

TAMPA HILLSBOROUGH
EXPRESSWAY
AUTHORITY



INNOVATION NEVER RESTS. NEITHER DO WE.

2018 ANNUAL REPORT

LETTER FROM THE CHAIRMAN:

The Tampa Hillsborough Expressway Authority (THEA) is a locally owned and operated independent agency providing the Tampa Bay region with safe, reliable, efficient, and sustainable transportation options.

In Fiscal Year (FY) 2018, THEA began construction on the Selmon West Extension project, which will provide enhanced regional connectivity to our Tampa Bay customers while relieving congestion along Gandy Boulevard – a vital corridor that serves a large part of our community. And because of our financial strength and ability to capitalize on prior year savings, THEA is able to commence construction on the Selmon Extension while simultaneously issuing bonds to fund the next set of roadway and transportation-related improvements laid out in our five-year work program.

We understand that to grow and better serve our customers, we must continue to adapt with rapidly changing transportation technologies. THEA is currently working on a USDOT Connected Vehicle Pilot project – one of only three in the country. THEA is a leader in convening the best and brightest minds in transportation in the pursuit of 21st Century transportation solutions.

We will continue to drive innovation and partner with leaders in our community and surrounding counties, to ensure that THEA's projects match the values and goals of the people affected by them.

The future of THEA is bright and promising, and I invite you to read through our FY2018 Annual Report to learn more about the ways in which THEA continues to develop innovative transportation solutions for the Tampa Bay region.

Vincent Cassidy
Chairman
President & CEO
Majesty Title Services

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THEA



JOE C. WAGGONER
Executive Director/CEO
THEA





INTRODUCTION

THEA was established in 1963 to help connect a rapidly expanding community – giving residents greater ability to travel across Hillsborough County. Since then, THEA's role has expanded to the region with the ability to operate in Pinellas, Pasco, Polk and Manatee counties. THEA owns, operates and maintains the Lee Roy Selmon Expressway, the Brandon Parkway, Meridian Avenue, and the Selmon Greenway. We are currently in the process of building the Selmon West Extension that will take Expressway customers from Brandon to Pinellas County and its beaches.

As a transportation industry leader and innovator, we host agencies from around the world to study our reversible express lanes, which can function as an Automated Vehicle test bed and is a primary element of our Connected Vehicle Pilot Project. We showcase our best practices on how to efficiently integrate the newest cutting-edge transportation technologies into current transportation systems.

We have a bold vision of what a transportation agency can offer. We work with federal, state and local partners to not only expand our region's transportation capabilities, but also, just as importantly, to reinvest and grow our community, enhancing the well-being of this region.



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.





VEHICLE TECHNOLOGY



We're bringing tomorrow's vehicle technology to Tampa today.

CONNECTED VEHICLE PILOT

Since the U.S. Department of Transportation (USDOT) awarded THEA the contract for a Connected Vehicle Pilot Deployment Program in 2015, THEA has consistently pushed the limit of what connected vehicle technology can do. Tampa's pilot program is uniquely multimodal, meaning that the pilot tests how connected vehicle technologies work in a real-life environment – monitoring not only connected vehicles such as buses or streetcars, but also pedestrians and privately-owned vehicles.

In the fall of 2017, THEA's Connected Vehicle Pilot Program began to retrofit privately owned vehicles with the technology that enables them to communicate with each other, and with transportation infrastructure, such as traffic signals and crosswalks.

To recruit volunteers, THEA made a concerted effort to boost outreach to the community, which included email blasts, social media posts, banners, and signs. THEA also conducted several demonstrations of connected vehicles at events, such as the Florida Automated Vehicles (FAV) Summit, and even hosted Discovery Canada to document the pilot program. These measures led to a significant boost in participation in the Connected Vehicle Pilot Program. Participants in the pilot program are commuters who regularly use the Reversible Express Lane and drive frequently in downtown Tampa.

Next year, the pilot program will begin as THEA monitors the interactions among more than 1,000 volunteer drivers, 10 HART buses, and 10 TECO Line streetcars with connected vehicle technology. The results of the pilot will create a data set that will allow for traffic light optimization, decreased congestion, enhanced traffic flow, improved transit trip times, and reduced emissions of greenhouse gases, which all leads to THEA's goal of safer roads, shorter commutes, and a more connected community.





FAV SUMMIT

THEA hosted the 6th Florida Automated Vehicles (FAV) Summit, which took place on November 14-15, 2018, and attracted the best and brightest in government, transportation, and in the tech industry. Attendees were able to network and exchange ideas on how to shape the future of automated vehicles. Speakers at the summit included THEA CEO Joe Waggoner, Tampa Mayor Bob Buckhorn, Florida Department of Transportation Secretary Mike Dew, and representatives from Uber, Carnegie Mellon University, WSP, Toyota, and AECOM. Multiple automated vehicle demonstrations also took place during the summit, bringing this innovative cutting-edge technology to life.

SELMON GREENWAY

Tampa is known as a world-class city that encourages walking, biking, skating and other healthy outdoor activities, and THEA is proud to play a role. THEA's 1.7-mile Selmon Greenway runs east-west through downtown Tampa – mostly in the shade of the expressway – and connects with the city's Riverwalk and Meridian Avenue.

The Deputy John Kotfila, Jr. Memorial Dog Park was the first of several small “pocket” parks to be built along the Selmon Greenway, and is located under the shade of the Selmon Expressway, near the Channelside District of downtown Tampa. The park was built in honor of Hillsborough County Deputy John Robert Kotfila, Jr. who lost his life to a wrong-way driver on the Lee Roy Selmon Expressway, and held a strong bond with his dog, Dexter.



JOURNEY

Life is a journey. That's something we never forget.





**WESTWARD,
HO!**



The Selmon West Extension continues to move forward.

SELMON WEST EXTENSION

In December 2017, construction officially began on the Selmon West Extension, a 1.9-mile toll lane in the median of Gandy Boulevard, which 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 Selmon West Extension will alleviate congestion that is caused by rush hour traffic on Gandy Boulevard, and will move commuters trying to access downtown Tampa or the Gandy Bridge to the new elevated toll lane. Residents will be able to use Gandy Boulevard to patron local businesses, and THEA can assist in restoring a regular flow of traffic along the corridor. The Selmon Extension will also be used as a vital mandatory evacuation route in case of an emergency.

The Selmon Extension project is a local example of how a community and a transportation agency can work together on a project for the betterment of the region. Before and throughout the construction phase, THEA's mission is to ensure that all voices are heard and the views and interests of the community are addressed. In October 2017, during a virtual town hall meeting, a vote took place to choose the design of the piers that will be used for the project.

The Selmon West Extension is expected to be completed and in operation by the fall of 2020.





SHOP GANDY

THEA's record of innovation is not just limited to cutting-edge transportation solutions, but also includes the manner in which THEA reaches out to the community. The Shop Gandy small business marketing campaign kicked off in the fall of 2017 to aide local businesses during construction of the Selmon West Extension. THEA has gone door to door along the Gandy Boulevard corridor to speak with business owners about what they need during the construction phase and help alleviate any disruptions to their business.

Since its inception, Shop Gandy has promoted businesses on a dedicated website www.ShopGandy.com, on several social media platforms, through monthly newsletters, at local community events, and through earned media opportunities. Shop Gandy's community outreach includes events such as participation in Tampa City Council's Officer of the Month and Firefighter of the Quarter award presentation, where Shop Gandy awards each winning public servant a gift card to a local business on Gandy Boulevard.

During the holiday season and throughout the year, Shop Gandy marketed local businesses through social media contests and giveaways, and incentivized residents to shop local. Going forward, the Shop Gandy team will continue to find new and engaging ways to promote local businesses.



SMALL BUSINESSES

Small businesses help our community grow. We help small businesses grow.



SELMON - S.T.E.M. SCHOLARSHIP

In honor of Mr. Lee Roy Selmon, Tampa Bay's community hero and namesake to THEA's signature roadway, THEA created the Selmon-S.T.E.M. Scholarship fund to nurture interest in science, technology, engineering, and math among local middle school, high school, and college students.

This fund supports engineering students on the University of South Florida Tampa campus, who are graduates of Tampa Bay area high schools. The scholarships seek to increase the educational opportunities and exposure to transportation careers for Tampa Bay area students, and is based on merit and financial need.

SUCCESS



Building bridges to academic and career success.

Each year, THEA sponsors the USF/Selmon Expressway Balsa Wood Bridge Building Competition, which is an annual bridge design competition hosted by the USF College of Engineering. The competition consists of middle or high school students who have designed and built model bridges from balsa wood. The competition then tests the load capacities of the bridges. The bridges are put under simulated load tests until the balsa wood cracks beneath the weight. Bridges are judged on craftsmanship, originality, design drawing and, most importantly, load capacity.

SMALL BUSINESSES



Small businesses help our community grow. We help small businesses grow.

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

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 2017 to 2018, we increased our outreach to **SBEs** by 43 percent, providing more opportunities to small businesses.

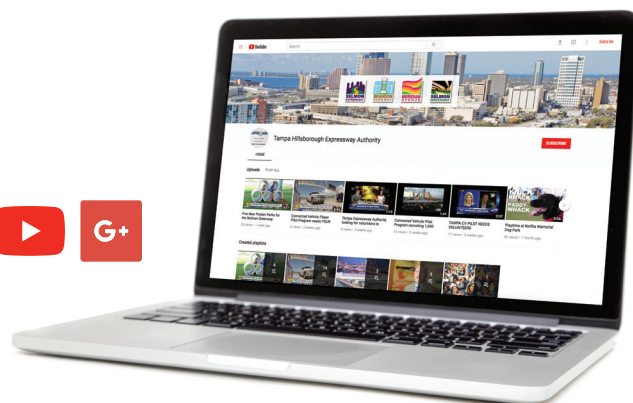
SOCIAL MEDIA



Social media: your direct connection to us.

CONNECT WITH THEA ON SOCIAL MEDIA.

Connect with THEA on Social Media: Follow us on Facebook, Instagram, Twitter, YouTube, and Google+. To learn more, visit our website at www.tampa-xway.com.





TRAFFIC & REVENUE

2018

March 19, 2019

JACOBS

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 2018 fiscal year ending June 30, 2018 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 FY2018 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 FY2019 to FY2028 for THEA planning purposes.

Yours sincerely



Phil Eshelman
Jacobs Engineering Group
Managing Director

1. FY2018 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 two-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 FY2018 are presented in Figure 1.

Figure 1: Selmon Expressway with Reversible Express Lanes



Source: Jacobs

From FY2017 to FY2018, toll paying transactions on the Selmon Expressway increased 0.3 percent and revenue increased 0.6 percent. This departure from historical positive increases year over year is directly attributable to the suspension of tolling for over 15 days in September 2017 due to Hurricane Irma. This equates to over 4 percent of the annual toll transactions and revenue on the Selmon Expressway system. Revenue was also impacted by the transition of the tolling back office by FDOT.

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. Toll revenue growth still occurred because of the annual toll indexing adjustment of 2.5 percent which occurs annually. Table 1 shows the transactions and toll revenue for the last five years from FY2013 to FY2018.

Table 1: FY2013 to FY2018 Transactions and Toll Revenue (thousands)

FISCAL YEAR	TOTAL TOLL PAYING TRANSACTIONS*	PERCENT CHANGE	GROSS TOLL REVENUE	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%	\$87,652	6.3%
2018	57,969	0.3%	\$88,203	0.6%

Source: THEA CFO T&R Reports, THEA Monthly Traffic Operations Reports and General Purpose Financial Statements

* Does not include non-revenue transactions.

From fiscal year 2009 to 2013, THEA gross toll revenue remained relatively flat. From 2013 to 2018 THEA revenue increased \$46.4 million above 2013 (+111 percent). The primary explanations for the revenue growth are increased use reflected by 24,401 more transactions, which accounts for 67 percent of the increase; and, changes in customer travel patterns – more of our customers using our toll points with higher toll rates (like mainline toll points), which accounts for 8 percent of the revenue growth. Those two factors account for 75 percent of the revenue growth. The remaining 25 percent is due to indexing of our toll rates since 2012.

Table 2: FY2009 to FY2018 Historical Transactions and Toll Revenue (thousands) and Calculated Average Toll

FISCAL YEAR	TOTAL TOLL PAYING TRANSACTIONS*	GROSS TOLL REVENUE	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	\$87,652	\$1.52
2018	57,969	\$88,203	\$1.52

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

Source: THEA CFO T&R Reports, THEA Monthly Traffic Operations Reports and General Purpose Financial Statements

* See footnote on table 1

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 the increased risk of actual collection.

Monthly transactions by payment method are presented in Table 3. Overall in FY2018, it was estimated that 77.2 percent of transactions were SunPass, which is fairly consistent with FY2017 and FY2016, which registered 77.7 and 77.4 percent SunPass, respectively. This steady state of SunPass percentage is consistent with the settling of travel patterns after the opening of the I-4 Connector in 2014. Additionally, there is very limited variation in the monthly SunPass percentages, pointing to the lack of seasonality of the roadway.

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

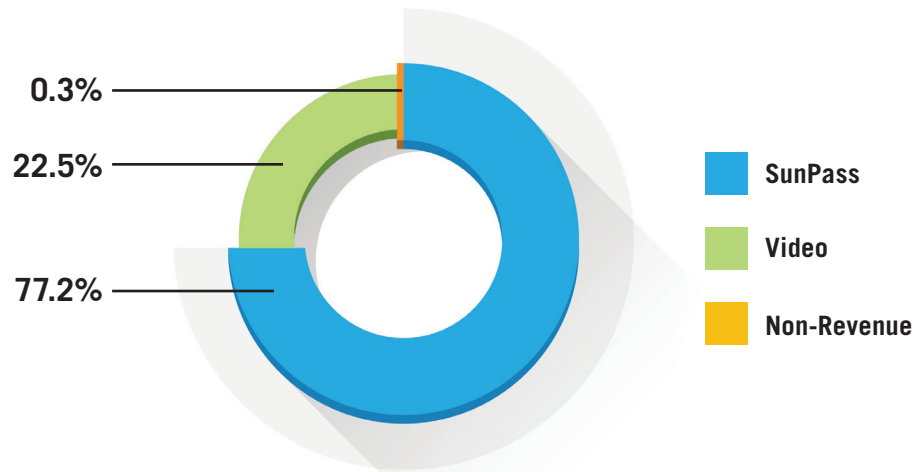
FISCAL YEAR	SUN PASS	VIDEO	NON-REVENUE	TOTAL	% SUN PASS
JUL-17	3,570	1,034	16	4,620	77.3%
AUG-17	3,910	1,092	19	5,020	77.9%
SEP-17	1,764	522	8	2,294	76.9%
OCT-17	3,993	1,167	18	5,178	77.1%
NOV-17	3,746	1,095	16	4,857	77.1%
DEC-17	3,784	1,137	15	4,937	76.7%
JAN-18	3,963	1,148	18	5,129	77.3%
FEB-18	3,834	1,130	16	4,980	77.0%
MAR-18	4,280	1,278	17	5,576	76.8%
APR-18	4,020	1,201	16	5,237	76.8%
MAY-18	4,095	1,181	17	5,294	77.4%
JUN-18	3,920	1,104	16	5,040	77.8%
TOTAL	44,879	13,090	193	58,162	77.2%

Note: These percentages are estimated from lane reports and estimated number of SunPass accounts that register as video transactions in the lane

Source: THEA Monthly Traffic Operations Reports

The transactions by payment class for FY2018 are also shown in Figure 2. Again, SunPass transactions accounted for 77.2 percent of transactions, leaving 22.5 percent from video transactions and 0.3 percent for non-revenue transactions.

Figure 2: FY2018 Transactions by Payment Method



Transaction Percent Share by Payment Method

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

The monthly toll revenue by payment method is presented in Table 4. SunPass contribution is consistent from FY2017, providing 74.3 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: FY2018 Monthly Revenue by Payment Method (thousands)

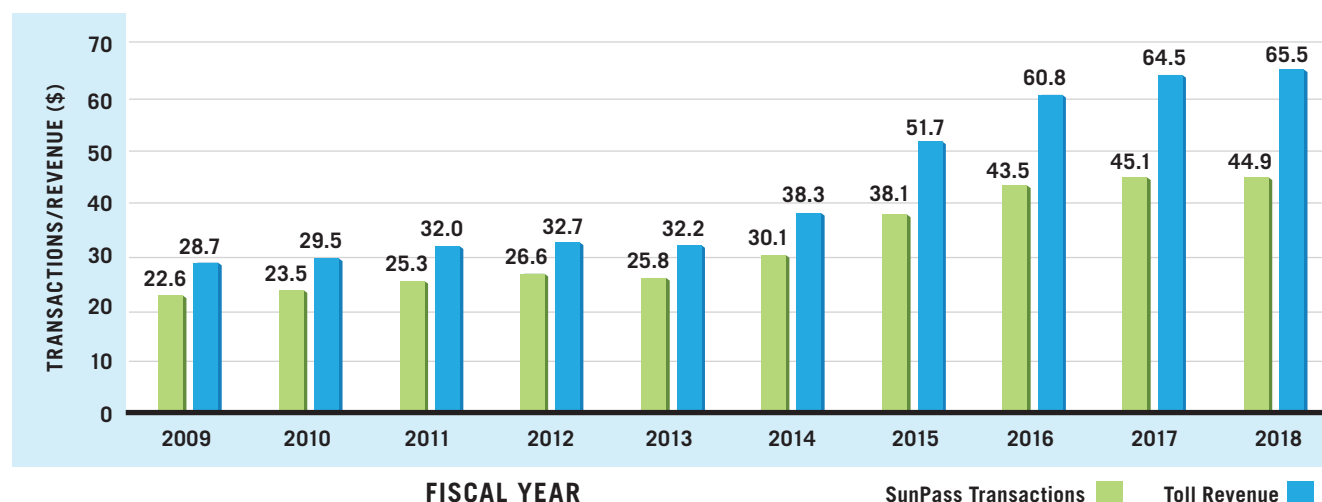
MONTH	SUNPASS	VIDEO	TOTAL	% SUNPASS
JUL-17	\$5,229	\$1,797	\$7,026	74.4%
AUG-17	\$5,707	\$1,896	\$7,603	75.1%
SEP-17	\$2,581	\$910	\$3,491	73.9%
OCT-17	\$5,823	\$2,030	\$7,853	74.2%
NOV-17	\$5,478	\$1,906	\$7,384	74.2%
DEC-17	\$5,530	\$1,972	\$7,502	73.7%
JAN-18	\$5,755	\$1,977	\$7,732	74.4%
FEB-18	\$5,585	\$1,950	\$7,535	74.1%
MAR-18	\$6,254	\$2,212	\$8,466	73.9%
APR-18	\$5,870	\$2,078	\$7,948	73.9%
MAY-18	\$5,972	\$2,040	\$8,012	74.5%
JUN-18	\$5,731	\$1,921	\$7,652	74.9%
TOTAL	\$65,515	\$22,688	\$88,203	74.3%
ALLOWANCE FOR DOUBTFUL ACCOUNTS		-\$5,487	\$82,716	79.2%

Source: THEA Monthly Traffic Operations Reports and General Purpose Financial Statements

1.2 SunPass Transactions and Revenue

The historical trend of SunPass transactions and toll revenue is presented in Figure 3. SunPass transactions decreased slightly from 45.1M in FY2017 to 44.9M in FY2018, again due to the suspension of tolls in September 2017. SunPass toll revenue increased due to the annual toll adjustments from \$64.5M in FY2017 to \$65.5M in FY2018. These revenue figures exclude additional fees.

Figure 3: FY2009 to FY2018 SunPass: Annual Transactions and Toll Revenue (millions)



Source: THEA Monthly Traffic Operations Reports and General Purpose Financial Statements Historical Growth

1.3 Historical Growth

Annual transactions and toll revenue are presented in Table 5. Transactions generally increase year over year with the exceptions of when the toll rate adjustments were above the rate of inflation, the recession of 2008/2009, and the most recent year of FY2018 with the suspension of tolls due to Hurricane Irma. There were two toll rate adjustments that are estimated to have caused a decrease in transactions, one in March 2004, affecting both FY2004 and FY2005, and another January 2007 affecting mostly FY2008. Transactions in FY2007 actually increased, due to the opening of the RELs in July 2006, which mitigated the impact of the toll adjustment.

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 began in the fall of 2008 (FY2009).

Large increases in transactions can be seen with the introduction of new infrastructure providing capacity or connectivity to the Selmon Expressway. As already stated, the introduction of the REL brought more transactions to the system, which is similar to the impact of the I-4/Selmon Connector, which brought additional traffic during the three-year period from FY2014 to FY2016. During this time period, traffic grew by approximately 20 percent on an annual basis. The growth from FY2016 to FY2017 represents more settled, steady growth of a maturing expressway system, which would have continued into FY2018 if not for the suspension of tolls.

Toll revenue growth on the system generally followed transactions and has been buoyed by annual toll indexing. From FY2013 to FY2016, toll revenue grew at about 25 percent on an annual basis, almost doubling from \$41.8M to \$82.4M. The most recent year saw toll revenue decrease by 2.7 percent as a result of a combination of the suspension in tolls, the transition of the tolling back office by FDOT and the resulting timing of modified cash accounting. Since FY2000, toll revenue has grown at a compounded annual growth rate of 7.8 percent.

Table 5: Historical Annual Transactions and Toll Revenue from FY2000 to FY2018 (thousands)

FISCAL YEAR	TRANSACTIONS				TOLL REVENUE	
	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%	\$85,652	6.9%
2018	57,969	193	58,162	0.3%	\$82,716*	-2.7%

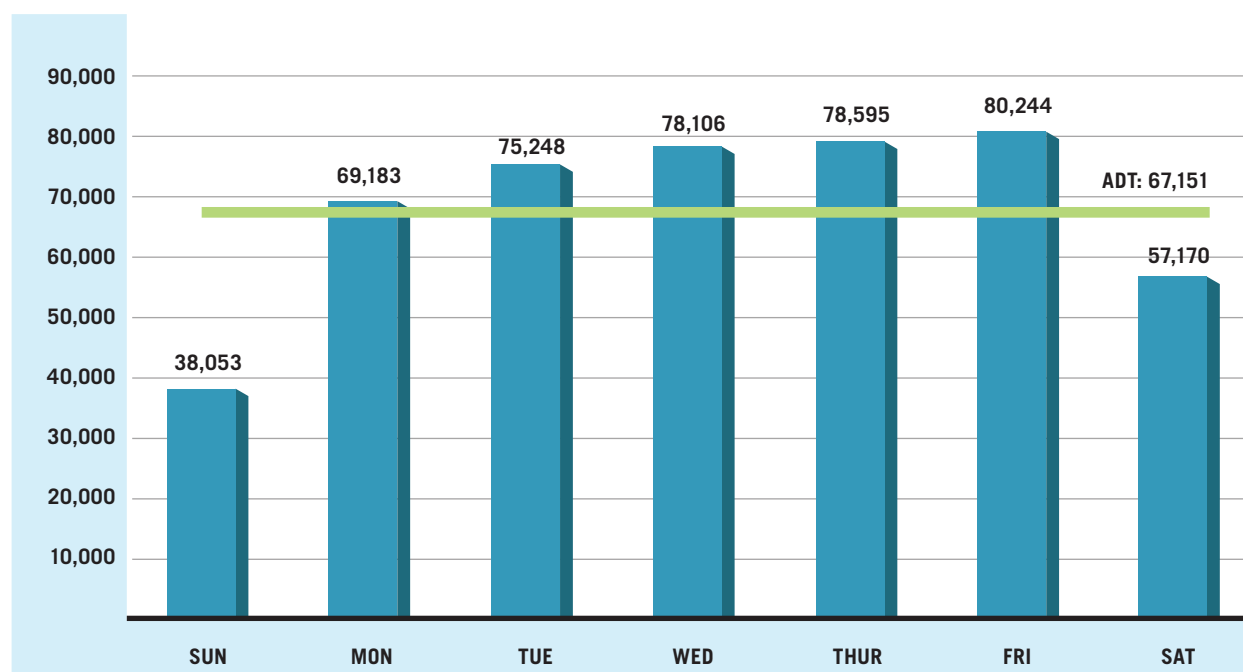
Source: THEA CFO T&R Reports, THEA Monthly Traffic Operations Reports and General Purpose Financial Statements

* Revenue after allowance for doubtful accounts

1.4 Daily Traffic Variation

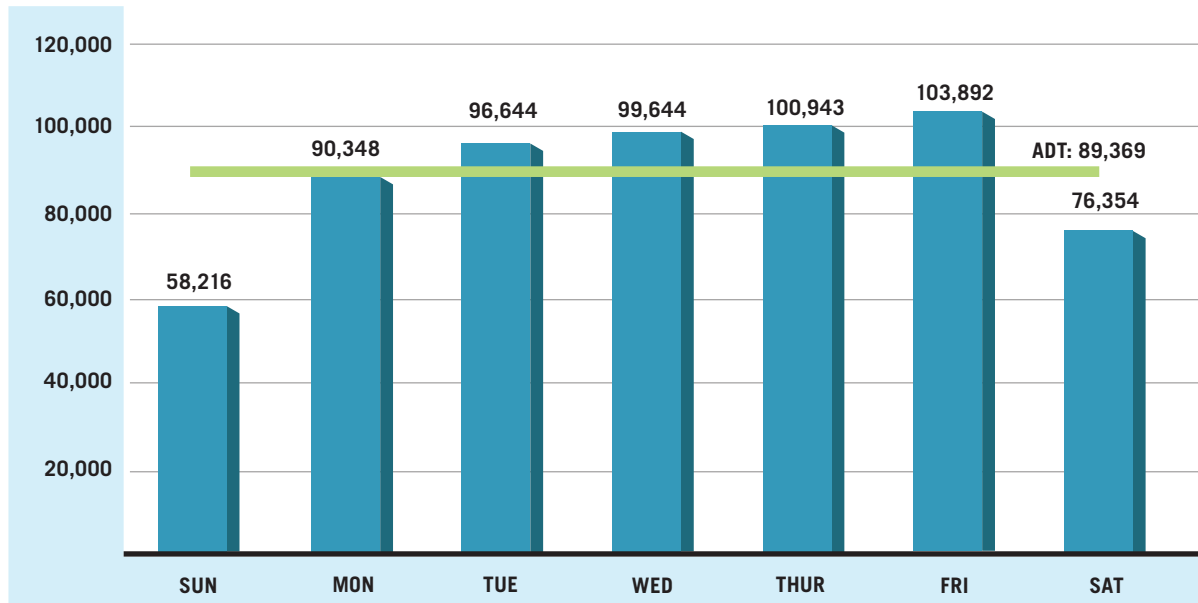
The daily transaction variations for the West Plaza Group, East Plaza Group and RELs are presented in Figure 4, Figure 5, and Figure 6, respectively. The West Group consists of the West Mainline Toll Gantry, Plant Avenue ramps and Willow Avenue ramps. The East Group comprises the East Mainline Toll Gantry, 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 FY2018. 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: FY2018 West Plaza Group, Average Day of Week Transactions



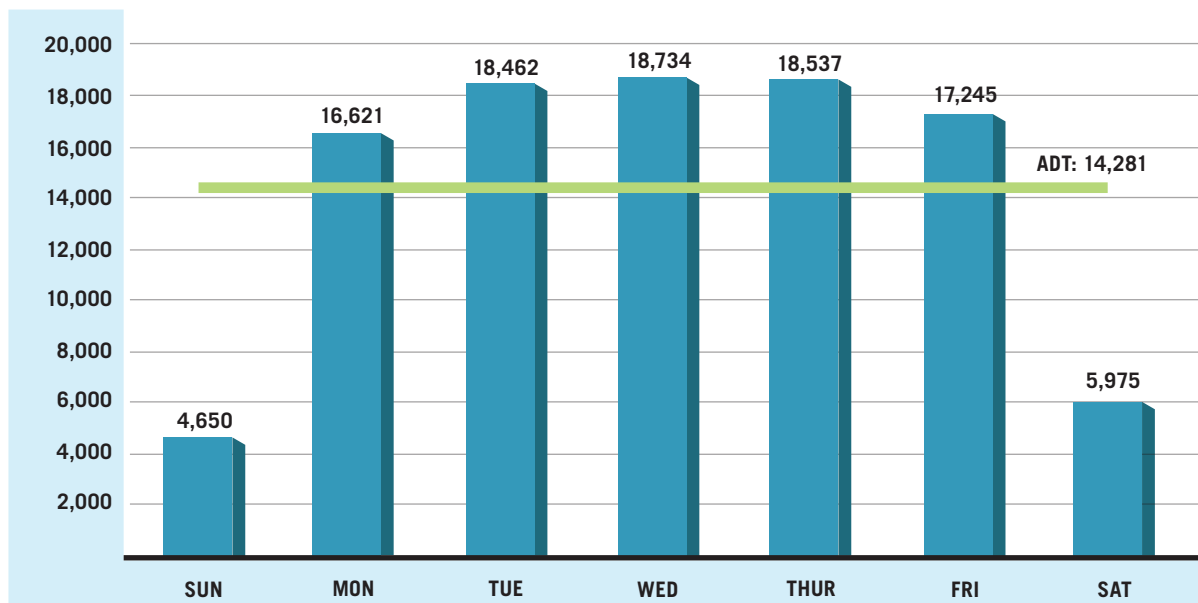
Source: THEA Monthly Traffic Operations Reports

Figure 5: FY2018 East Plaza Group, Average Day of Week Transactions



Source: THEA Monthly Traffic Operations Reports

Figure 6: FY2018 RELs, 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. It should be noted that while annual transactions have decreased in FY2018 due to suspension of tolling for 15 days, when considering average daily traffic, sizable gains are shown. These strong increases can be attributed to the continued health of the economy, as well as the increased value the Selmon Expressway brings to motorists as other portions of the roadway network become congested.

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

PLAZA GROUP	FY2016	FY2017	FY2018*	GROWTH FY2016 - FY2018
WEST PLAZA	60,816	62,689	67,151	10.4%
EAST PLAZA	79,483	83,908	89,369	12.4%
REL	14,742	14,575	14,281	-3.1%
TOTAL	155,042	161,172	170,801	10.2%

**Adjusted to account for suspension of tolls in September 2017*

Source: THEA Monthly Traffic Operations Reports

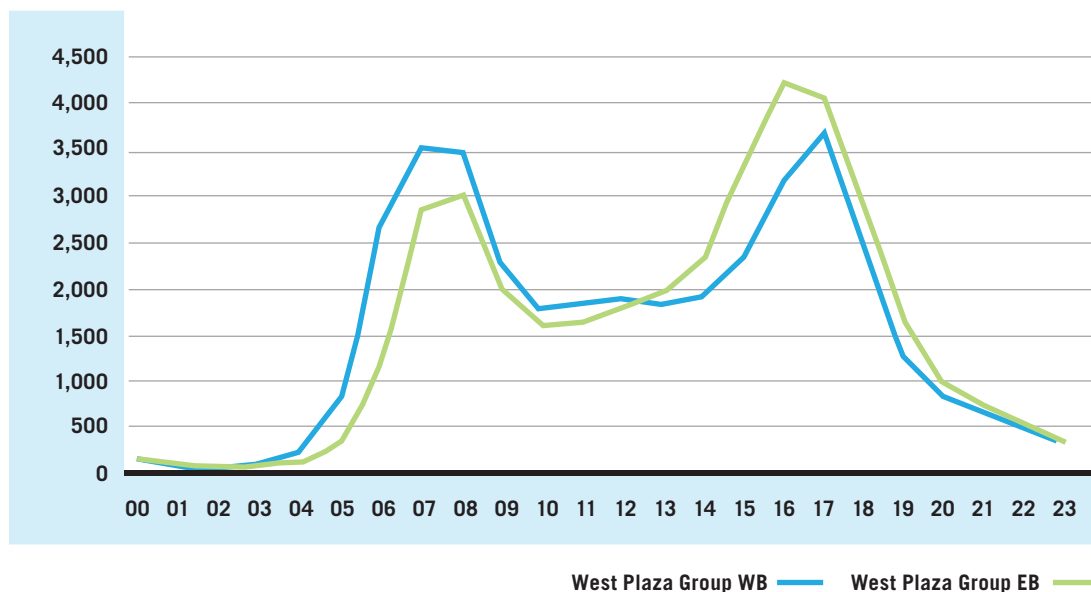


1.5 Weekday Distribution

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.

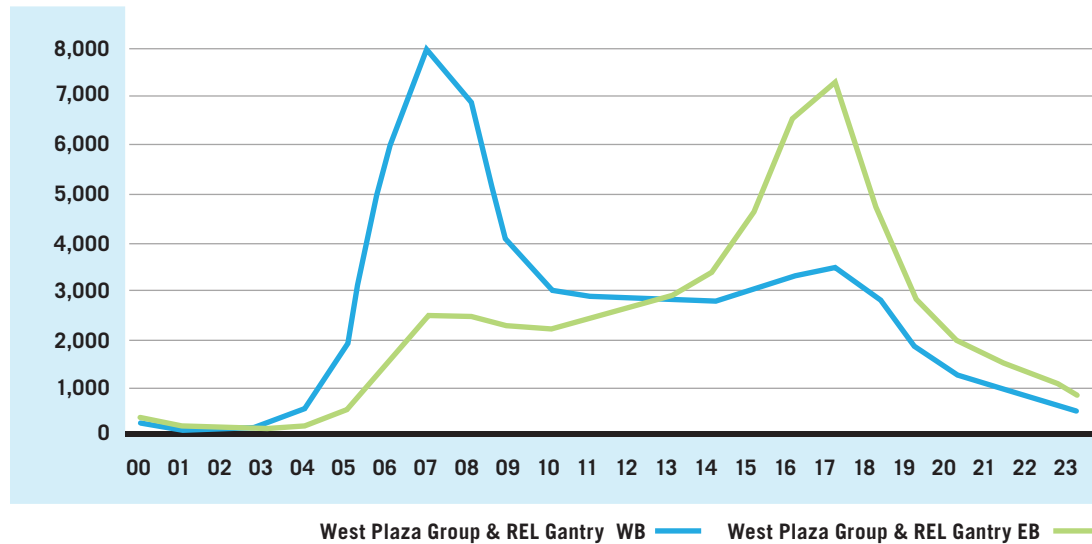
Figure 7: FY2018 West Mainline Toll Gantry Average Weekday Hourly Transactions by Direction



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 westbound direction and the opposite in the evening. These peaking characteristics for FY2018 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 steady state with regard to hourly directional demand on the east side of Tampa.

Figure 8: FY2018 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 96.5 percent of all transactions. Vehicles with three axles or greater, i.e. trucks, make up the remaining 3.5 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: Average Daily Traffic by Plaza Group (Includes All Days of the Week)

AXLE	WEST PLAZA GROUP	EAST PLAZA GROUP	REL	TOTAL
2 - AXLE	96.5%	95.9%	99.8%	96.5%
3 - AXLE	1.3%	1.5%	0.1%	1.3%
4 - AXLE	0.9%	1.0%	0.1%	0.9%
5 - AXLE	1.2%	1.5%	0.0%	1.2%
6+ - AXLE	0.1%	0.1%	0.0%	0.1%
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. When transaction growth slowed slightly in FY2017, the expenses leveled as well. This can be further seen with a decrease in expenses in FY2018.

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
2018	\$4,491	\$2,749	\$7,240

Source: THEA Monthly Traffic Operations Reports

2. Factors Affecting Traffic and Toll Revenue

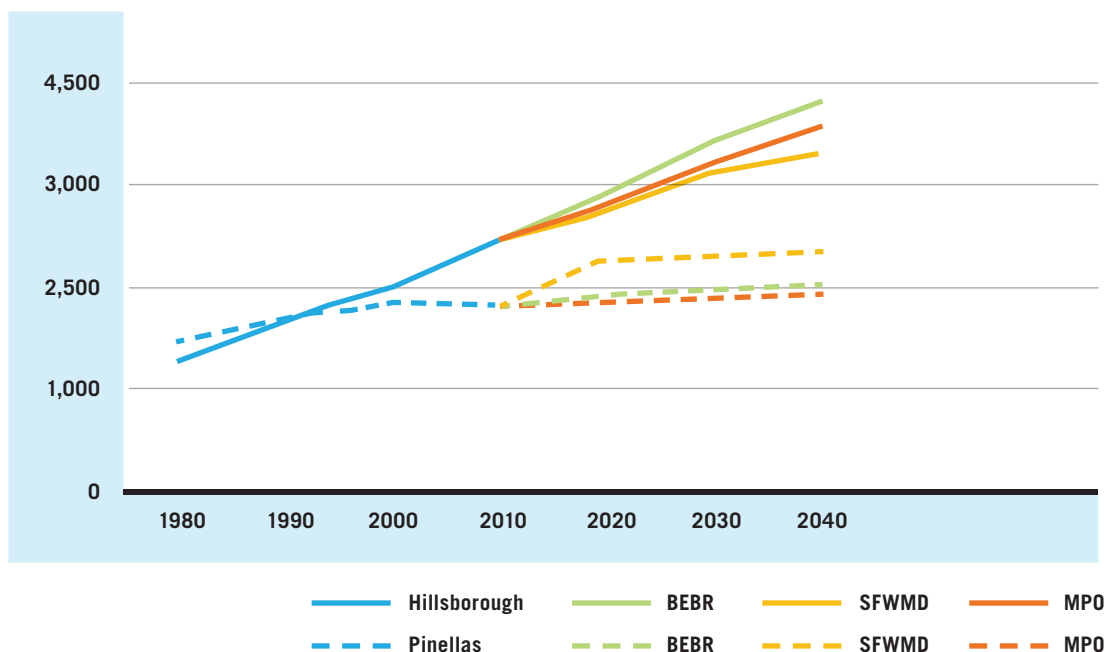
In this section some of the key factors that drive traffic and toll revenue on the Selmon Expressway are presented. These data include population growth, gross products, employment growth, and gas prices.

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

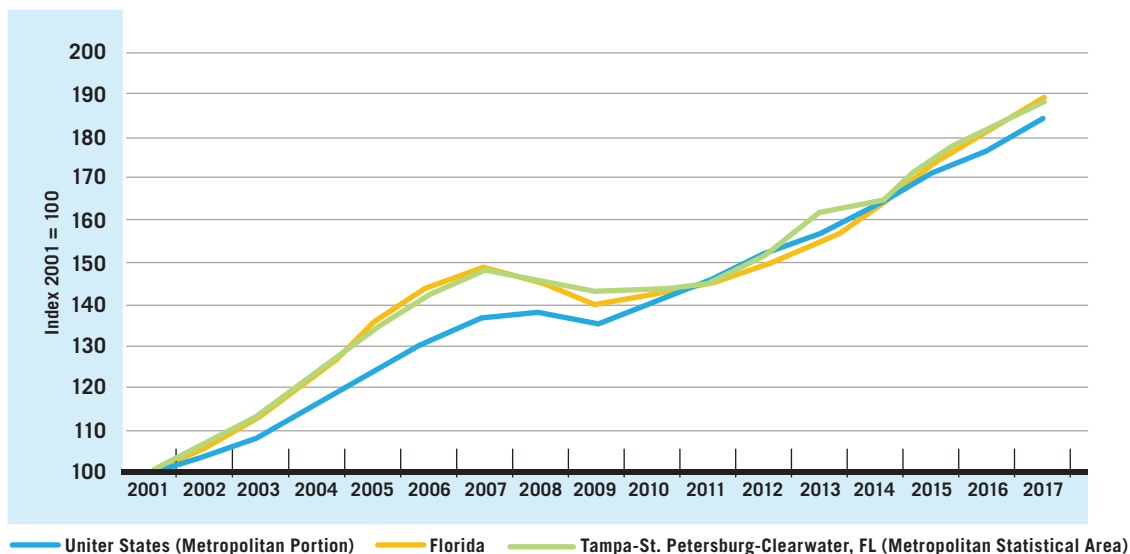


Sources: Bureau of Economic and Business Research (BEBR), Southwest Florida Water Management (SFWMD), and Metropolitan Planning Organizations (MPO)

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 2017 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

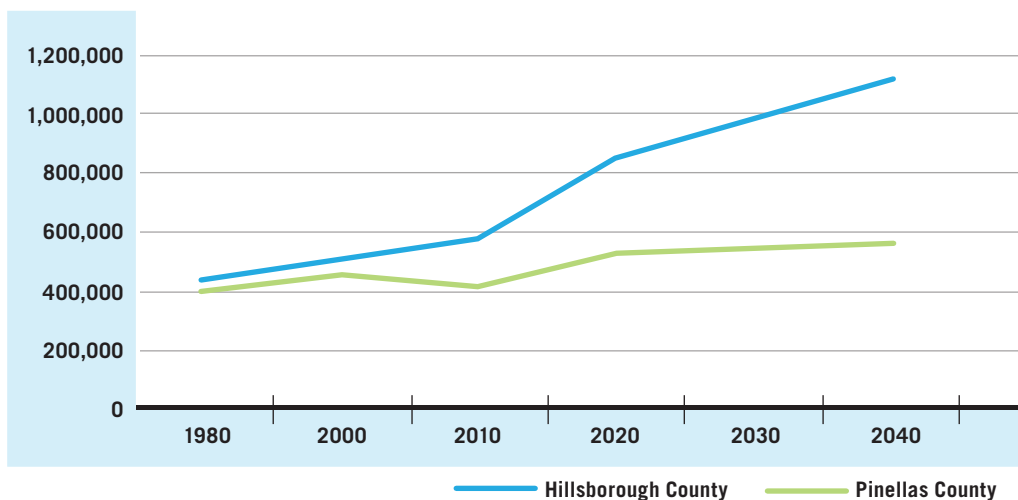


Source: United States Bureau of Economic Analysis (BEA)

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 at a similar rate as pre-recession levels and employment in Pinellas County will remain steady at current levels.

Figure 11: Regional Employment



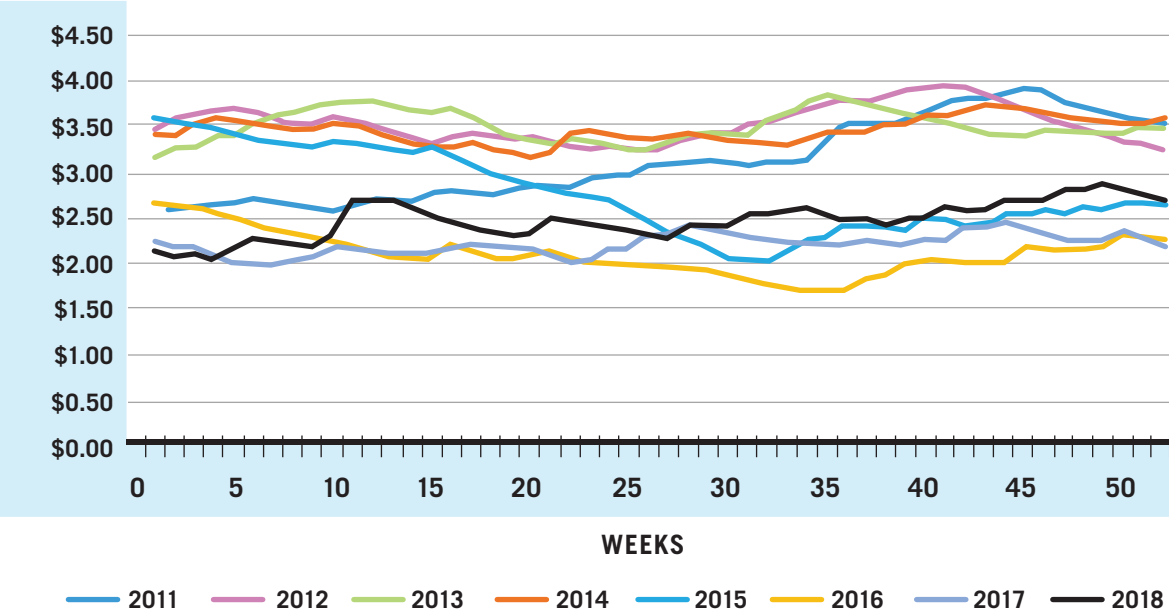
Source: Historical: Office of Economic and Demographic Research (1990 – 2010)

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 FY2018 in Figure 12. Gas prices have been between \$1.50 to \$4.00 per gallon in the recent past. Over the last three fiscal years, prices have been relatively low. It is anticipated that these prices of between \$2.00 and \$3.00 per gallon will prevail over the short term. 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 9. As stated earlier in this Annual Report, the confluence of events in FY2018 that included the disruption of toll collection due to Hurricane Irma and the changing of the tolling back office and delayed payments from FDOT to THEA, and receipt of cash has caused the lowering of transactions and toll revenue from FY2017 to FY2018.

This is anticipated to be mitigated in FY2019 with the smooth collection of toll revenue to emerge and limited disruptions to normal traffic patterns due to weather events. 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 two percent annually following FDOT policy*. Additionally, the opening of the Selmon Extension, which will connect the Selmon Expressway to the Gandy Bridge and is expected in FY2021, will also increase traffic and revenue on the expressway system.

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

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

FY	TRANSACTIONS	GROWTH	TOLL REVENUE	GROWTH	AVG. 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	57,969	0.3%	\$82,716	2.6%	\$1.45
2019	61,011	6.9%	\$92,134	11.4%	\$1.51
2020	61,722	1.2%	\$95,219	3.3%	\$1.54
2021	65,968	6.9%	\$101,604	6.7%	\$1.54
2022	67,086	1.7%	\$105,893	4.2%	\$1.58
2023	68,239	1.7%	\$109,842	3.7%	\$1.61
2024	69,430	1.7%	\$114,188	4.0%	\$1.64
2025	70,661	1.8%	\$118,708	4.0%	\$1.68
2026	71,935	1.8%	\$123,500	4.0%	\$1.72
2027	73,243	1.8%	\$127,964	3.6%	\$1.75
2028	74,600	1.9%	\$133,111	4.0%	\$1.78

Includes impact of Selmon Extension 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 FY2018 are shown in Table 10. The actual transactions and toll revenue were 0.4 and 3.7 percent below forecast, respectively. Again, the cause of the transactions and toll revenue not meeting forecast in FY2018 was due to the confluence of events discussed in the previous section.

Table 10: Transaction and Toll Revenue Forecast Performance

FISCAL YEAR	TOLL PAYING 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)	2.6%
2018	57,969	57,288 (10)	1.2%	82,716	85,916 (10)	-3.7%

Source: FTE Actuals and THEA General Purpose Financial Statement FY2018

(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

(10) Jacobs Estimates, T&R Annual Report 2017



#Love your drive!

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