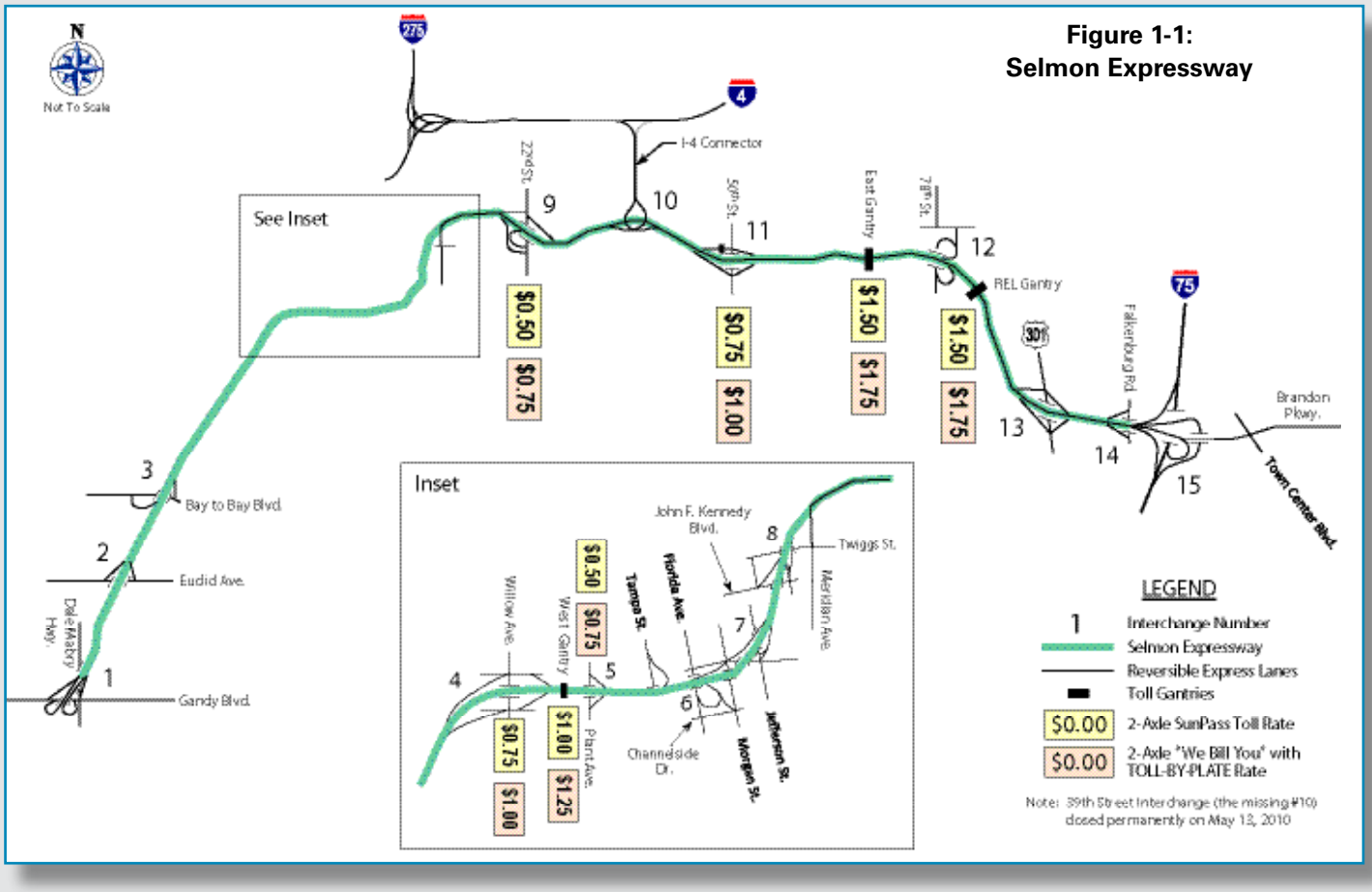
TRAFFIC & REVENUES

SECTION 1 - FY2014 TRAFFIC & TOLL REVENUE

The Tampa Hillsborough Expressway Authority operates the 14-mile Lee Roy Selmon Expressway (Selmon Expressway) and the Reversible Express Lanes (REL), a part 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 facility with two lanes in each direction. The REL provides an additional three lanes, westbound during the morning commute and eastbound during the evening commute and on weekends. The Selmon Expressway is an all-electronic toll facility with tolls collected through SunPass transponder accounts or "We Bill You" video billing. Figure 1-1 shows the location of the interchanges and corresponding toll rates during FY 2014.



Toll transactions on the Selmon Expressway in FY2014 increased 16.5 percent compared to the same period in FY2013. Toll revenues increased by 7.9 percent in FY2014 compared to FY2013. The significant increases over the prior year reflected the opening of the Selmon Connector in January 2014 and the elimination of construction impacts during FY2013 from single-lane closures on the Selmon Expressway.

Table 1-1
Transactions and Toll Revenue
(thousands)

Fiscal Year	Total Transactions	Percent Change	Gross Toll Revenue	Percent Change
2011	31,836		$40,467	
2012	33,668	5.8%	42,968	6.2%
2013	32,664	-3.0%	41,803	-2.7%
2014	38,057	16.5%	45,108	7.9%

Source: FTE Actuals and THEA General Purpose Financial Statement FY2014.

15

Table 1-2 shows the average toll (revenue per transaction) from FY2006 to FY2014. The average toll for the facility increased from $0.91 in FY2006 to $1.19 in FY2014 due mostly to toll rate adjustments in January 2007. The average toll varies slightly from year to year due to the normal variation in the number of transactions at toll plazas with different toll rates. The decline in the average toll from $1.28 in FY2013 to $1.19 in FY2014 is due to an increase in the allowance for doubtful accounts.

Table 1-2
Average Toll Rate
(thousands)

Fiscal Year	Total Transactions	Gross Toll Revenue	Average Toll
2006	32,222	$29,320	$0.91
2007[1]	33,664	37,308	1.11
2008	32,652	41,455	1.27
2009	31,599	40,350	1.28
2010	31,743	40,018	1.26
2011[2]	31,836	40,467	1.27
2012	33,668	42,968	1.28
2013	32,664	41,803	1.28
2014	38,057	45,108	1.19

Souce: FTE and THEA
(1) Toll adjustment during FY 2007
(2) All-Electronic Tolling (AET) began September 2010

Transition to Cashless Operations

Prior to FY2011, the method of toll collection varied depending on location. The local lanes processed both SunPass and cash transactions while all tolls were collected electronically on the Reversible Express Lanes (REL), via SunPass or video tolling.

Toll collection became consistent across the Selmon Expressway in FY2011 when all-electronic tolling (AET) was introduced. Since September 2010, all tolls are now collected electronically either via a pre-paid SunPass account, by the use of a SunPass transponder or alternatively via a video-based, post-paid billing process. Video billing uses a photo of the customers' license plates, bundles tolls, and mails a monthly invoice to the address on the license plate registration. However, customers save at each tolling location by using SunPass.

Revenue transactions per month by payment method, SunPass or video, for FY2014 are shown in Table 1-3. tOverall, the system recorded a 79.0 percent SunPass participation (transactions) in FY2014, which is up 0.1 percent from FY2013. The monthly SunPass transactions peaked at 82.1 percent in September of 2013. The SunPass percentage for revenue is lower on average than the SunPass percentage of transactions because the video toll rates are higher at each toll location.

Table 1-3
Transactions by Payment Method FY2014
(thousands)

Month	SunPass	Video	Non-Revenue Transactions	Total	Percent Sun Pass
July 2013	2,192	542	15	2,749	79.7%
August	2,418	556	16	2,990	80.9%
September	2,195	463	15	2,673	82.1%
October	2,441	594	17	3,052	80.0%
November	2,057	631	14	2,702	76.1%
December	2,208	576	16	2,800	78.9%
January 2014	2,554	663	19	3,236	78.9%
February	2,586	650	18	3,254	79.5%
March	2,763	759	19	3,541	78.0%
April	2,918	773	20	3,711	78.6%
May	2,924	829	20	3,773	77.5%
June	2,823	733	20	3,576	78.9%
Total	**30,079**	**7,769**	**209**	**38,057**	**79.0%**

Source: THEA CFO Traffic and Revenue Reports, FY2014

SunPass continues to be the preferred payment method with 79.0 percent of the transactions. Video transactions remain an important method of toll collection with 20.4 percent of the transactions. The remainder of the transactions are non-revenue transactions, at 0.6 percent, as shown in Figure 1-2.

Figure 1-2:
Transactions by Payment Method

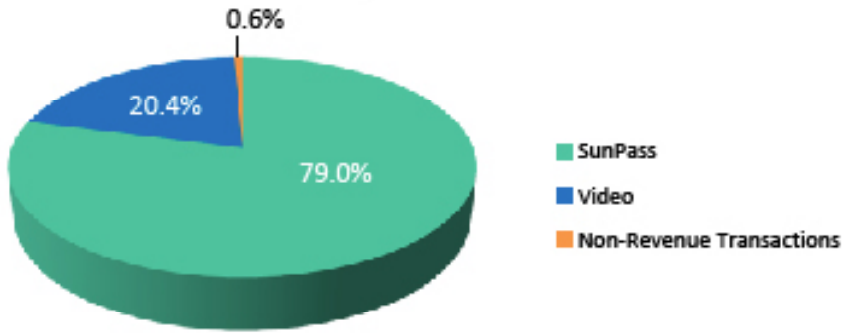


Table 1-4
Revenue by Payment Method FY2014
(thousands)

Month	SunPass	Video	Fees	Total	Percent Sun Pass
July 2013	$2,769	$792	$159	$3,720	74.4%
August	3,122	808	39	3,969	78.7%
September	2,794	674	14	3,482	80.2%
October	3,110	850	14	3,974	78.3%
November	2,599	910	13	3,522	73.8%
December	2,807	832	9	3,648	76.9%
January 2014	3,205	971	2	4,178	76.7%
February	3,276	948	4	4,228	77.5%
March	3,503	1,113	3	4,619	75.8%
April	3,716	1,124	2	4,842	76.7%
May	3,741	1,213	1	4,955	75.5%
June	3,626	1,080	7	4,713	76.9%
Totals	**$38,268**	**$11,315**	**$267**	**$49,850**	**76.8%**
Allowance for Doubtful Accounts			**-$4,742**	**$45,108**	**84.8%**

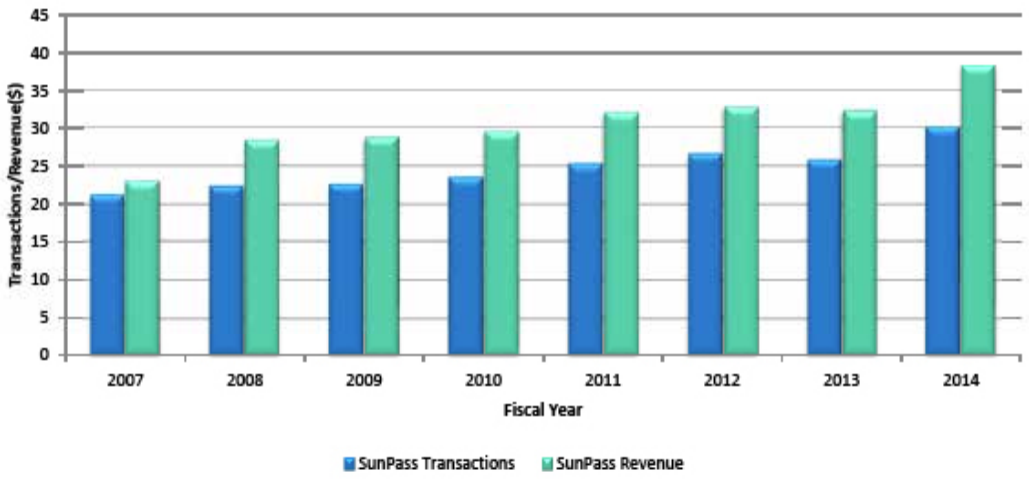
Source: THEA CFO Traffic and Revenue Reports, FY2014

Table 1-4 contains the toll revenue contributions per month from SunPass and video payments on the Selmon Expressway for FY2014. Electronic collection by SunPass remained steady in FY2014 with 76.8 percent of the revenues, before taking into account the year-end allowance for doubtful accounts in the total revenue. During FY2014 SunPass collection peaked at 80.2 percent of the monthly revenue collected during the month of September 2013. The SunPass percentage increased to 84.8% of total revenue when the allowance for doubtful accounts is taken.

SunPass Transactions & Revenue

Figure 1-3 shows the number of SunPass transactions and related toll revenue trends. SunPass transactions increased from 25.8M in FY2013 to 30.1M in FY2014. Similarly SunPass revenue increased from $32.2M to $38.3M in the past financial year excluding additional fees. The increase in SunPass transactions and toll revenue can be attributed to the opening of the I-4/Selmon Connector in January 2014 and the elimination of construction delays.

Figure 1-3:
SunPass - Annual Transactions & Toll Revenue (millions)



Historic Growth

Detailed historical traffic and toll revenue growth on the Selmon Expressway since FY2000 is shown in Table 1-5. Over this period, annual transactions exhibit an overall pattern of growth punctuated by the impacts of periodic toll adjustments. Transactions dropped to 28.1 million, or 2.9 percent, in FY2000 due to a toll increase in October 1999. Annual transactions increased for the next three years to 31.0 million in FY2003. The next toll increase occurred in March 2004. This time the increase was for cash transactions only. Annual transactions then continued to increase until FY2007, reaching 33.7 million, prior to the most recent toll increase in January 2007. It is also important to note that the REL opened to traffic in July 2006, near the beginning of FY2007. Since the opening of the REL, annual transactions have maintained that level, increasing to 33.7 million transactions in FY2012 in spite of the Great Recession.

Transactions decreased in FY2013 by 3.0 percent, primarily due to construction impacts. In FY2014, transactions increased by 16.5 percent, which can primarily be attributed to the opening of the Selmon Connector in January 2014. Between FY2000 and FY2014, the average annual growth rate in transactions was 2.2% per year.

During this fourteen year period, annual toll revenue has grown from $21.4 million to $45.1 million. The annual toll revenue increased in every year but three years over this period. As expected, annual revenues increased at double digit rates after the toll increases followed by periods of positive growth at lesser rates. Between FY2000 and FY2014 the average annual growth rate in toll revenue was 5.5%.

Table 1-5
Historical Traffic and Toll Revenue Growth
(thousands)

Transactions					Toll Revenue	
Fiscal Year	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change
2000	27,837	312	28,149	-2.9%	$21,447	29.6%
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	1,081	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[1]	37,848	209	38,057	16.5%	45,108	7.9%

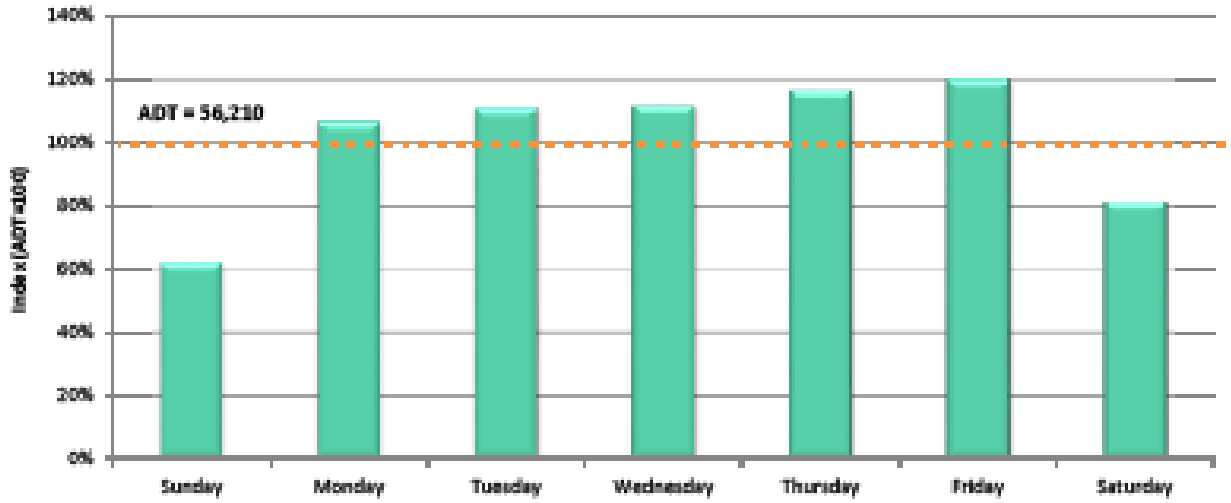
Source: FTE, FDOT Office of the Comptroller and THEA, CFO Traffic and Revenue Report, FY2014
(1) Toll Revenue includes an allowance for doubful accounts of $4,742,000.

Daily Traffic Variation

The typical variations in daily transactions for each of the plaza groups are shown in Figures 1-4 through 1-6. The West Group consists of the West Toll Gantry, Plant Avenue ramps, and Willow Avenue ramps. The East Group comprises the East Toll Gantry, 50th Street ramps, and 22nd Street ramps. The Reversible Express Lanes (REL) is presented alone. Average daily transactions (ADT) volumes by day of the week are shown for the sample period in March of 2014, a month that represents average conditions. The values are indexed to the average daily traffic for each plaza group. The Selmon Expressway has considerably higher weekday traffic, reflecting its primary use as a commuter facility.

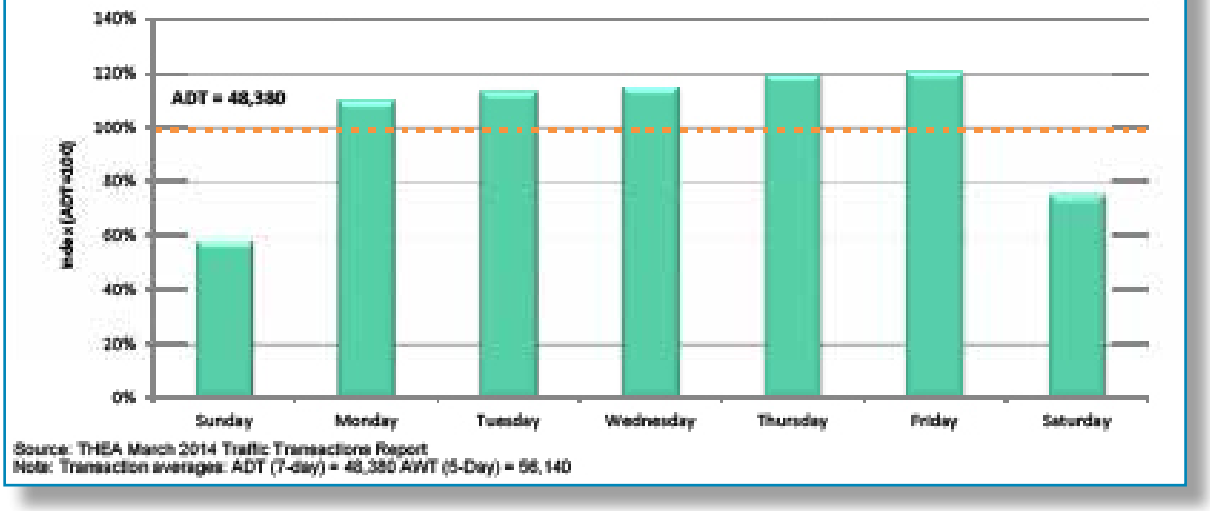
In the West Group, the busiest day of the week is Friday which averages 20 percent more than the ADT as shown in Figure 1-4. Monday at the West Group carries 7 percent more than the ADT whereas Tuesday, Wednesday, and Thursday carry between 11 and 17 percent above the ADT. The weekends shown below carry 18 percent below the ADT on Saturday and 37 percent below the ADT on Sunday. These daily transaction variations are expected on a commuter facility.

Figure 1-4:
Day-of-Week Transactions – West Group



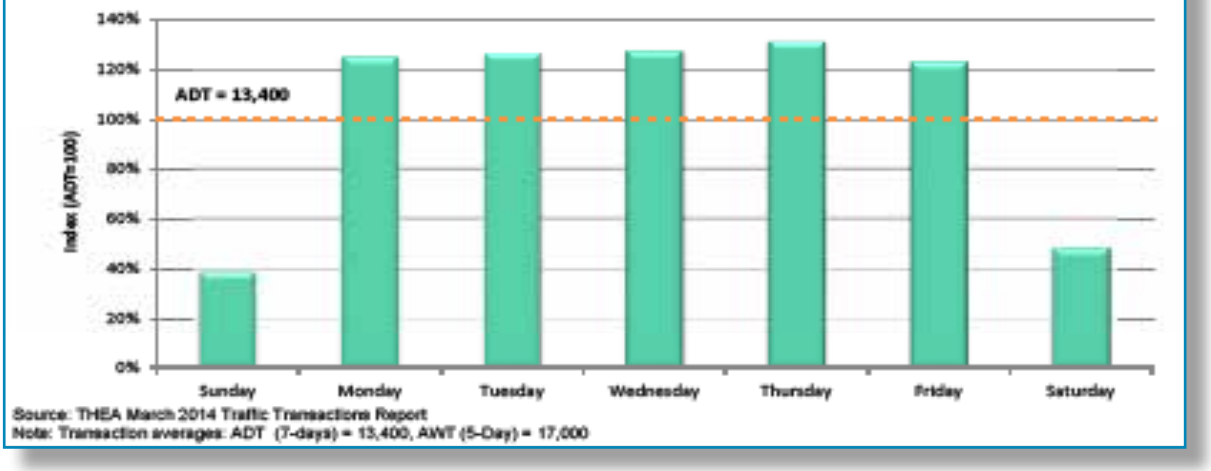
Source: THEA March 2014 Traffic Transactions Report
Note: Transaction averages: ADT (7-day) = 56,210 AWT (5-Day) = 63,800

Figure 1-5:
Day-of-Week Transactions – East Group



The average day-of-week transaction variation for the East Group of toll gantries is shown in Figure 1-5. As with the West Group, the busiest day for the East Group of toll plazas is Friday, which is 21 percent above the ADT. Tuesday, Wednesday, and Thursday at the East Plaza have similar characteristics as those days at the West Plaza with transactions being 14 to 20 percent above the ADT. Monday is the least busy weekday at only 10 percent more than the ADT. Traffic on the weekends at the East Group are similar to traffic on the weekends at the West Group with Saturdays averaging 25 percent below the ADT and Sundays averaging 42 percent below the ADT.

Figure 1-6:
Day-of-Week Transactions – REL

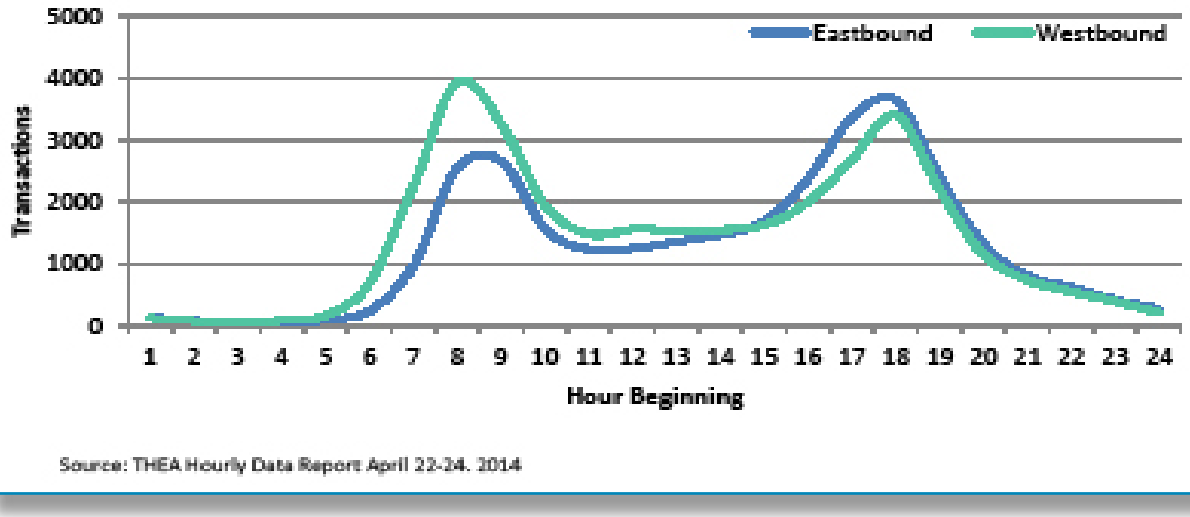


The average day-of-week transaction variations on the REL are shown in Figure 1-6. Since the REL is a reversible express facility, taking motorists from the Brandon area to downtown Tampa in the morning and returning in the evening, the heaviest usage is during commuting hours. The same data demonstrates that because of the reversible nature of the facility, the REL is even more focused on the commuter traffic into and out of downtown Tampa. Thursdays are the busiest day on the REL with average traffic at 31 percent above the ADT. Fridays are the least busy weekday at 23 percent above the ADT and the transactions for the remaining weekdays (Mondays, Tuesdays and Wednesdays) varies between 25 and 28 percent above the ADT. On Saturdays, the REL only sees about 49 percent of the ADT and Sundays only carry 39 percent of the ADT.

Weekday Distribution

On the east side of Tampa, traffic on the Selmon Expressway is directionally peaked; meaning that a high proportion of the traffic appears in the peak periods and peak direction of travel. However, on the west side of Tampa, expressway traffic is not so directionally peaked. The average hourly transactions passing through the West Mainline toll gantry are shown in Figure 1-7. The data represents average transactions from the period of April 22-24, 2014. As consistent with a centrally located highway, there are two peaks in each direction. In the morning peak, motorists from southwest Tampa and St. Petersburg are traveling westbound to the downtown, as well motorists from east Tampa and eastern Hillsborough County are traveling westbound to MacDill Air Force Base (AFB) and St. Petersburg. The morning peak period occurs between 7:00 and 9:00 a.m. and has nearly 4,000 transactions in the westbound direction and nearly 2,700 transactions in the eastbound direction. The evening peak period occurs between 5:00 and 6:00 p.m. with 3,400 transactions in the westbound direction and over 3,600 transactions in the eastbound direction.

Figure 1-7:
West Mainline Toll Gantry Weekday Hourly Transactions
April 2014

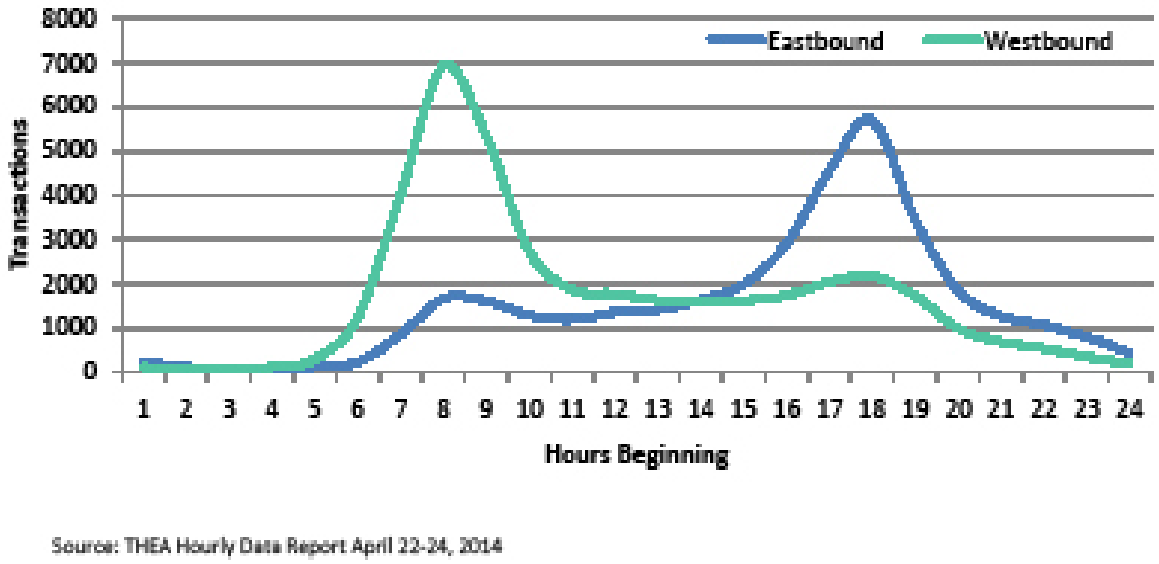


Source: THEA Hourly Data Report April 22-24, 2014

Figure 1-8 shows the average hourly transaction variations over the same periods in April of 2014 at the East Mainline toll gantry and the REL. The REL is included as both locations serve the same purpose in this type of analysis. The combined East toll gantry and REL morning peak period traffic volumes are exceptionally high in the westbound direction, heading into downtown Tampa, with nearly 7,000 transactions during the 7:00 a.m. hour. The next highest a.m. hour occurs during the 8:00 a.m. hour with over 5,000 transactions.

The evening peak direction is in the eastbound direction, or heading out of downtown Tampa, with transactions peaking in the 5:00 p.m. hour with over 5,600 transactions. The next highest hour is the 4:00 p.m. hour with nearly 4,600 transactions.

Figure 1-8:
East Mainline Toll Gantry Weekday Hourly Transactions
April 2014



Source: THEA Hourly Data Report April 22-24, 2014

Traffic Mix

The traffic mix on the Selmon Expressway is primarily comprised of 2-axle vehicles with very little truck or commercial vehicle traffic. As shown in Table 1-6, two-axle vehicles comprise 96.5 percent of the traffic mix, which suggests a mainly commuter facility. Vehicles with three or more axles, typically commercial vehicles, comprise the remaining 3.5 percent of the vehicles that travel the Selmon Expressway. The 50th street and 22nd Street ramps have higher multi-axle percentages (approximately seven to nine percent of the vehicle mix) because of their connections to the Port of Tampa.

Table 1-6
FY 2014 Annual Transactions by Vehicle Class

Axle	East Group	West Group	REL	Total
2-axle	94.9%	96.8%	99.8%	96.5%
3-axle	2.0%	1.2%	0.1%	1.3%
4-axle	1.1%	0.7%	0.1%	0.8%
5-axle	2.0%	1.3%	0.0%	1.4%
6-axle	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Expenses

The historical operating and maintenance (O&M) expenses for the Selmon Expressway are shown in Table 1-7. In 2010 through 2014 THEA had significantly reduced its operating budget, due in part to the conversion to AET in FY 2011 and sound financial management practices.

Table 1-7
Historical Operating & Routine Maintenance Expenses (thousands)

Fiscal Year	Operating Expense	Routine Maintance Expense	Total O&M Expenses
2005	$5,142	$1,508	$6,650
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

Souce: THEA Finance Office - Operations, Maintenance and Administration Budget Worksheet

SECTION 2 - FACTORS AFFECTING TRAFFIC & TOLL REVENUE

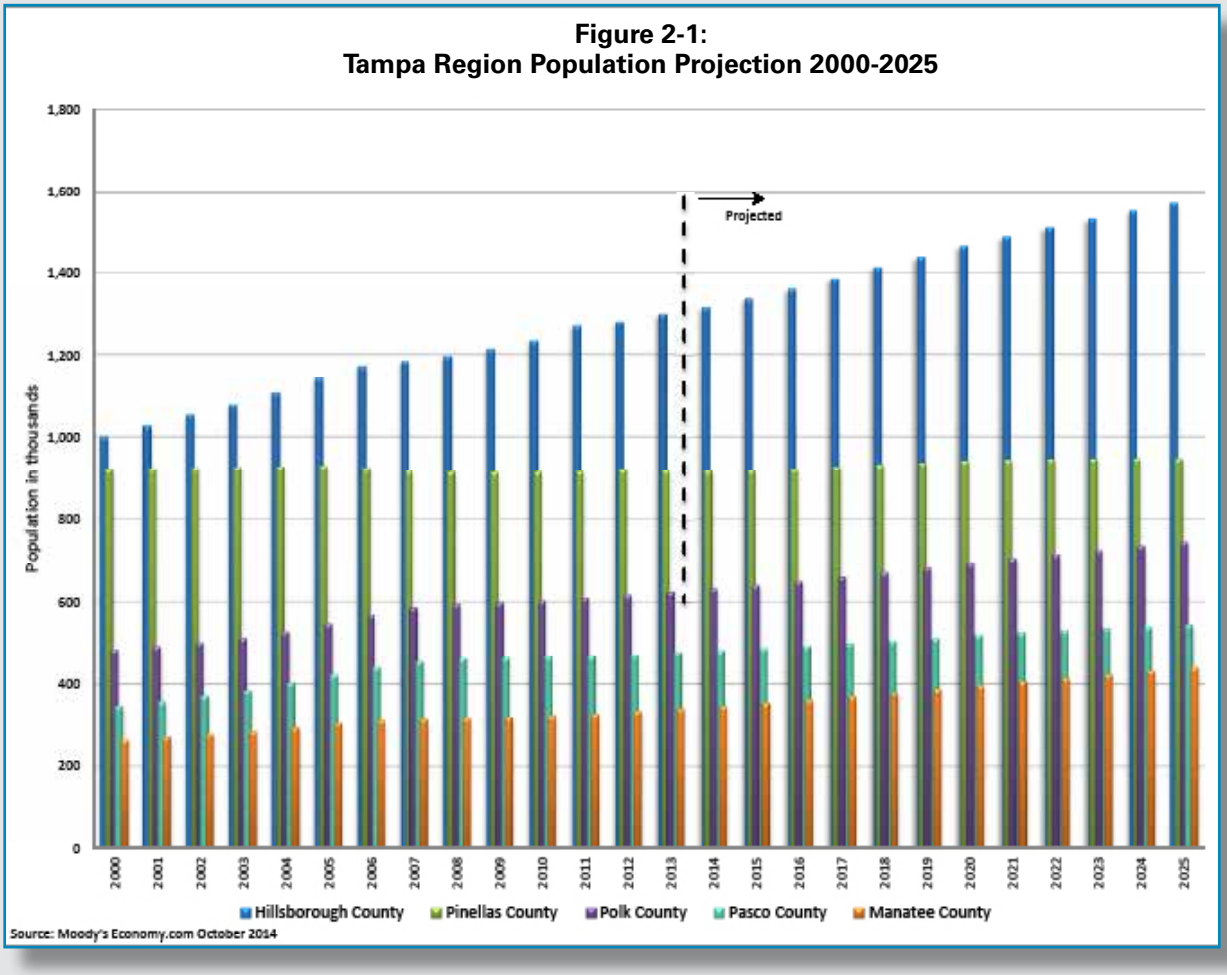
This section contains a review of several key factors that affect future levels of traffic and toll revenue on the Selmon Expressway, including Tampa Bay area population growth, region gross product, employment growth, housing market changes, and fuel prices. These factors are recognized in the preparation of traffic and revenue forecasts prepared by CDM Smith for the Selmon Expressway and are qualified by certain assumptions that influence those forecasts.

Tampa Bay Area Population Growth

Traffic growth on the Selmon Expressway is directly related to the population growth of west-central Florida. The population of Hillsborough County has undergone strong growth historically with an average annual population growth rate of 2.2 percent from 2001 to 2012. However, growth has reduced to approximately 1.4 percent in 2013.

Future population projections for Hillsborough County and the surrounding counties are shown in Figure 2-1. Hillsborough County population growth is expected to return to a strong 1.6 percent average annual growth rate from 2014 through 2025. Based on these projections, four of the five counties in the Tampa Bay Region Metropolitan Statistical Area (Tampa MSA) are also projected to have comparable growth.

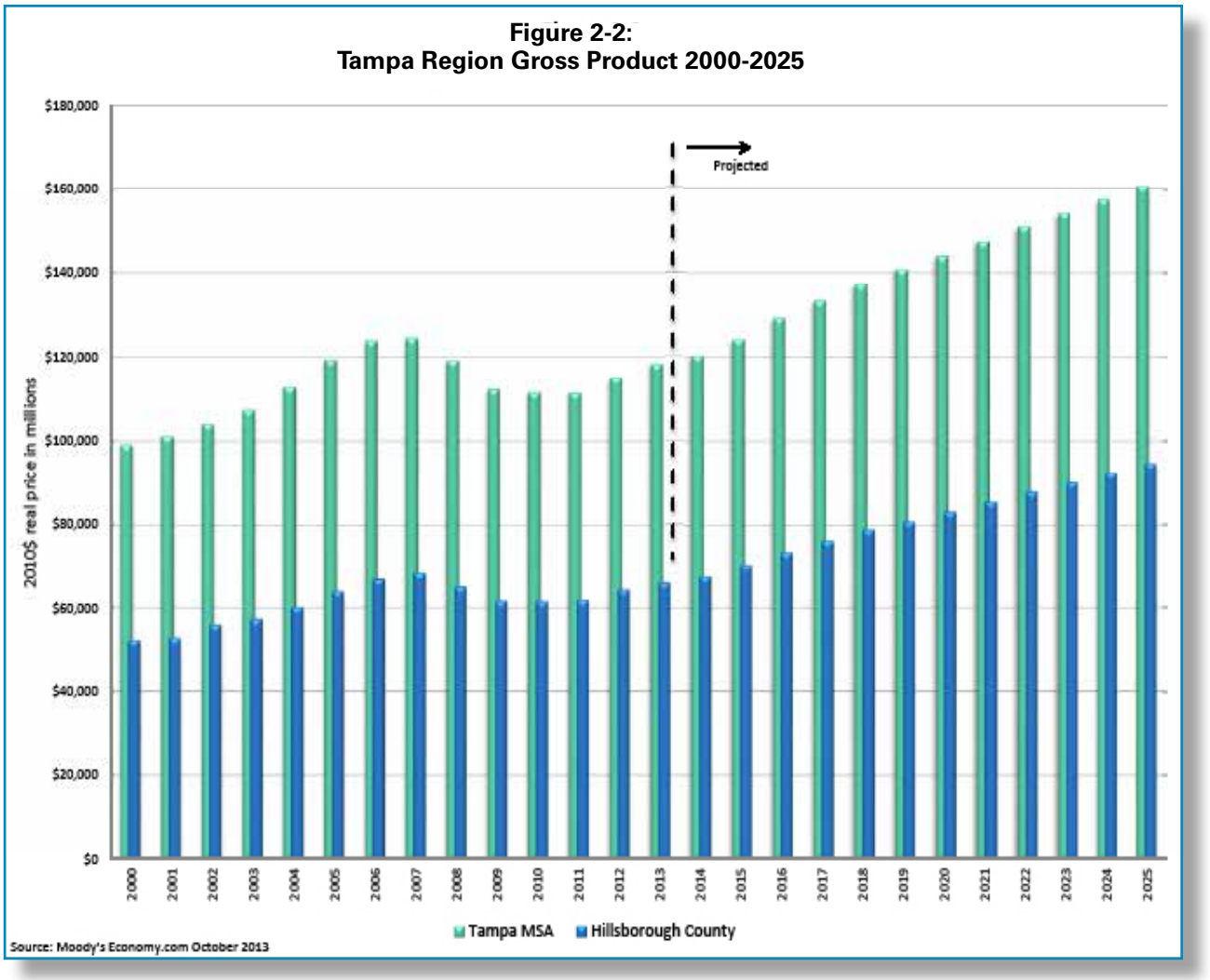
Figure 2-1:
Tampa Region Population Projection 2000-2025



Economic Conditions

Between 2007 and 2010, transportation growth in Tampa Bay saw a downturn in traffic volumes and vehicle miles traveled due to the Great Recession. The toll industry was also affected with many toll facilities experiencing year-on-year reductions in traffic and toll revenues. Shown in Figure 2-2 is the historical and projected Gross Product for Hillsborough County and the Tampa MSA by Moody's Economy.com. As shown in 2012 and 2013, the growth trend turned positive and based on this forecast, economic activity is expected to see a return to long-term growth.

Figure 2-2:
Tampa Region Gross Product 2000-2025

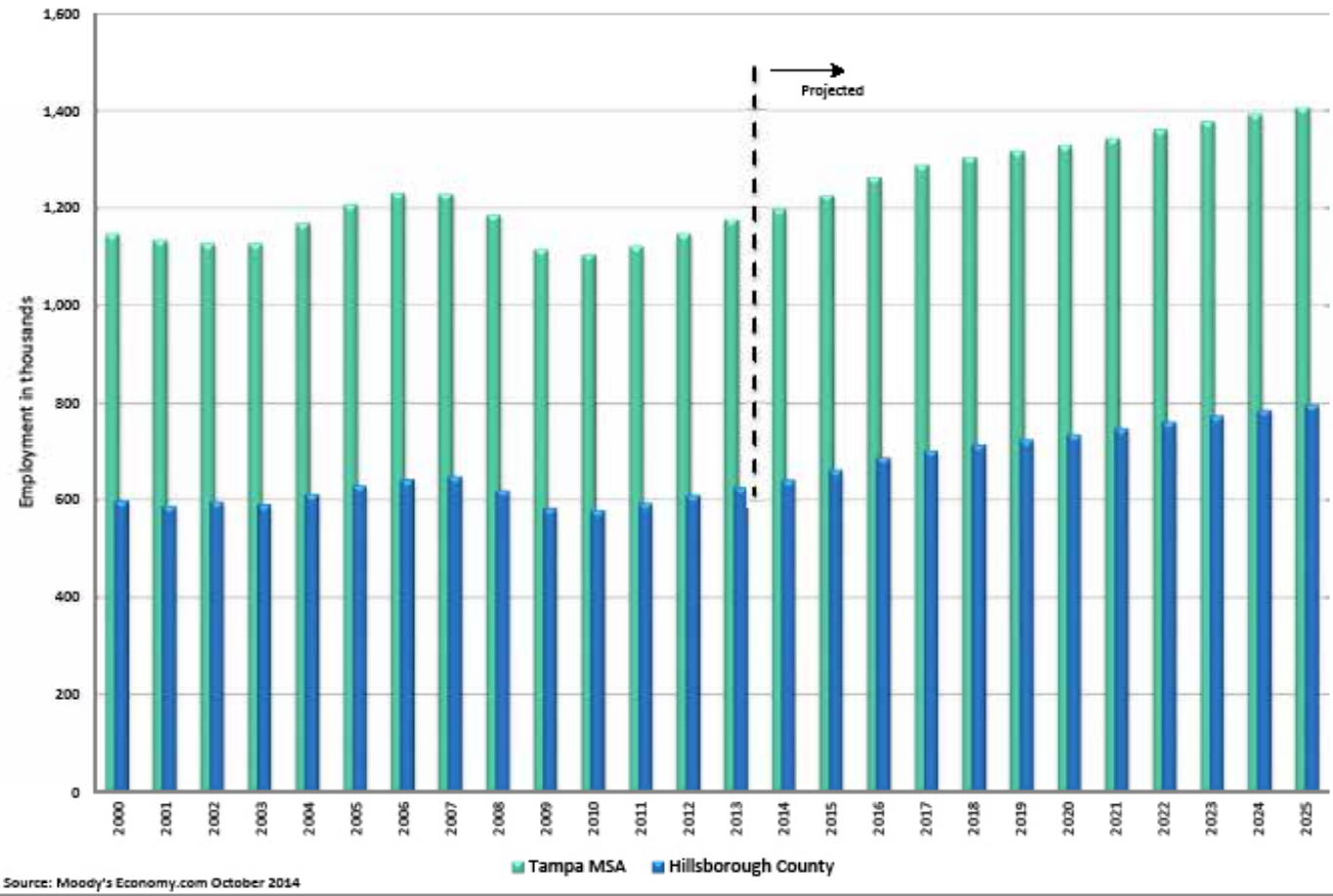


Employment

The Selmon Expressway is a "commuter" road. As such the magnitude and distribution of jobs are critical determinants of a large proportion of the customer base. Hillsborough County and the Tampa MSA area historical and projected employment are shown in Figure 2-3.

The number of jobs in Hillsborough County grew steadily between 2004 and into 2007. However, since April 2008, Florida and the Tampa MSA unemployment rates have been higher than national rates. According to the Bureau of Labor Statistics, the May 2009 non-seasonally adjusted unemployment rate for the Tampa MSA had reached 10.4 percent and continued to be in double digits through January 2012. The unemployment rate for Tampa MSA touched its peak in January 2010 at 12.5 percent and has since steadily declined to 6.2% as of September 2014, which is above the national unemployment rate of 5.9%.

Figure 2-3:
Tampa Region Employment 2000-2025



The long-term outlook is for continued growth in the Tampa MSA and for Hillsborough County. Employment is forecast to begin an upward trend that will reach pre-recession levels by 2015 and continue upward throughout the remaining forecast period.

Housing Growth

Residential housing growth is another factor influencing the customer base of a toll facility such as the Selmon Expressway. Growth in the number of households is likely to translate directly into traffic growth.

According to the Florida Association of Realtors, single-family residential home sales in Florida through the third quarter of 2014 increased to 64,633, up 7.6% from the prior year. Single-family residential home sales in the Tampa MSA through the third quarter of 2014 increased to 10,554, which is 4.4% higher than the same quarter in 2013.

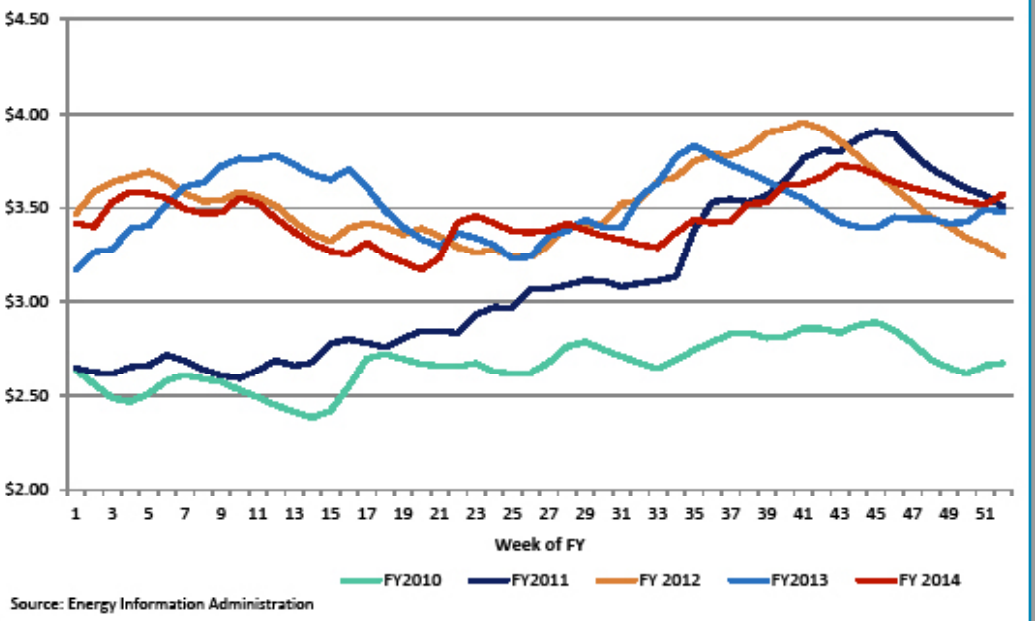
The number of building permits issued is an indicator of the current health of the housing construction market. According to the U.S. Census Bureau for 2013, 12,152 building permits were authorized in the Tampa MSA, up from 10,161 and 6,342 in 2012 and 2011, respectively. These compare to a peak of 34,174 annual permits in 2005. The State of Florida had 86,752 building permits approved in 2013 versus 64,810 and 42,360 in 2012 and 2011, respectively which are significantly below the peak of 287,250 in 2005.

Fuel Prices

High gasoline prices tend to discourage motor vehicle travel. During FY2014, retail gasoline prices in Florida continued to fluctuate, as shown in Figure 2-4. During FY2014 gasoline prices peaked in the spring and summer of 2014 with lower prices during the fall and winter months. Regular grade gasoline prices varied between $3.17 and $3.73 per gallon, while premium grade gasoline prices varied between $3.59 and $4.13 per gallon, a $0.54 fluctuation.

By the end of FY2014 regular grade retail gasoline prices were $3.57 per gallon for regular grade and $4.00 for premium grade gasoline.

Figure 2-4:
Average Retail Gas Prices - Florida
Price of Regular Grade/Gallon



Source: Energy Information Administration

SECTION 3 - TRAFFIC AND REVENUE FORECAST

Estimates of annual transactions and toll revenue for the THEA system are presented in Table 3-1. Estimates have been presented through FY2024. Also shown is the average revenue per transaction for each financial year. There were nearly 38.1 million transactions in FY2014 yielding $45.1 million of toll revenue. These transactions were 16.5 percent higher than FY2013 transactions. This increase was primarily due to the elimination of construction delays on the facility that occurred during FY2013, additional traffic on the Semon Expressway since the opening of the Connector in January of FY2014 and normal growth. It is important to note that the FY2013 and FY2014 toll revenues shown in Table 3-1 are revenue amounts "booked" for the respective fiscal years. This includes collected toll revenues, additional revenues from fees, violations and negative adjustments for doubtful accounts.

Therefore, because of differences between the revenue adjustments for the two fiscal years, the net increase in toll revenues was only 7.9 percent, a smaller increase compared to the increase in transactions for FY2014.

Table 3-1
Estimated Annual Transactions and Toll Revenue (thousands)

Fiscal Year	Annual[1] Transactions	Percentage	Annual[2] [3] Revenues	Percentage	Revenue per Transaction
2012[4]	33,668	5.8%	$42,968	6.2%	$1.28
2013[4]	32,664	-3.0%	41,803	-2.7%	1.28
2014[4][5]	38,057	16.5%	45,108	7.9%	1.19
2015[6]	43,400	14.0%	60,900	35.0%	1.40
2016	44,500	2.5%	63,900	4.9%	1.44
2017	45,100	1.3%	66,300	3.8%	1.47
2018	45,900	1.8%	69,100	4.2%	1.51
2019	46,700	1.7%	72,000	4.2%	1.54
2020	47,500	1.7%	74,900	4.0%	1.58
2021	48,300	1.7%	78,000	4.1%	1.61
2022	49,000	1.4%	81,200	4.1%	1.66
2023	49,800	1.6%	84,300	3.8%	1.69
2024	50,700	1.8%	87,700	4.0%	1.73

(1) Includes 20 percent of transactions on the S Movement at the Connector plaza.
(2) 'Indicated Revenue' estimates - SunPass revenue plus indicated revenue from video tolling (transaction volumes multiplied by video toll rate at each plaza by vehicle classification), excluding additional revenue from fees, violations & losses from doubtful accounts. Includes 20 percent of the toll revenues collected on the S Movement at the Connector plaza.
(3) In future year dollars
(4) Actual Transactions & Booked Revenue as reported by THEA Department of Finance. Booked Revenue = Revenue from Actual SunPass + Connector + SunPass Violation +"Misc. SunPass + Indicated Video + Additional Fees - Allowance for Doubtful Accts."
(5) The Connector opened in January FY2014
(6) 'Toll Indexing' - first year of toll rate adjustment, incorporating inflation adj. since FY2012

29

Pursuant to the toll indexing policy adopted by THEA in 2012, the first toll rate increase was implemented on July 1, 2014 (FY2015). This adjustment included inflation changes since the beginning of FY2012, which is three years of adjustment. As a result of the increase, toll rates were increased by 8 percent at all mainline plazas and ramps on the THEA system. THEA will index tolls annually based on inflation changes each year. As a combined result of the toll rate increase and increasing ramp-up from the Selmon Connector traffic, CDM Smith estimates THEA will process approximately 43.4 million Systemwide transactions in FY2015 yielding about $60.9 million in toll revenues, including THEA's 20 percent share of the Selmon Connector revenue.

It is assumed that the annual toll rate indexing will be continued on the THEA system at 2.5 percent per year. CDM Smith has assumed that tolls on the Selmon Connector will be indexed at 2 percent per year in accordance with FDOT policy. By FY2016, it is estimated that a total of approximately 44.5 million transactions will occur on the THEA system with tolling assumptions as outlined above. Overall, toll revenues are estimated to increase to $63.9 million in FY2016, which includes revenue from the Selmon Connector.

The Selmon Expressway is estimated to have 50.7 million transactions and $87.7 million in toll revenues by FY2024. This translates to average revenue of $1.73 collected per transaction compared to $1.19 in FY2014. There are multiple factors contributing to this growth potential of the Selmon Expressway corridor, which mainly includes the significant positive impact by opening of the Selmon Connector in FY2014, the annual toll rate adjustment beginning in FY2015, the projected growth of the catchment area of the Selmon Expressway.

It should be recognized that traffic and revenue forecasts in this document are intended to reflect the overall estimated long-term trend over a number of years. Actual experience in any given year may vary due to economic conditions, short and long-term construction impacts and other factors. CDM Smith used a basic set of assumptions to develop estimates of traffic and revenue. All estimates and projections reported herein are based on CDM Smith's experience and judgment and on a review of information obtained from multiple agencies, including Tampa Hillsborough Expressway Authority. These estimates and projections may not be indicative of actual or future values, and are therefore subject to substantial uncertainty. Future developments cannot be predicted with certainty and may affect the estimates or projections expressed in this report.

Recent Traffic and Toll Revenue Performance

The actual and forecasted traffic and toll revenue for FY2006–FY2014 are shown in Table 3-2. The actual transactions for FY2014 were 10.6 percent above the previous forecast and the actual toll revenue was 1.8 percent above the previous forecast. Transactions and toll revenues were higher than the estimates in FY2014 due to the end of construction activities on the Selmon Expressway in December 2013. Also, the positive impacts of the toll rate increase and opening of the Selmon Connector were more significant than anticipated.

Table 3-2
Transactions and Toll Revenue Estimates
(thousands)

Fiscal Year	Total Transactions	Previous Forecast	Transactions % Variance	Gross Toll Revenue	Previous Forecast	Revenue % 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] [4]	0.9%
2012	33,668	32,600[3]	3.3%	42,968	41,200[3] [4]	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][5]	10.6%	45,108	44,300[4] [6]	1.8%

Source: FTE Actuals and THEA General Purpose Financial Statement FY2014.
(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

Disclaimer

CDM Smith used currently-accepted professional practices and procedures in the development of these traffic and revenue estimates. However, as with any forecast of the future, it should be understood that differences between forecasted and actual results may occur, as caused by events and circumstances beyond the control of the forecasters. In formulating the estimates, CDM Smith reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the Tampa Hillsborough Expressway Authority. CDM Smith also relied upon the reasonable assurances of independent parties and is not aware of any facts that would make such information misleading.

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

All estimates and projections reported herein are based on CDM Smith's experience and judgment and on a review of information obtained from multiple agencies, including the Tampa Hillsborough Expressway Authority. These estimates and projections may not be indicative of actual or future values, and are therefore subject to substantial uncertainty. Future developments cannot be predicted with certainty, and may affect the estimates or projections expressed in this report, such that CDM Smith does not specifically guarantee or warrant any estimate or projection contained within this report.

While CDM Smith believes that the projections or other forward-looking statements contained within the report are based on reasonable assumptions as of the date of the report, such forward looking statements involve risks and uncertainties that may cause actual results to differ materially from the results predicted. Therefore, following the date of this report, CDM Smith will take no responsibility or assume any obligation to advise of changes that may affect its assumptions contained within the report, as they pertain to socioeconomic and demographic forecasts, proposed residential or commercial land use development projects and/or potential improvements to the regional transportation network.

CDM Smith is not, and has not been, a miniciple advisor as defined in Federal law (the Dodd Frank Bill) to the Tampa Hillsborough Expressway Authority and does not owe a fiduciary duty pursuant to Section 15 B of the Exchange Act to the Tampa Hillsborough Expressway Authority with respect to the information and material contained in this report. CDM Smith is not recommending and has not recommended any action to the Tampa Hillsborough Expressway Authority. The Tampa Hillsborough Expressway Authority should discuss the information and material contained in this report with any and all internal and external advisors that it deems appropriate before acting on this information.

SECTION 4 - DEBT SERVICE COVERAGE

Debt Service Coverage calculations, reflecting actual FY2013 and FY2014, and estimated FY2015 through FY2024, are represented in Table 4-1. All estimated years exceed the bond covenant requirement of 130%.

Table 4-1
Estimated Debt Service Coverage
(thousands)

Fiscal Year	Gross Toll Revenue	Estimated Net Toll Revenue[1]	Annual Debt Service	Debt Service Coverage
2013[2]	$41,803	$31,542	$18,055	$1.75
2014[2]	45,108	34,623	19,767	1.75
2015	60,900	48,504	21,617	2.29
2016	63,900	52,056	23,272	2.24
2017	66,300	53,927	24,861	2.17
2018	69,100	55,893	26,383	2.12
2019	72,000	57,948	27,893	2.08
2020	74,900	59,996	29,442	2.04
2021	78,000	62,240	30,597	2.03
2022	81,200	63,588	30,598	2.11
2023	84,300	66,846	30,600	2.18
2024	87,700	69,425	30,601	2.27

Souce: THEA Finance Plan and Annual Financial Statements
(1) Gross Toll Revenue minus OM/A expenses and deposits to OM/A Reserve
(2) Actual revenue and bond debt service.

33

SECTION 5 - EXPENSE FORECASTS

Expenses associated with the operation of the Selmon Expressway include operations, maintenance and administration. The following expense estimates are based on historical experience and future programmed costs.

Operations, Maintenance, and Administration Expenses (OM&A)

Operations expenses are all necessary costs and expenses for the operation of a toll facility which include, but are not limited to, the cost of collecting and accounting for tolls, insurance, any fees and expenses of consultants and professional advisors, and all other necessary operating expenses.

Maintenance expenses are all necessary costs and expenses to maintain the Expressway System and keep it open to public travel. Maintenance expenses are categorized as either routine or periodic. Annual costs to preserve the system and extend the life of the facility are considered routine maintenance. Renewal and replacement costs are periodic maintenance costs which do not recur annually such as resurfacing and bridge deck repairs. Administration expenses include employee compensation, office expenses and professional services.

OM&A costs are paid before payment of senior and subordinate lien debt. An $11.9 million OM&A reserve has been established. An annual analysis of the reserve requirements will be completed. Additional deposits to the reserve account will be made prior to payment of OM&A costs and senior and subordinate lien debt.

Table 5-1 shows the estimated OM&A expenses and deposits to the OM&A reserve and does not include Renewal and Replacement for FY2015–FY2024.

Table 5-1
Estimated OM&A Expenses and Reserves
(thousands)

Fiscal Year	Operating Expenses	Routine Maintenance	Administration	OM&A Reserve Deposit	Total
2015	$5,033	$3,003	$3,359	$0	$11,395
2016	5,227	3,123	3,494	0	11,844
2017	5,428	3,248	3,633	64	12,373
2018	5,636	3,378	3,779	413	13,206
2019	5,854	3,513	3,930	755	14,052
2020	6,079	3,654	4,087	1,085	14,905
2021	6,314	3,800	4,251	1,396	15,761
2022	6,558	3,952	4,421	1,682	16,613
2023	6,811	4,110	4,597	1,936	17,454
2024	7,074	4,274	4,781	2,145	18,274

Souce: THEA Finance Plan

Renewal and replacement maintenance costs are paid after payment of OM&A costs and senior and subordinate lien debt. A $10 million Renewal and Replacement fund has been established. Renewal and Replacement costs will be reviewed annually and the amount will be increased or decreased when necessary. Table 5-2 shows the estimated Renewal and Replacement Expenses for FY2015–FY2024.

Table 5-2
Estimated Renewal and Replacement Expenses (thousands)

Fiscal Year	Estimated Renewal and Replacement Expenses
2015	$1,935
2016	5,595
2017	5,385
2018	11,888
2019	6,464
2020	964
2021	3,674
2022	712
2023	787
2024	1,304

Souce: THEA Work Program