more about THEA's 2017 connections to people and communities. If you like good news, you'll like what you read in the pages of this report.

Vincent Cassidy
Chairman
President & CEO
Majesty Title Services

BOARD OF DIRECTORS

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Executive Director/CEO, THEA

SELMON EXPRESSWAY

BRANDON PARKWAY

MERIDIAN AVENUE

SELMON GREENWAY

THEA AND TAMPA GO BACK A LONG WAY.

THEA was established over 50 years ago in 1963. Since then, we've grown right along with the Tampa region, providing transportation infrastructure and solutions that give drivers, bicyclists and pedestrians travel choices.

Today, we are an independent agency, locally owned and operated. That's important, because it means that all of our revenue stays here in Tampa, where it is reinvested in our system and the community. While we are best known for our Lee Roy Selmon Expressway, we also own Brandon Parkway, Meridian Avenue and the Selmon Greenway, an urban trail featuring pedestrian and bicycle paths. The The Selmon Greenway's newest park, the Deputy John Kotfila Memorial Dog Park opened this year.

Beyond Tampa and the nation, we are known as a leading innovator in the transportation industry. We were the world's first toll authority to have reversible lanes that used all-electronic tolling. We were first in Florida to have all electronic tolling and the first to convert the entire system to all electronic tolling. We are one of only three USDOT-approved sites for Connected Vehicle (CV) Pilot Deployment.

And there is another side to THEA: Community-Building. Partnering with the City of Tampa, the University of South Florida and many other organizations, we put our talent and resources to work in the area that we call home – Tampa Bay.

At THEA, we're proud to be part of Tampa Bay's history. And just as excited to be part of its future.

VISION

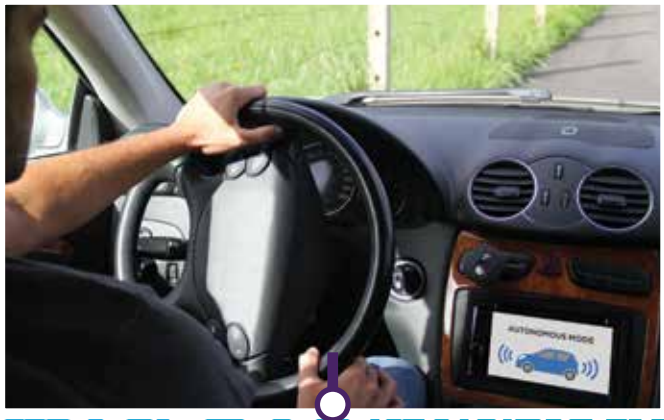
Our vision is to lead, partner and implement safe, economically-sound and innovative multimodal transportation solutions for our Tampa Bay community.

MISSION

Our mission is to provide safe, reliable and financially-sustainable transportation services to the Tampa Bay region while reinvesting customer-based revenues back into the community.

MOVING AHEAD WITH THE TAMPA CONNECTED VEHICLE PILOT.

Connected vehicles—cars that communicate with other vehicles, crosswalks and traffic signals—will soon be appearing on Tampa roadways as part of THEA's Connected Vehicle Pilot. Currently in the design and testing phase, the pilot began in 2015, when THEA won a contract from the U.S. Department of Transportation to deploy this innovative technology on the REL and downtown streets.



THEA has made substantial progress toward its goal of recruiting 1,600 drivers to participate in the pilot program. In 2018, THEA and its partners will equip these volunteers' own vehicles as well as 10 HART buses and 10 TECO Line streetcars with connected vehicle technology to improve safety and keep traffic moving. During the pilot, THEA and its partners will measure the potential safety, mobility and environmental benefits of connected vehicle technology, such as preventing crashes, enhancing traffic flow, improving transit trip times and reducing emissions of greenhouse gases. Ultimately, connected vehicles could make Tampa a safer, smarter place to walk, ride and drive.

WE'RE BRINGING TOMORROW'S
VEHICLE TECHNOLOGY
TO TAMPA TODAY.

SELMON WEST EXTENSION PROJECT.

In August 2017, THEA's Board of Directors awarded the Selmon West Extension Design-Build contract to the team of Kiewit Infrastructure South Co. and AECOM. Construction has already begun with environmental work and geotechnical investigations.

The Selmon Extension is a 1.9-mile toll lane in the median of Gandy Boulevard. It will offer regional travelers a choice to either use Gandy Boulevard for local destinations or use the Selmon Extension for a direct connection to the Lee Roy Selmon Expressway, Dale Mabry Highway or the Gandy Bridge. The Extension will reduce traffic congestion on Gandy Boulevard while providing a vital emergency route during mandatory evacuations.

The Selmon Expressway Extension Project is expected to be complete and in operation by Fall 2020. To stay informed, visit **www.selmonextension.com**.

WESTWARD, HO!
THE SELMON WEST EXTENSION MOVES FORWARD.

MAKING THE HUMAN CONNECTION: CUSTOMERS, COMMUNITIES AND HEROES.

THEA is committed to improving quality of life, on the road and off. In 2017, we gave away 26,529 free SunPass® Mini transponders to help our customers save on toll fees. We also provided free Road Ranger service to approximately 1,500 Selmon Expressway motorists in need of assistance.

Another highlight of 2017 was our opening of the Deputy John Kotfila Memorial Dog Park at the Selmon Greenway. The park honors the memory of the late Deputy Kotfila, a dog lover who gave his life in public service. The park is located under the shade of the Selmon Expressway.

LIFE IS A
JOURNEY.

CONNECTING WITH YOUNG, BRIGHT MINDS.

SELMON-STEM SCHOLARSHIP PROGRAM.
Each year, THEA sponsors a bridge building competition among local middle schools and high schools at the University of South Florida (USF) Engineering Expo. This highly popular and competitive event builds interest in engineering careers among some of our region's best and brightest students. We also have book scholarships for all levels and a paid internship program for junior and senior USF engineering students.

BUILDING BRIDGES TO
ACADEMIC AND
CAREER SUCCESS.

THEA: A BIG FRIEND OF SMALL BUSINESS ENTERPRISES (SBE).

SMALL BUSINESSES
HELP OUR COMMUNITY GROW.
WE HELP SMALL BUSINESSES GROW.

THEA encourages the use of registered SBE firms to the greatest extent possible, and requires non-discrimination on the basis of race, color, sex and national origin in its employment and contracting practices. From 2016 to 2017, we increased our outreach to SBE's by 45%, providing more opportunities for small businesses.

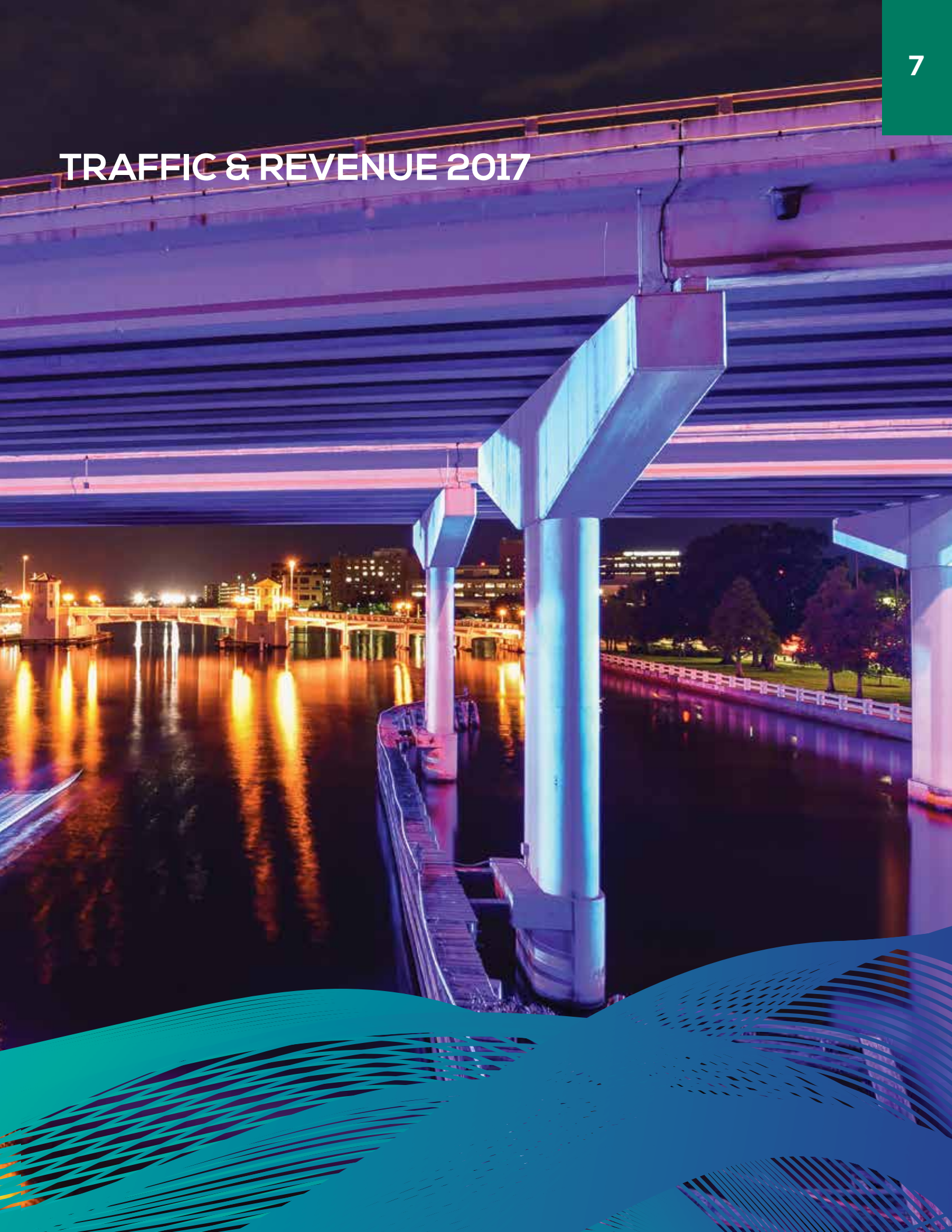
CONNECT WITH THEA ON SOCIAL MEDIA.

Follow us on our Facebook, Instagram, Twitter, YouTube, and Google+ pages. Learn about special promotions, community events and traffic alerts.

To learn more, visit our website at **www.tampa-xway.com.**

SOCIAL MEDIA:
YOUR DIRECT CONNECTION TO US.

TRAFFIC & REVENUE 2017



November 8, 2017

Tampa Hillsborough Expressway Authority
1104 E. Twiggs Street, Suite 300
Tampa, Florida 33602

Members of the Authority:
Jacobs is pleased to provide traffic and revenue (T&R) related inputs to the THEA Annual Report for the 2017 fiscal year ending June 30, 2017 in accordance with Section 5.13 of the Master Bond Resolution. We appreciate the assistance and coordination of THEA management during the analysis and production of this documentation.

The FY2017 Annual Report presents T&R data and the factors that drive T&R for the Selmon Expressway. Detailed summaries of historical T&R trends, traffic characteristics, expenses and other financial data provide context to the performance of the Selmon Expressway and THEA's operating and business environment. In addition, Jacobs has provided a forecast of T&R for a ten year period from FY2018 to FY2027 for THEA planning purposes.

Yours sincerelv

Richard J. Gobeille
Infrastructure Consultancy Director

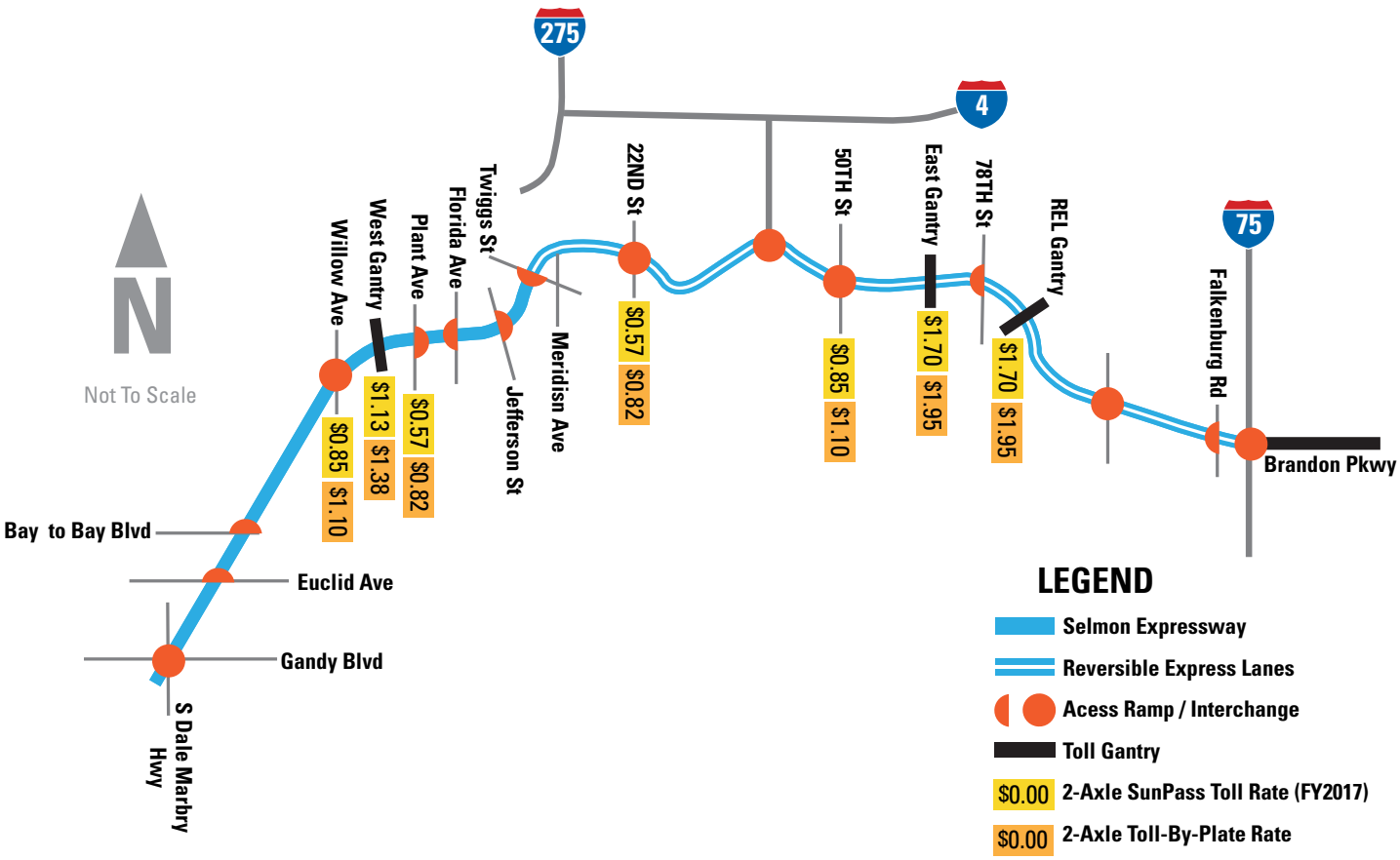
1. FY2017 TRAFFIC AND TOLL REVENUE

The Tampa Hillsborough Expressway Authority operates the 15-mile Lee Roy Selmon Expressway (Selmon Expressway), the Reversible Express Lanes (REL), the Brandon Parkway, Meridian Avenue, and the Selmon Greenway. The REL is part of the Selmon Expressway and both facilities are tolled. The Brandon Parkway and Meridian Avenue are non-tolled roads. The Selmon Greenway is a 2 mile pedestrian and bicycle path through the heart of downtown Tampa, mostly in the shade of the Selmon Expressway.

The Selmon Expressway connects Gandy Boulevard in southwest Tampa to I-75 and the community of Brandon to the east. The facility is a limited access toll road with two lanes in each direction. The REL effectively provides an additional six lanes; three westbound lanes during the morning commute from Brandon to Tampa and three eastbound lanes during the evening commute. The REL is also open eastbound on the weekend.

The Selmon Expressway is an all-electronic toll facility with tolls collected through SunPass transponder accounts or "Toll-By-Plate" video billing. The tolling locations and corresponding toll rates during FY2017 are presented in **Figure 1**.

Figure 1: Selmon Expressway with Reversible Express Lanes



Source: Jacobs

From FY2016 to FY2017, toll transactions on the Selmon Expressway increased 3.2 percent and revenue increased 6.3 percent. The large increases in transactions from FY2014 to FY2016 can be attributed to the opening of the I-4/Selmon Connector January 2014 and a general increase in regional trips. In FY2017, the growth rate slowed to a steady state as motorists' travel patterns settled. Toll revenue growth outpaced transaction growth because of the annual toll adjustment of 2.5 percent. Table 1 shows the transactions and toll revenue for the last five years from FY2013 to FY2017.

Table 1: FY2013 to FY2017 Transactions and Toll Revenue (thousands)

Fiscal Year	Total Transactions	Percent Change	Gross Toll Revenue[1]	Percent Change
2013	32,664		$41,803	
2014	38,057	16.5%	$49,850	19.2%
2015	48,754	28.1%	$69,299	39.0%
2016	55,983	14.8%	$82,442	19.0%
2017	57,802	3.2%	$87,682	6.3%

(1) Gross Toll Revenue is before allowance for doubtful accounts

Source: THEA CFO T&R Reports

The average toll on the Selmon Expressway varies slightly from year to year as a function of annual toll adjustments and changing travel patterns that affect the number of transactions at different plazas that charge different toll rates. The average toll (*toll revenue per transaction*) for the past ten years from FY2008 to FY2017 is presented in Table 2. The increases in the average toll are mostly attributed to toll indexing adjustments. The first toll adjustment since FY2008 was in FY2015, the reason that there was only slight change in average toll between FY2008 and FY2014. A secondary factor for increased average toll is increased transactions in 2015 and 2016 at the highest toll points, which is attributed to the traffic using the I-4/Selmon Expressway Connector. The most recent adjustment in FY2017 is demonstrated by the increase in average toll from $1.47 to $1.52.

Table 2: FY2007 to FY2016 Historical Transactions and Toll Revenue (thousands) and Calculated Average Toll

Fiscal Year	Total Transactions	Gross Toll Revenue[1]	Average Toll
2008	32,652	$41,455	$1.27
2009	31,599	$40,350	$1.28
2010	31,743	$40,018	$1.26
2011	31,836	$40,467	$1.27
2012	33,668	$42,968	$1.28
2013	32,664	$41,803	$1.28
2014	38,057	$49,850	$1.31
2015	48,754	$69,299	$1.42
2016	55,983	$82,442	$1.47
2017	57,802	$87,682	$1.52

(1) Gross Toll Revenue is before allowance for doubtful accounts

Source: THEA CFO T&R Reports

1.1 ALL ELECTRONIC TOLL COLLECTION

In September 2010, the early part of FY2011, the Authority converted all tolling points to all-electronic tolling (AET). Tolls can be paid via a pre-paid SunPass account (by use of a SunPass transponder) or via a video-based, post-paid billing process ("Toll-By-Plate"). Video billing uses a photo of the customers' license plate, bundles tolls and mails a monthly invoice to the address on the license plate registration. The video rate is 25 cents higher than the SunPass rate to reflect the higher cost of processing and increased risk of actual collection.

Monthly transactions by payment method are presented in Table 3. Overall in FY2017, 77.7 percent of transactions were SunPass which is fairly consistent with FY2016 (77.4 percent). This steady state of SunPass percentage is consistent with the settling of travel patterns after the opening of the I-4 Connector in 2014.The monthly variation in SunPass penetration is very slight, pointing to the lack of seasonality of the roadway.

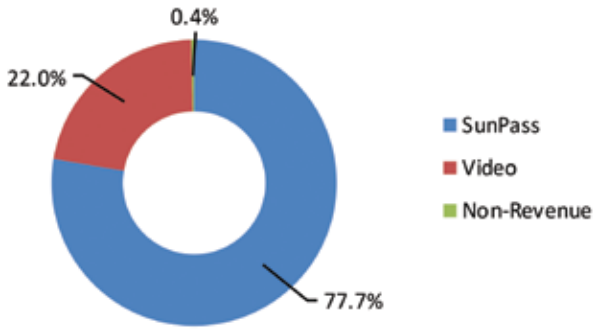
Table 3: FY2017 Monthly Transactions by Payment Method (thousands)

Fiscal Year	SunPass	Video	Non-Revenue	Total	% SunPass
Jul-16	3,518	1,052	17	4,588	76.7%
Aug-16	3,806	1,074	19	4,899	77.7%
Sep-16	3,591	1,040	18	4,648	77.2%
Oct-16	3,717	1,031	17	4,766	78.0%
Nov-16	3,585	1,035	16	4,636	77.3%
Dec-16	3,680	1,093	16	4,790	76.8%
Jan-17	3,850	1,097	19	4,966	77.5%
Feb-17	3,677	1,030	16	4,723	77.8%
Mar-17	4,140	1,110	18	5,268	78.6%
Apr-17	3,748	1,024	16	4,788	78.3%
May-17	3,976	1,115	17	5,109	77.8%
Jun-17	3,778	1,032	17	4,827	78.3%
Total	45,067	12,735	206	58,008	77.7%

Source: THEA CFO T&R Reports and Monthly Traffic Operations Reports

The transactions by payment class for FY2017 are also shown in Figure 2. SunPass transactions accounted for 77.7 percent of transactions, leaving 22 percent from video transactions and 0.4 percent for non-revenue transactions. Totals may not equal 100 percent due to rounding.

Figure 2: FY2017 Transactions by Payment Method



Source: THEA CFO T&R Reports and Monthly Traffic Operations Reports

The monthly toll revenue by payment method is presented in Table 4. SunPass contribution is consistent from FY2016, providing 73.6 percent of revenue, before taking into account the year-end allowance for doubtful accounts. Monthly variation of the percentage of revenue from SunPass is slight.

Table 4: FY2017 Monthly Revenue by Payment Method (thousands)

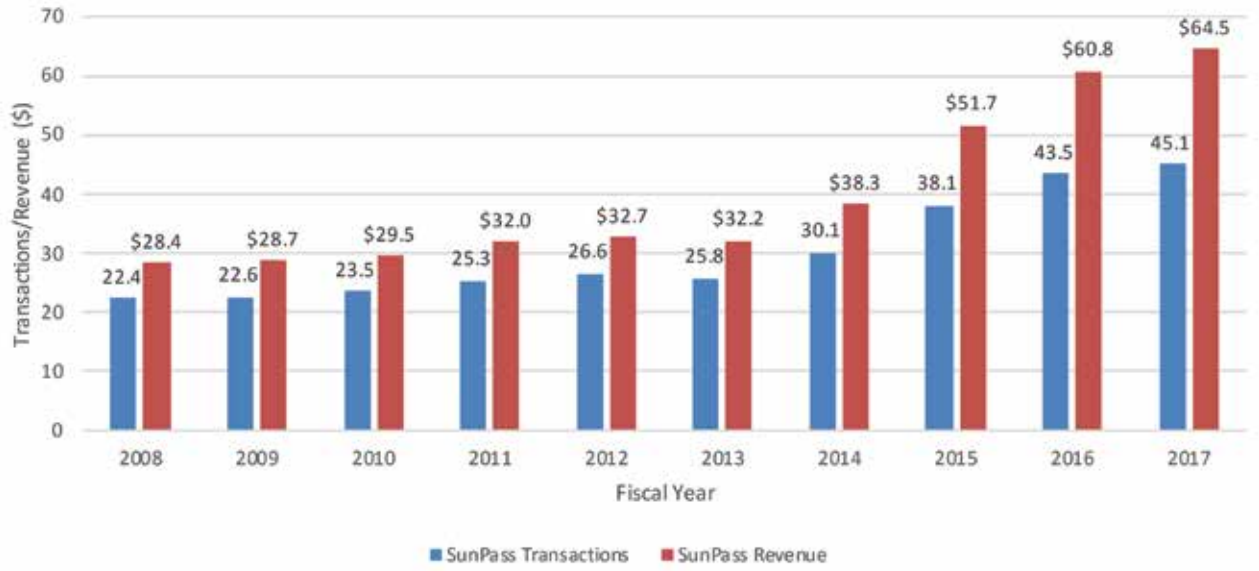
Fiscal Year	SunPass	Video	Fees	Total	% SunPass
Jul-16	$5,073	$1,737	$104	$6,914	73.4%
Aug-16	$5,459	$1,806	$110	$7,376	74.0%
Sep-16	$5,147	$1,735	$124	$7,007	73.5%
Oct-16	$5,333	$1,705	$45	$7,083	75.3%
Nov-16	$5,152	$1,714	$54	$6,920	74.5%
Dec-16	$5,296	$1,858	$77	$7,231	73.2%
Jan-17	$5,469	$1,853	$195	$7,516	72.8%
Feb-17	$5,230	$1,756	$278	$7,264	72.0%
Mar-17	$5,900	$1,888	$292	$8,081	73.0%
Apr-17	$5,318	$1,752	$184	$7,254	73.3%
May-17	$5,684	$1,820	$189	$7,693	73.9%
Jun-17	$5,437	$1,730	$175	$7,343	73.9%
Total	$64,499	$21,354	$1,829	$87,682	73.6%
Allowance for Doubtful Accounts			-$2,700	$84,982	75.9%

Source: THEA CFO T&R Reports

1.2 SUNPASS TRANSACTIONS AND REVENUE

The historical trend of SunPass transactions and toll revenue is presented in Figure 3. SunPass transactions increased from 43.5M in FY2016 to 45.1M in FY2017. Likewise, SunPass toll revenue increased from $60.8M in FY2016 to $64.5M in FY2017. These revenue figures exclude additional fees, such as administrative or late fees. The continued increase in SunPass transactions and toll revenue are estimated to be driven by the continued economic growth in the region, specifically downtown Tampa which is a major origin and destination of trips on the Selmon Expressway.

Figure 3: FY2008 to FY2017 SunPass: Annual Transactions and Toll Revenue (millions)



Source: THEA CFO T&R Reports

1.3 HISTORICAL GROWTH

Annual transactions and toll revenue are presented in Table 5. Transactions generally increase year over year with the exception of the recession in 2008/2009.

A decrease in transactions in FY2009 and limited growth the following two fiscal years is estimated to be caused by the economic slowdown of the Great Recession which begin in the fall of 2008 (FY2009).

The impact of increased transactions from the I-4/Selmon Expressway Connector from FY2014 to FY2017 is similar to the increase in transactions when the Reversible Express Lanes were opened in 2006. The growth from FY2016 to FY2017 represents more settled, steady growth of a maturing expressway system.

Toll revenue growth on the Selmon Expressway generally followed transactions that increased dramatically with the I-4/Selmon Expressway Connector and were also buoyed by annual toll indexing since 2013. From FY2013 to FY2017, toll revenue grew at about 20 percent on an annual basis, better than doubling from $41.8M to $85M. The most recent year saw toll revenue growth at 6.9 percent. Since FY2000, toll revenue has grown at a compounded annual growth rate of 8.5 percent.

Table 5: Historical Annual Transactions and Toll Revenue from FY2000 to FY2017 (thousands)

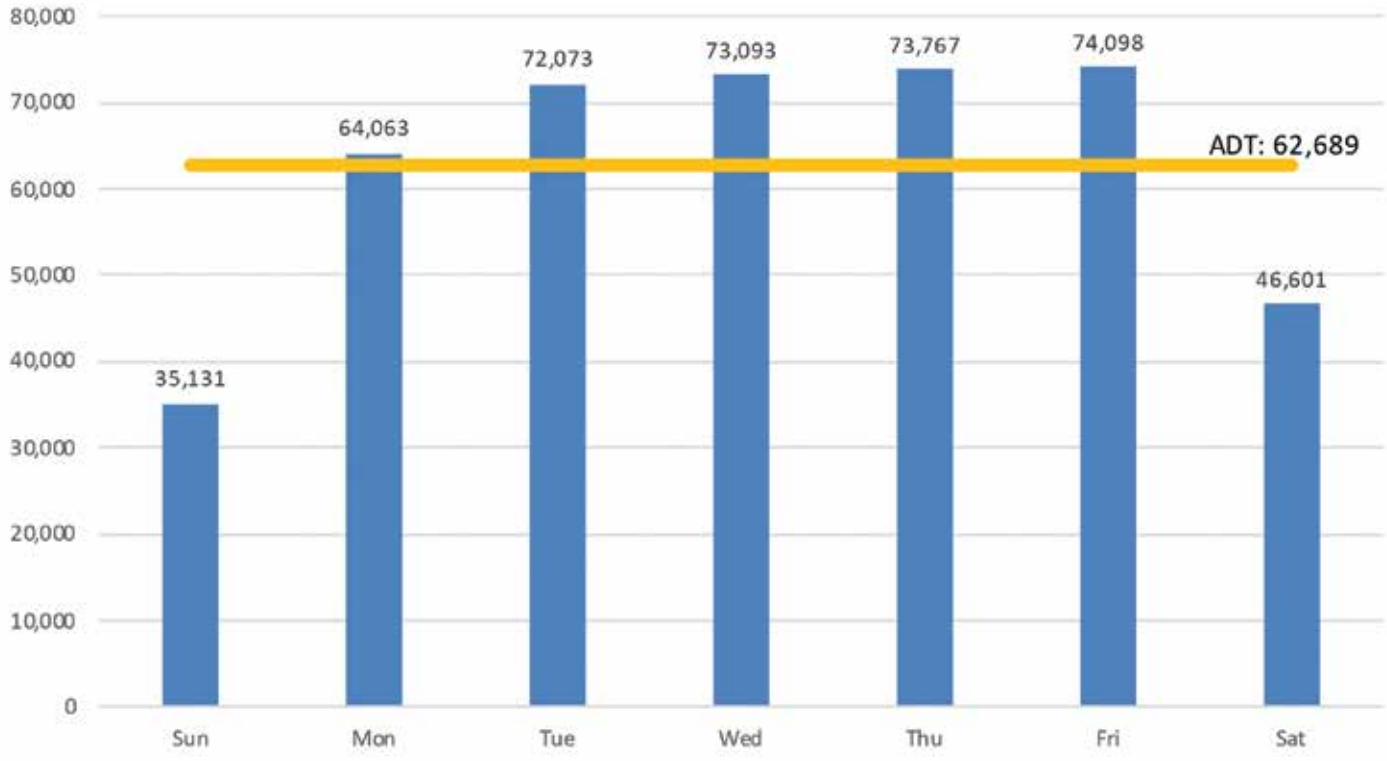
Transactions					Toll Revenue	
Fiscal Year	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change
2000	27,837	312	28,149		$21,447	
2001	28,998	359	29,357	4.3%	$24,105	12.4%
2002	29,982	391	30,373	3.5%	$24,520	1.7%
2003	30,589	411	31,000	2.1%	$25,078	2.3%
2004	30,374	382	30,756	-0.8%	$25,815	2.9%
2005	29,604	1081	30,685	-0.2%	$27,796	7.7%
2006	32,088	134	32,222	5.0%	$29,320	5.5%
2007	33,520	144	33,664	4.5%	$37,308	27.2%
2008	32,490	162	32,652	-3.0%	$41,455	11.1%
2009	31,398	202	31,600	-3.2%	$40,350	-2.7%
2010	31,581	162	31,743	0.5%	$40,018	-0.8%
2011	31,635	201	31,836	0.3%	$40,467	1.1%
2012	33,476	192	33,668	5.8%	$42,968	6.2%
2013	32,465	198	32,664	-3.0%	$41,803	-2.7%
2014	37,848	209	38,057	16.5%	$45,108	7.9%
2015	48,530	224	48,754	28.1%	$68,210	51.2%
2016	55,983	207	56,190	15.3%	$80,118	17.5%
2017	57,802	206	58,008	3.2%	$84,982	6.1%

Source: THEA CFO T&R Reports and Monthly Traffic Operations Reports

1.4 DAILY TRAFFIC VARIATION

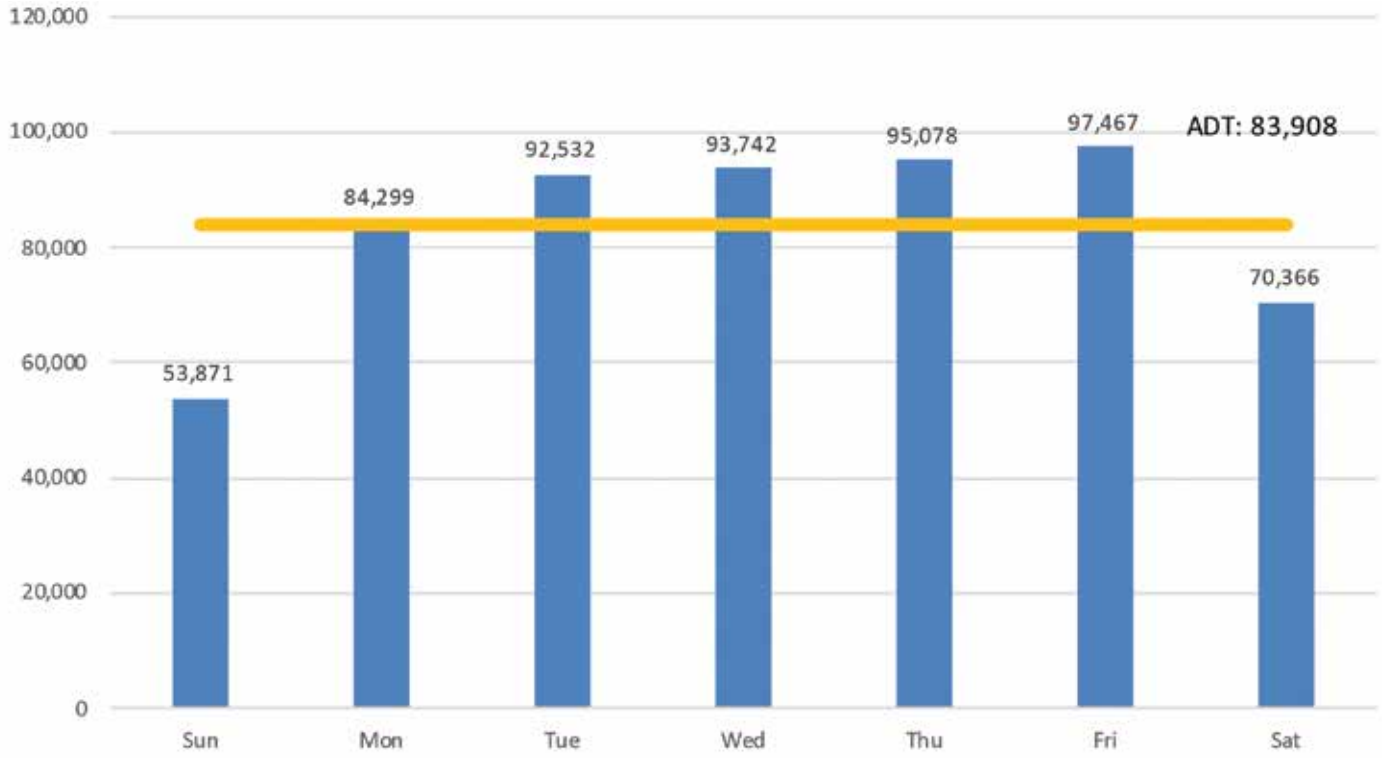
The daily transaction variations for each of the West Plaza Group, East Plaza Group and REL are presented in Figure 4, Figure 5, and Figure 6, respectively. The West Group consists of the West Mainline Toll Gantry, Plant Avenue ramps and Willow Avenue ramps. The East Group comprises the East Mainline Toll Gantry, 50th Street ramps, and 22nd Street ramps. The REL is presented alone. Average Daily Transactions (ADT) volumes by day of the week are shown as the average over the full fiscal year of FY2017. As can be easily seen the weekday traffic is much higher than the weekend traffic which is consistent with the usage of the Selmon Expressway as a commuter facility. This trend is also very consistent with past fiscal years.

Figure 4: FY2017 West Plaza Group, Average Day of Week Transactions



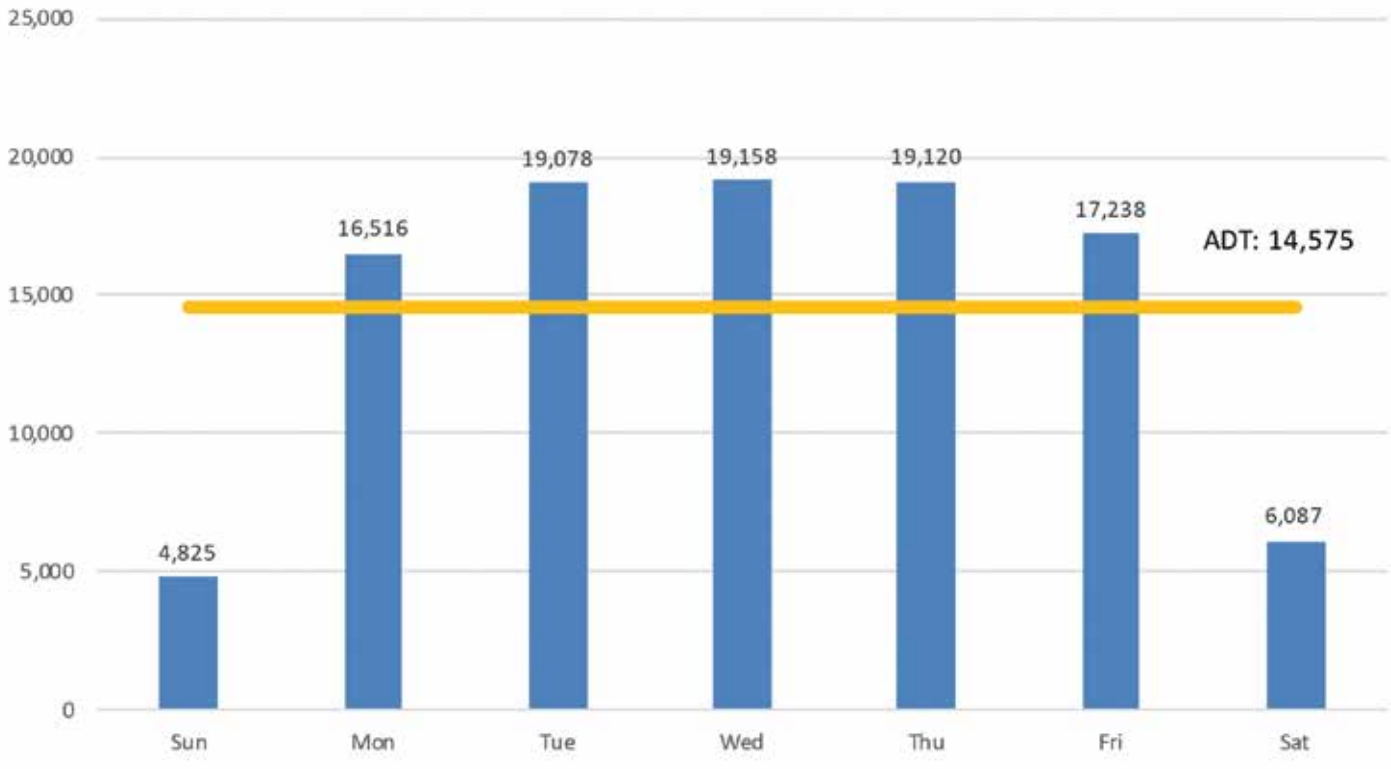
Source: THEA Monthly Traffic Operations Reports

Figure 5: FY2017 East Plaza Group, Average Day of Week Transactions



Source: THEA Monthly Traffic Operations Reports

Figure 6: FY2017 REL Average Day of Week Transactions



Source: THEA Monthly Traffic Operations Reports

The average daily transactions by Plaza Group are presented by fiscal year in Table 6. These data, which are for the full fiscal years, demonstrate the strong daily traffic growth that has been seen at the East and West plazas, and the steady state of the REL. These strong increases can be attributed to the opening of the I-4/Selmon Connector and the economic recovery as identified throughout this Annual Report.

Table 6: Average Daily Traffic by Plaza Group (Includes All Days of the Week)

Plaza Group	FY2015	FY2016	FY2017	Growth FY2015 - FY2017
West Plaza	55,364	60,816	62,689	13.2%
East Plaza	67,878	79,483	83,908	23.6%
REL	13,630	14,742	14,575	6.9%
Total	136,873	155,042	161,172	17.8%

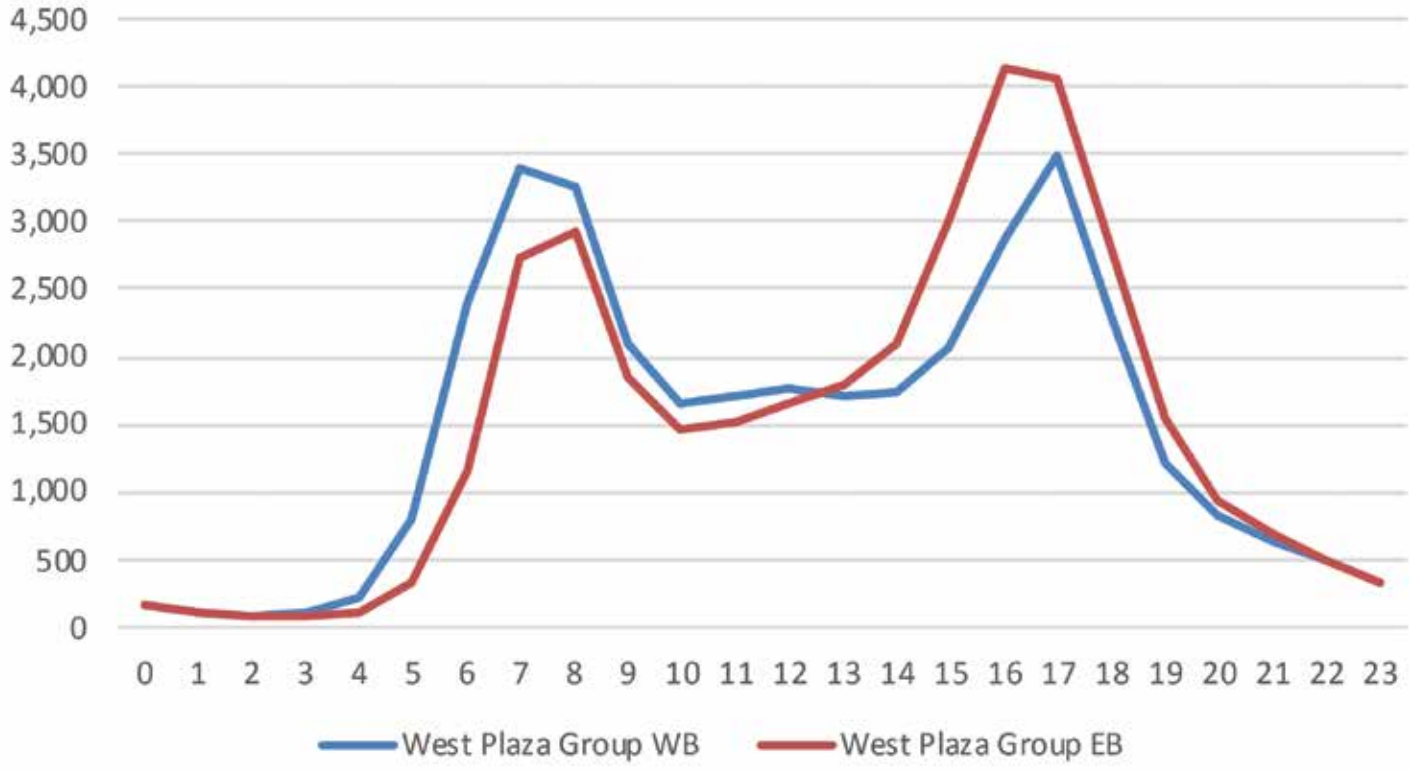
Source: THEA Monthly Traffic Operations Reports

1.5 WEEKDAY DISTRIBUTION

The weekday hourly distribution of transactions at the west and the east mainline toll gantries are presented in Figure 7 and Figure 8, respectively. The east mainline gantry includes the REL as this group completes the cross section of traffic demand on the Selmon Expressway.

On the west side of Tampa, the Selmon Expressway shows similar directional traffic flows with strong AM and PM peak periods. The westbound AM period starts earlier than the eastbound AM peak, possibly attributable to an earlier work day for those going to MacDill Air Force Base. This is repeated in the PM peak as well. Overall the PM peak has more traffic as would be expected as motorists with more varied trip purposes tend to access the roadway network in the afternoon, such as after-school activities and shopping trips.

Figure 7: FY2017 West Mainline Toll Gantry Average Weekday Hourly Transactions by Direction



Source: THEA Monthly Traffic Operations Reports

On the east side of Tampa, the Selmon Expressway demonstrates standard directional commuting patterns, with a clear AM peak in the west-bound direction and the opposite in the evening. These peaking characteristics for FY2017 are consistent with past years and it is anticipated that while the introduction of the I-4/Selmon Connector has changed travel patterns and increased demand, there appears to be a steady state with regard to hourly directional demand on the east side of Tampa.

Figure 8: FY2017 East Mainline and REL Toll Gantry Average Weekday Hourly Transactions by Direction

Source: THEA Monthly Traffic Operations Reports

1.6 VEHICLE CLASS ANALYSIS

The mix of traffic on the Selmon Expressway is primarily comprised of two axle vehicles or passenger cars, which represent 96.6 percent of all transactions. Vehicles with 3 axles or greater, i.e. trucks, make up the remaining 3.4 percent. The vehicle class by Plaza Group is presented in Table 7. The West and East Plaza groups show very similar traffic mix with the REL almost completely comprised of passenger cars, as the REL is signed to prohibit trucks.

Table 7: FY2017 Annual Transaction Share by Vehicle Class

Axle	West Plaza Group	East Plaza Group	REL	Total
2	96.7%	96.0%	99.8%	96.6%
3	1.3%	1.5%	0.1%	1.3%
4	0.9%	1.0%	0.1%	0.9%
5	1.1%	1.4%	0.0%	1.2%
6+	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Source: THEA Monthly Traffic Operations Reports

1.7 EXPENSES

The historical operating and routine maintenance (O&M) expenses for the Selmon Expressway are shown in Table 8. From FY2009 to FY2014, THEA significantly reduced operating expenses, due to the conversion to AET in FY2011 and sound financial management practices. Recent increases in operating expenses in FY2015 and FY2016 are a function of sizable increases in transactions on the system. FY2016 and FY2017 show stable Operating and Maintenence costs.

Table 8: Historical Operating and Routine Maintenance Expenses (thousands)

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
2006	$5,309	$1,456	$6,765
2007	$6,211	$2,282	$8,493
2008	$6,541	$3,530	$10,071
2009	$6,834	$4,022	$10,856
2010	$5,827	$3,475	$9,302
2011	$4,000	$3,265	$7,265
2012	$4,336	$3,430	$7,766
2013	$4,319	$2,624	$6,943
2014	$3,978	$2,767	$6,745
2015	$4,624	$2,919	$7,543
2016	$4,973	$2,925	$7,898
2017	$4,974	$2,939	$7,913

2. FACTORS AFFECTING TRAFFIC AND TOLL REVENUE

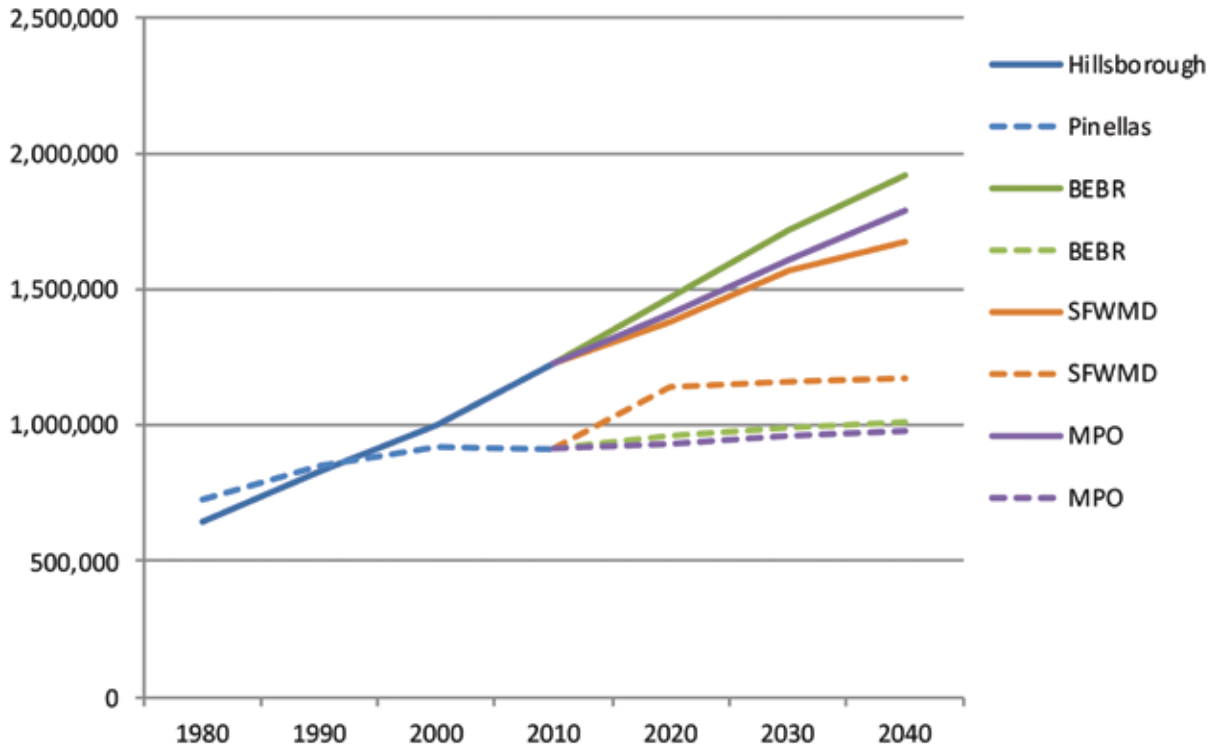
In this section, some of the key factors that drive traffic and toll revenue on the Selmon Expressway are presented. These data include population growth, gross products, employment growth, and gas prices.

2.1 TAMPA AREA POPULATION GROWTH

Population growth in the region is one of the most significant factors affecting transactions and toll revenue. Strong population growth, both historical and projected, is presented in Figure 9. From 1980 to 2010 the population in Hillsborough County almost doubled, growing from approximately 650,000 to 1.2 million. Pinellas County has also shown positive growth, albeit at a lower rate, growing by approximately 25 percent from 1980 to 2010. The annualized average annual growth rates since 1980 for Hillsborough County and Pinellas County were 2.2 percent and 0.8 percent, respectively.

Projections of population were obtained from various sources to understand the potential growth in the region. These sources include the following: Bureau of Economic and Business Research (BEBR), Southwest Florida Water Management (SFWMD), and Metropolitan Planning Organizations (MPO). The projected average annual growth rates from 2010 to 2040 for Hillsborough and Pinellas Counties (based on the 2010 Census figure and the average of the year 2040 population forecast from the three sources) are estimated to be 1.3 percent and 0.5 percent, respectively, which does continue the long term historical growth rates with a slight discount.

Figure 9: Tampa Region Population by County

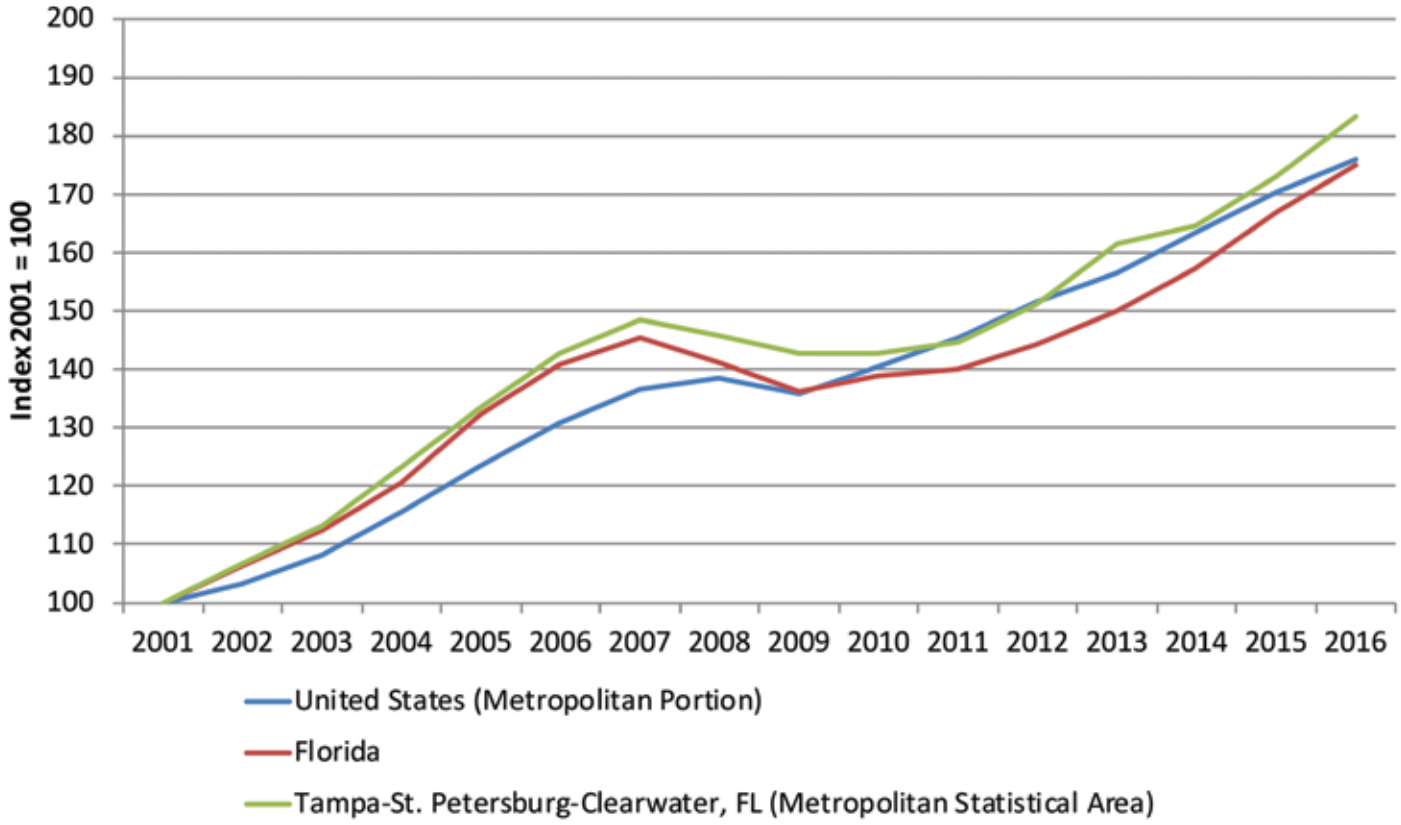


Sources: Bureau of Economic and Business Research (BEBR), Southwest Florida Water Management (SFWMD), and Metropolitan Planning Organizations (MPO)

2.2 ECONOMIC CONDITIONS

The gross product for Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area, the State of Florida, and the United States from 2000 to 2016 is presented in Figure 10. It is clear that the Great Recession had a significant impact on the gross product in the region and state, but it appears that growth has continued at pre-recession levels since 2011. This level of growth is expected to continue into the future.

Figure 10: Gross Product by Geography

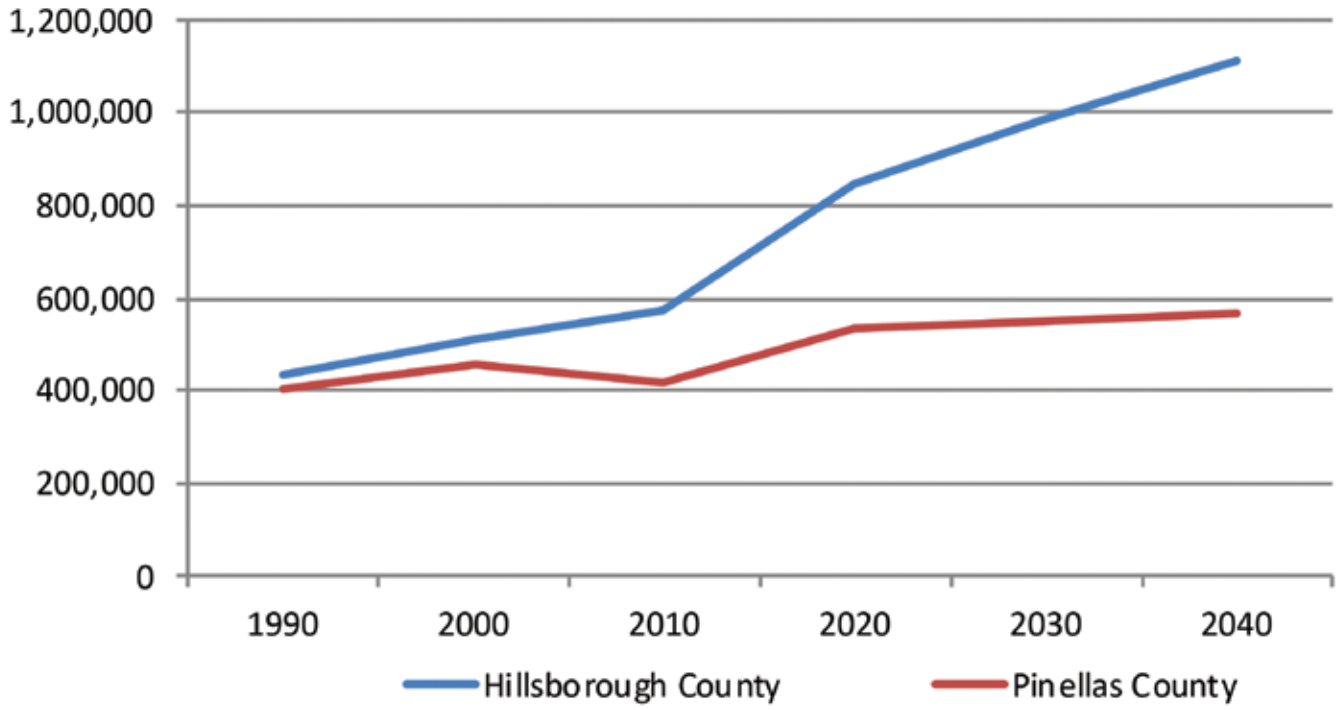


Source: United States Bureau of Economic Analysis (BEA)

REGIONAL EMPLOYMENT

As the Selmon Expressway is generally a commuter road, another major driver of traffic and toll revenue is employment. Historical and projected employment is presented in Figure 11. It is anticipated that employment for Hillsborough County will continue to grow into the future at a similar rate as pre-recession levels and employment in Pinellas County will remain steady at current levels.

Figure 11: Regional Employment

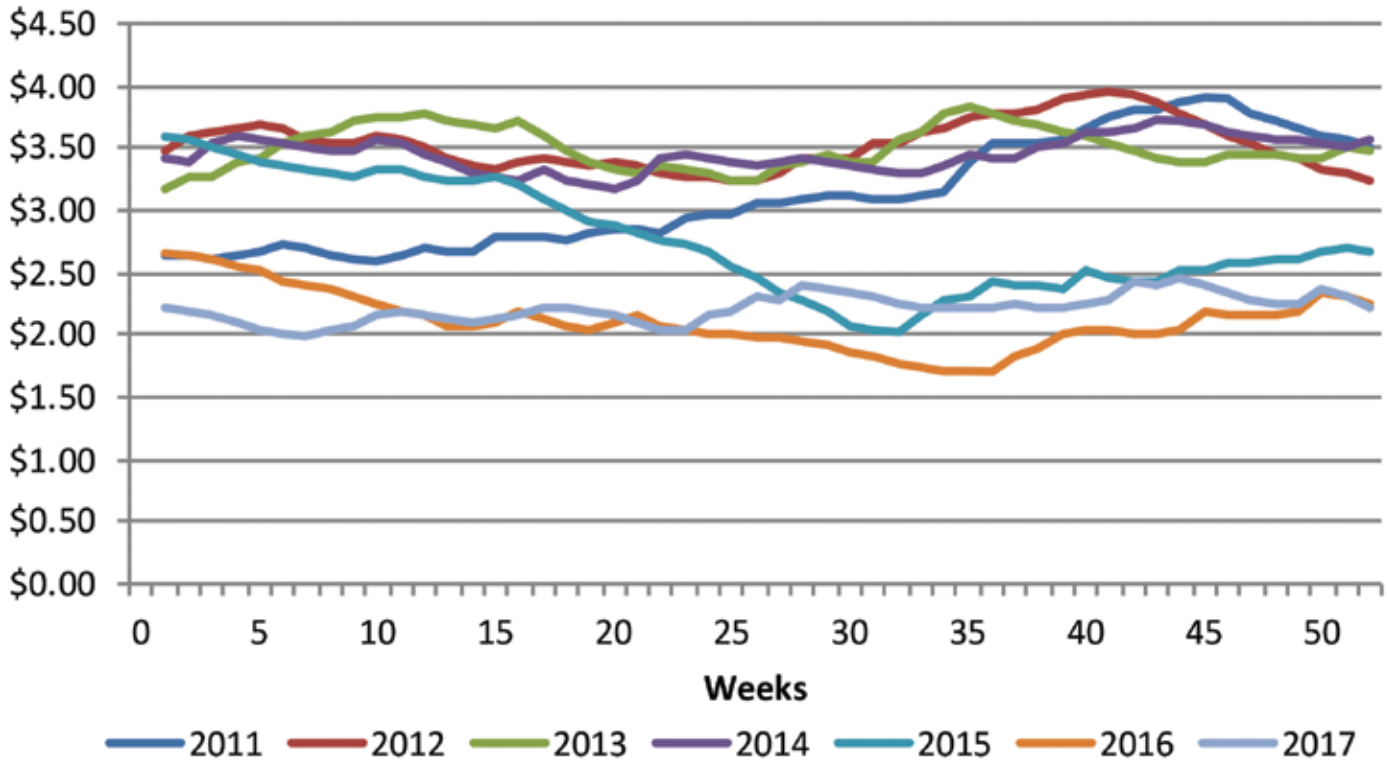


Source: Historical: Office of Economic and Demographic Research (1990 – 2010)
Projected: MPOs (2020 – 2040)

GAS PRICES

The price of gasoline is generally inversely related to vehicle usage; as the overall costs of travel increase, the amount of travel generally decreases. Historical gas prices for the State of Florida are presented by week for FY2011 to FY2017 in Figure 12. Since the middle of FY2015 gas prices have been lower than the previous five years. In FY2016, gas prices continued to be at a five year low, however, by the middle of FY2017 prices temporarily bounced to levels higher than that during the same period in FY2016. It is anticipated that gas prices will increase in the coming months but still below the historic highs of FY2014 and before. Additionally, both employment and general economic growth have historically been a much better indicator of traffic levels. It is estimated that curtailment of travel, as a function of rising gas prices, will only occur above those historical highs of approximately $4.00 per gallon.

Figure 12: Average Retail Gas Prices



Source: United States Energy Information Administration (EIA)

TRAFFIC AND REVENUE FORECAST

Estimates of annual transactions and toll revenue for the Selmon Expressway, which represents the full THEA system, are presented in Table 8. There has been significant growth in transactions and revenue over the last three years, mostly attributable to the I-4/Selmon Connector project opening and the strong economic recovery. The forecast has the benefit of the first 6 months of FY2018. In September 2017 there was a toll suspension per the Governor's office from September 5th to September 20th due to Hurricane Irma, representing some 4 percent of the year. The forecast includes this impact as well as the anticipated growth resulting in a loss in transactions of 0.9 percent and in increase in toll revenue of 1.1 percent. The forecast assumes a 2.5 percent toll index adjustment annually, per THEA policy. The only exception is the S-Movement toll rates which are assumed to increase at 2 percent annually following FDOT policy *. Additionally, the addition of the Selmon West Extension which will connect the Selmon Expressway to the Gandy Bridge is expected to be open for operation in FY2021.

** Administrative rule (Rule 14-15.0081) specifies the rate adjustment regime for FDOT*

Table 9: Estimated Annual Transactions and Toll Revenue (thousands)

Estimated Annual Transactions and Toll Revenue THEA System (thousands)					
Fiscal Year	**Transactions**	**Growth**	**Toll Revenue**	**Growth**	**Average Toll**
2013	32,664		$41,803		$1.28
2014	38,057	16.5%	$49,850	19.2%	$1.31
2015	48,754	28.1%	$68,210	36.8%	$1.40
2016	55,983	14.8%	$80,118	17.5%	$1.43
2017	57,802	3.2%	$84,952	6.0%	$1.47
2018	57,288	-0.9%	$85,916	1.1%	$1.50
2019	60,242	5.2%	$92,417	7.6%	$1.53
2020	60,957	1.2%	$95,684	3.5%	$1.57
2021	65,176	6.9%	$102,154	6.8%	$1.57
2022	66,266	1.7%	$106,500	4.3%	$1.61
2023	67,391	1.7%	$110,453	3.7%	$1.64
2024	68,553	1.7%	$114,835	4.0%	$1.68
2025	69,754	1.8%	$119,378	4.0%	$1.71
2026	70,996	1.8%	$124,213	4.1%	$1.75
2027	72,283	1.8%	$128,851	3.7%	$1.78

Includes impact of Selmon Extension and TBX in FY2021 • Includes 20% of S Movement transactions and toll revenue
Assumes 2.5% annual increase in toll rates • Forecast includes Doubtful Accounts

2.3 RECENT TRAFFIC AND TOLL REVENUE PERFORMANCE

The actual and forecasted traffic and toll revenue for FY2006 to FY2017 are shown in Table 10. In FY2017 the actual transactions and toll revenue were 0.8 and 1.8 percent above forecast, respectively. The return to more sustainable growth rates occurred in FY2017 which was predicted by the forecast.

Table 10: Transaction and Toll Revenue Forecast Performance

Transactions and Toll Revenue Estimates (thousands)						
Fiscal Year	Transactions			Gross Toll Revenue		
	Actuals	Previous Forecast	Variance	Actuals	Previous Forecast	Variance
2006	32,222	31,100(1)	3.6%	$29,320	$28,500 (1)	2.9%
2007	33,664	34,400(1)	-2.1%	37,308	36,700 (1)	1.7%
2008	32,652	35,300(1)	-7.5%	41,455	43,700 (1)	-5.1%
2009	31,599	31,400(2)	0.6%	40,350	39,700 (2)	1.6%
2010	31,743	31,700(2)	0.1%	40,018	39,800 (2)	0.5%
2011	31,836	32,300(2)	-1.4%	40,467	40,100 (2)	0.9%
2012	33,668	32,600(3)	3.3%	42,968	41,200 (3)	4.3%
2013	32,664	34,400(4)(5)	-5.0%	41,803	44,100 (4)(5)	-5.2%
2014	38,057	34,400(4)(6)	10.6%	45,108	44,300 (4)(6)	1.8%
2015	48,754	43,400(4)(7)	12.3%	68,210	60,900 (4)(7)	12.0%
2016	55,983	49,100(4)(8)	14.0%	80,118	71,600 (4)(8)	11.9%
2017	57,802	57,356 (9)	0.8%	84,982	83,481 (9)	1.8%

Source: FTE Actuals and THEA General Purpose Financial Statement FY2017.

(1) Official Statement 2005, CDM Smith (2) Updated Traffic and Revenue Study 2009, CDM Smith (3) CDM Smith Estimates, T&R Annual Report 2011 (4) CDM Smith forecasts post-AET do not include additional fees from video collection or allowance for doubtful accounts that are included in the actual gross revenue data. Therefore, variances may not be based on perfect comparisons of actual v. forecast revenue. (5) CDM Smith Estimates, T&R Annual Report 2012 (6) CDM Smith Estimates, T&R Annual Report 2013 (7) CDM Smith Estimates, T&R Annual Report 2014 (8) CDM Smith Estimates, T&R Annual Report 2015 (9) Jacobs Estimates, T&R Annual Report 2016

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