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July 12, 2013

Ms. Sue Hopwood
LeeWay Manager
Lee County Department of Transportation
1366 Colonial Boulevard
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Subject: Semiannual Traffic and Toll Revenue Report – Fiscal Year 2013
Lee County Toll Facilities

Dear Ms. Hopwood:

CDM Smith is pleased to submit the following Semiannual Traffic and Toll Revenue Report. This report addresses facility performance for the first half of Fiscal Year (FY) 2013, beginning October 1, 2012 and ending March 31, 2013. As with previous semiannual reports, the performance data presented herein is compared to data from the same period in the previous fiscal year. This document will follow essentially the same format as the FY 2012 semiannual report. Any changes in methodology or data sources will be noted in the document.

Total Transactions and Toll Revenue

Table 1 presents the total transactions and toll revenue for the three Lee County Toll Facilities over the first half of FY 2013, compared against total transactions and toll revenue from the same time period in the previous fiscal year. As indicated, total systemwide transactions increased by 0.8 percent. Transactions on all three Lee County Toll facilities increased slightly over the same period in FY 2012. The largest increases occurred on the Cape Coral Bridge and Sanibel Causeway, with increases of 1.0 and 1.1 percent, respectively, over the first half of FY 2012. The Midpoint Memorial Bridge experienced a modest increase in transactions of 0.4 percent.



Table 1
Semiannual Transactions and Toll Revenue
(First Half, FY 2013 vs. FY 2012)

Facility	Transactions FY 2012	Transactions FY 2013	Percent Change	Revenue FY 2012	Revenue FY 2013	Percent Change	FY 2013 Average Toll Rate
Midpoint Memorial Bridge	3,739,532	3,753,353	0.4%	\$7,196,780	\$7,249,672	0.7%	\$1.93
Cape Coral Bridge	3,702,561	3,740,445	1.0	6,866,769	6,943,192	1.1	1.86
Sanibel Causeway	1,596,187	1,613,517	1.1	7,635,982	7,765,756	1.7	4.81
Total	9,038,280	9,107,315	0.8%	\$21,699,531	\$21,958,621	1.2%	\$2.41

With respect to toll revenue, systemwide revenues for the first half of FY 2013 were approximately \$21.9 million—an increase of \$259,090, or 1.2 percent compared with the first half of FY 2012. In general, revenue growth on individual facilities, as well as the overall total for the three facilities, mirrors the growth pattern in transactions. The Sanibel Causeway continues to be the largest contributor of overall systemwide revenue, while the Midpoint Memorial Bridge surpassed the Cape Coral Bridge in revenue generation over the first half of the fiscal year for the second consecutive year. As previously discussed, this is likely due in part to the completion of major construction activities on the Midpoint Memorial Bridge.

The results for the first half of FY 2013 represent a milestone in an ongoing trend that has been occurring since the end of the last recession. From FY 2007 through FY 2011, systemwide transactions and revenues persistently declined, but at a diminishing rate. However, in FY 2012 and FY 2013, transactions and revenues for the first half of the fiscal year increased over the prior year. These results reinforce the observation that conditions in the region appear to be stabilizing and returning to a modest growth pattern after a period of decline that lasted several years.

Table 2 shows monthly transactions by individual facility over the first half of the current and preceding fiscal years. The individual monthly results reinforce the observation of stabilizing conditions in the region. The Midpoint Memorial Bridge experienced a decline in transactions during three of the six months. The Cape Coral Bridge and Sanibel Causeway experienced transaction declines during two of the six months. October appears as the strongest month in terms of year-over-year growth on all three facilities. There is some variation between months but the overall trend is relatively stable.

Some volatility among individual months is always expected, due to factors such as changing numbers of weekdays and weekends; changes in the days when holidays occur; and nonrecurring events such as accidents and special events. It is notable that traffic growth slowed on all three facilities in February due to the leap year in 2012 and the additional day of transactions. It is also important to note there were additional weekdays in December 2011 and March 2012, which is another potential contributor to the decline in total monthly traffic in FY 2013.



Table 2
Comparison of Total Transactions for First Six Months
(First Half, FY 2013 vs. FY 2012)

Month	Midpoint Memorial Bridge			Cape Coral Bridge			Sanibel Causeway		
	FY 2012	FY 2013	Percent Change	FY 2012	FY 2013	Percent Change	FY 2012	FY 2013	Percent Change
October	595,576	625,261	5.0%	586,683	602,231	2.7%	211,527	223,447	5.6%
November	590,962	602,173	1.9	587,940	588,185	0.04	238,785	241,433	1.1
December	628,922	625,163	-0.6	599,488	594,932	-0.8	245,519	246,076	0.2
January	623,726	632,696	1.4	627,808	647,560	3.1	270,321	283,643	4.9
February	628,389	604,138	-3.9	627,021	621,563	-0.9	291,183	286,199	-1.7
March	671,957	663,922	-1.2	673,621	685,974	1.8	338,852	332,719	-1.8
Total	3,739,532	3,753,353	0.4%	3,702,561	3,740,445	1.0%	1,596,187	1,613,517	1.1%

Detailed Transactions by Facility

While the principal factor affecting toll revenue is the quantity of transactions, this is not a one-to-one relationship. Shifts in the distribution of transactions amongst various vehicle classes and payment types/programs can skew the relationship, as can sales of subscriptions to discount and unlimited transaction programs. To illustrate how these trends have played out in FY 2013, Tables 3, 5, and 7 provide comparative performance statistics for the first six months of the current and previous fiscal year by vehicle class and payment type, for each of the three facilities. They are complemented by Tables 4, 6, and 8, which show the shifting market shares of particular vehicle classes and payment types.

Midpoint Memorial Bridge

Table 3 shows a continuation in the shift toward full fare pay-as-you-go transactions on the Midpoint Memorial Bridge. Full Fare LeeWay transactions grew by 14.6 percent, while LeeWay Variable Discount transactions grew by 12.4 percent, over the first six months of FY 2013. Over the same period, LeeWay Reduced Fare transactions declined by 2.0 percent and Unlimited transactions declined by 5.9 percent. Motorcycle traffic also declined by 2.5 percent or 671 transactions. This is the first year of decline in motorcycle traffic during the first six months of the year after two years of significant growth including 19.1 percent in FY 2012 and 10.3 percent in FY 2011. Large fluctuations in recorded motorcycle traffic in past years may have been due in part to known issues with the manner in which multiple motorcycles were recorded. Lee County developed a software revision designed to automate the process with the goal of limiting errors and reducing fluctuations in motorcycle counts.



Table 3
Semiannual Transactions by Payment Type and Vehicle Class
Midpoint Memorial Bridge (First Half, FY 2013 vs. FY 2012)

Full Fare and Variable Pricing (2-Axle)	FY 2012	FY 2013	Change	% Change
Cash	1,619,651	1,597,333	-22,318	-1.4%
Full Fare LeeWay	414,975	475,659	60,684	14.6
Full Fare LeeWay Variable Discount	119,917	134,741	14,824	12.4
Subtotal – Full Fare and Variable	2,154,543	2,207,733	53,190	2.5%
LeeWay Discounted Programs (2-Axle Vehicles)				
LeeWay Reduced Fare	979,072	961,191	-17,881	-1.8
LeeWay Reduced Fare Variable Discount	264,715	257,464	-7,251	-2.7
Subtotal – Reduced Fare	1,243,787	1,218,655	-25,132	-2.0%
LeeWay Unlimited	267,842	251,998	-15,844	-5.9
Subtotal – LeeWay Discounted	1,511,629	1,470,653	-40,976	-2.7%
All Vehicles				
Subtotal – 2-Axle Vehicles	3,666,172	3,678,386	12,214	0.3%
Motorcycles	27,384	26,713	-671	-2.5
3+ Axle Vehicles	45,976	48,254	2,278	5.0
Subtotal – Toll-Paying Traffic	3,739,532	3,753,353	13,821	0.4%
Exempt/Nonrevenue	36,475	36,778	303	0.8
Total	3,776,007	3,790,131	14,124	0.4%

Table 4 shows each vehicle type and payment category from Table 3 as a percentage of total transactions on the Midpoint Memorial Bridge. This is intended to illustrate the shifts that take place in payment types and vehicle classes from year to year, as these shifts can have a noticeable impact on revenue. This information also provides useful insight into how the facility is being used and may reflect the changing economic landscape. For instance, a boom in construction typically results in a higher percentage of transactions occurring in the “3+ Axle Vehicles” category while hard economic times often result in a reduction in Unlimited and other pre-paid transaction types.

The first six months of FY 2013 saw continued reductions in market share under the various prepaid discount programs, as well as cash, while pay-as-you-go LeeWay market share grew by an almost equal quantity. Cash and LeeWay Reduced Fare transactions continue to represent nearly three fourths of all transactions, despite continued reductions in the market share of these categories.



Due to the continuing shift away from cash and discount programs toward Full-Fare LeeWay transactions, overall market share among payments types has continued to change. Overall, Full-Fare LeeWay transactions saw an increase in market share of 1.6 percentage points, suggesting that former discount program subscribers were instead opting to pay full fares. It also suggests that motorists were less able or willing to make the initial outlay of funds required to enroll in the discounted programs, or simply took fewer trips. These are consistent with the trends seen on the facility in FY 2012.

Table 4
Percent of Total Transactions by Payment Type and Vehicle Class
Midpoint Memorial Bridge (First Half, FY 2013 vs. FY 2012)

Full Fare and Variable Pricing (2-Axle)	FY 2012	FY 2013	Change in Market Share
Cash	42.9%	42.1%	-0.7%
Full Fare LeeWay	11.0	12.5	1.6
Full Fare LeeWay Variable Discount	3.2	3.6	0.4
Subtotal – Full Fare and Variable	57.1%	58.2%	1.2%
LeeWay Discounted Programs (2-Axle Vehicles)			
LeeWay Reduced Fare	25.9	25.4	-0.6
LeeWay Reduced Fare Variable Discount	7.0	6.8	-0.2
Subtotal – Reduced Fare	32.9%	32.2%	-0.8%
LeeWay Unlimited	7.1	6.6	-0.4
Subtotal – LeeWay Discounted	40.0%	38.8%	-1.2%
All Other Vehicles			
Subtotal – 2-Axle Vehicles	97.1%	97.1%	0.0%
Motorcycles	0.7	0.7	0.0
3+ Axle Vehicles	1.2	1.3	0.1
Subtotal – Toll-Paying Traffic	99.0%	99.0%	0.0%
Exempt/Nonrevenue	1.0	1.0	0.0
Total	100.0%	100.0%	

Cape Coral Bridge

Tables 5 and 6 present the same detailed transaction data for the Cape Coral Bridge. The shifts in market share were similar to those seen on the Midpoint Memorial Bridge. As on the Midpoint Memorial Bridge, the strongest growth occurred in the full fare LeeWay and LeeWay Variable Discount pricing categories, which experienced growth of 12.6 percent and 12.2 percent, respectively. Cash transactions remained stable compared to FY 2012, and LeeWay Reduced Fare transactions declined by 0.6 percent. LeeWay Unlimited transactions declined at the steepest rate,



with 6.8 percent fewer transactions. Motorcycle transactions also declined during the first six months of FY 2013 by 2.6 percent.

Table 5
Semiannual Transactions by Payment Type and Vehicle Class
Cape Coral Bridge (First Half, FY 2013 vs. FY 2012)

Full Fare and Variable Pricing (2-Axle)	FY 2012	FY 2013	Change	% Change
Cash	1,509,706	1,513,920	4,214	0.3%
Full Fare LeeWay	395,820	445,672	49,852	12.6
Full Fare LeeWay Variable Discount	116,779	131,080	14,301	12.2
Subtotal – Full Fare and Variable	2,022,305	2,090,672	68,367	3.4%
LeeWay Discounted Programs (2-Axle Vehicles)				
LeeWay Reduced Fare	995,876	994,725	-1,151	-0.1
LeeWay Reduced Fare Variable Discount	285,020	278,013	-7,007	-2.5
Subtotal – Reduced Fare	1,280,896	1,272,738	-8,158	-0.6%
LeeWay Unlimited	332,687	309,945	-22,742	-6.8
Subtotal – LeeWay Discounted	1,613,583	1,582,683	-30,900	-1.9%
All Vehicles				
Subtotal – 2-Axle Vehicles	3,635,888	3,673,355	37,467	1.0%
Motorcycles	30,229	29,456	-773	-2.6
3+ Axle Vehicles	36,444	37,634	1,190	3.3
Subtotal – Toll-Paying Traffic	3,702,561	3,740,445	37,884	1.0%
Exempt/Nonrevenue	25,526	23,423	-2,103	-8.2
Total	3,728,087	3,763,868	35,781	1.0%

Table 6 presents the distribution of transactions between the various vehicle type and payment categories. The overall trend was similar to the Midpoint Memorial Bridge. Full Fare LeeWay categories collectively gained 1.6 percentage points of market share, counteracted by declines in the shares of transactions in all other 2-axle vehicle categories. Cash transactions and all LeeWay Discount Program transactions saw declines in market share. As with the Midpoint Memorial Bridge, the decline in market share of Discounted and Unlimited transactions was outpaced by declines in the sales of these subscription programs (discussed in a later section). However, total revenue did not fall as fast as total transactions, and therefore the average toll paid per transaction increased, reflecting the shift toward more Full Fare transactions.



Table 6
Percent of Total Transactions by Payment Type and Vehicle Class
Cape Coral Bridge (First Half, FY 2013 vs. FY 2012)

Full Fare and Variable Pricing (2-Axle)	FY 2012	FY 2013	Change in Market Share
Cash	40.5%	40.2%	-0.3%
Full Fare LeeWay	10.6	11.8	1.2
Full Fare LeeWay Variable Discount	3.1	3.5	0.4
Subtotal – Full Fare and Variable	54.2%	55.5%	1.3%
LeeWay Discounted Programs (2-Axle Vehicles)			
LeeWay Reduced Fare	26.7	26.4	-0.3
LeeWay Reduced Fare Variable Discount	7.6	7.4	-0.3
Subtotal – Reduced Fare	34.4%	33.8%	-0.5%
LeeWay Unlimited	8.9	8.2	-0.7
Subtotal – LeeWay Discounted	43.3%	42.0%	-1.2%
All Other Vehicles			
Subtotal – 2-Axle Vehicles	97.5%	97.6%	0.1%
Motorcycles	0.8	0.8	0.0
3+ Axle Vehicles	1.0	1.0	0.0
Subtotal – Toll-Paying Traffic	99.3%	99.4%	0.1%
Exempt/Nonrevenue	0.7	0.6	-0.1
Total	100.0%	100.0%	

Sanibel Causeway

Table 7 presents Sanibel Causeway transactions over the first half of FY 2013 by vehicle type and payment category. As with the other two facilities, Full Fare LeeWay transactions were the fastest growing category among two-axle vehicles, increasing by 12.1 percent. Cash transactions declined slightly by 0.1 percent compared to FY 2012. Unlimited Program transactions, which also declined on the other two facilities, decreased by 0.2 percent.

Commercial vehicle traffic grew by 1.2 percent while motorcycles declined by 0.5 percent. Overall, full fare transactions continued to outpace discounted transactions on the facility.



Table 7
Semiannual Transactions by Payment Type and Vehicle Class
Sanibel Causeway (First Half, FY 2013 vs. FY 2012)

Full Fare (2-Axle)	FY 2012	FY 2013	Change	% Change
Cash	611,846	611,487	-359	-0.1%
Full Fare LeeWay	140,463	157,391	16,928	12.1
Subtotal – Full Fare	752,309	768,878	16,569	2.2%
LeeWay Discounted Programs (2-Axle Vehicles)				
LeeWay Reduced Fare	435,393	436,671	1,278	0.3
LeeWay Unlimited	372,624	371,838	-786	-0.2
Subtotal – LeeWay Discounted	808,017	808,509	492	0.1%
All Vehicles				
Subtotal – 2-Axle Vehicles	1,560,326	1,577,387	17,061	1.1%
Motorcycles	9,661	9,615	-46	-0.5
3+ Axle Vehicles	26,200	26,515	315	1.2
Subtotal – Toll-Paying Traffic	1,596,187	1,613,517	17,330	1.1%
Exempt/Nonrevenue	8,069	7,940	-129	-1.6
Total	1,604,256	1,621,457	17,201	1.1%

The relative stability in transactions by vehicle class and payment type is also reflected in terms of market share, as shown in Table 8. In spite of the 12.1 percent increase in total transactions in the Full Fare LeeWay category, that category’s market share increased by only 0.9 percentage points. This is due, in part, to the relatively small share of total transactions in this category. Cash remained the single largest category in terms of total market share, followed by the LeeWay Reduced Fare and LeeWay Unlimited programs. The Unlimited Program represents a significantly higher share of transactions on the Sanibel Causeway (22.9 percent) than on the Midpoint Memorial (6.6 percent) and Cape Coral (8.2 percent) Bridges.



Table 8
Percent of Total Transactions by Payment Type and Vehicle Class
Sanibel Causeway (First Half, FY 2013 vs. FY 2012)

Full Fare (2-Axle)	FY 2012	FY 2013	Change in Market Share
Cash	38.1%	37.7%	-0.4%
Full Fare LeeWay	8.8	9.7	0.9
Subtotal – Full Fare	46.9%	47.4%	0.5%
LeeWay Discounted Programs (2-Axle Vehicles)			
LeeWay Reduced Fare	27.1	26.9	-0.2
LeeWay Unlimited	23.2	22.9	-0.3
Subtotal – LeeWay Discounted	50.4%	49.9%	-0.5%
All Other Vehicles			
Subtotal – 2-Axle Vehicles	97.3%	97.3%	0.0%
Motorcycles	0.6	0.6	0.0
3+ Axle Vehicles	1.6	1.6	0.0
Subtotal – Toll-Paying Traffic	99.5%	99.5%	0.0%
Exempt/Nonrevenue	0.5	0.5	0.0
Total	100.0%	100.0%	

Discount Program Sales

Table 9 presents Discount Program sales figures and associated revenues over the first half of FY 2013 and FY 2012. As shown, the volume of programs sold increased by 488, or 0.8 percent. Program sales revenue declined, but only by 0.2 percent (\$10,093). This represents marked improvement over previous years, when both program sales and program revenues declined. This is relatively minor in comparison to declines seen in previous years. For example, comparing the first half of FY 2011 to the first half of FY 2010, program sales and revenues declined by 1.3 percent and 2.7 percent, respectively. And program sales and revenues declined by 2.6 percent and 5.1 percent, respectively, from the first half of FY 2009 to the first half of FY 2010. The growth in program sales represents the second year of positive growth since FY 2007.

As previously discussed, total Unlimited Program sales declined by 3.0 percent, with an associated decline in program revenue of 2.0 percent. This was led by decline in Midpoint/Cape Coral unlimited subscriptions. The Cape Coral/Midpoint Annual Unlimited Program saw the largest decline in number of program sales with 243 fewer programs sold (a 5.9 percent drop), as well as the largest negative program sales revenue impact, a \$65,111 decline (5.4 percent). Sanibel Causeway unlimited subscriptions actually increased.



Table 9
Comparison of Semiannual Program Sales/Revenue
(First Half, FY 2013 vs. FY 2012)

Program Description	Program Count (October - March)			Program Revenue (October-March)		
	FY 2012	FY 2013	Change	FY 2012	FY 2013	Change
Sanibel Annual Unlimited	2,860	2,879	19	\$1,057,167	\$1,070,298	\$13,132
Sanibel Annual Reduced Fare	8,444	8,676	232	528,865	543,940	15,075
Sanibel Semi-Annual Nov through Apr Unlimited	77	80	3	22,050	22,800	750
Sanibel Semi-Annual Nov through Apr Reduced Fare	2,305	2,330	25	112,100	113,475	1,375
Sanibel Semi-Annual May through Oct Unlimited	0	0	0	0	0	0
Sanibel Semi-Annual May through Oct Reduced Fare	0	0	0	0	0	0
Cape/Midpoint Annual Unlimited	4,125	3,882	-243	1,209,279	1,144,169	-65,111
Cape/Midpoint Annual Reduced Fare	37,794	38,253	459	1,383,160	1,402,360	19,200
Cape/Midpoint Semi-Annual Nov through Apr Unlimited	192	179	-13	34,544	31,912	-2,632
Cape/Midpoint Semi-Annual Nov through Apr Reduced Fare	3,095	3,065	-30	70,464	69,936	-528
Cape/Midpoint Semi-Annual May through Oct Unlimited	0	0	0	0	0	0
Cape/Midpoint Semi-Annual May through Oct Reduced Fare	0	0	0	0	0	0
Combination Annual Unlimited	427	425	-2	299,856	299,164	-692
Combination Annual Reduced Fare	3,529	3,548	19	355,722	359,199	3,478
Combination Semi-Annual Nov through April Unlimited	12	15	3	5,754	6,844	1,090
Combination Semi-Annual Nov through April Reduced Fare	416	418	2	29,637	29,822	185
Combination Semi-Annual May through Oct Unlimited	0	0	0	0	0	0
Combination Semi-Annual May through Oct Reduced Fare	0	0	0	0	0	0
Dual Annual Sanibel CD - Cape/Midpoint FF	92	92	0	34,152	33,860	-292
Dual Semi-Annual Nov through April Sanibel CD & Cape/Mid FF	1	4	3	250	936	686
Dual Semi-Annual May through Oct Sanibel CD & Cape/Mid FF	0	0	0	0	0	0
Dual Annual Sanibel FF - Cape/Midpoint CD	147	157	10	60,854	64,872	4,018
Dual Semi-Annual Nov through April Sanibel FF & Cape/Mid CD	1	2	1	324	498	174
Dual Semi-Annual May through Oct Sanibel FF & Cape/Mid CD	0	0	0	0	0	0
Total	63,517	64,005	488	\$5,204,176	\$5,194,083	-\$10,093

Reduced Fare Program sales, by contrast, grew in nearly every category. Total program sales across all Reduced Fare programs increased by only 1.3 percent, resulting in a program sales revenue increase of 1.6 percent. The majority of program sales occur during the first half of the fiscal year during the months of October through March.

Violations

Table 10 presents the total monthly toll violations for the first six months of FY 2013 as compared with the same period in FY 2012. As shown, violation rates increased from FY 2012 levels by 0.5 percentage points, from 2.8 percent of total transactions in FY 2012 to 3.3 percent of transactions in FY 2013. Increases in the violation rate were fairly consistent throughout the period. Monthly violation rates show little variation and range between a low of 3.0 percent in January and February



to a high of 3.7 percent in October. It is important to note that the percentages included in Table 10 include all violations, specifically those for which a Violation Enforcement System (VES) account was opened and a Toll Due Notice was mailed. The actual number of violations in the first six months of FY 2013 increased by 18.3 percent, from 255,061 to 301,645. This reflects both the overall increase in traffic and the rising violation rate.

Table 10
Systemwide Violation Percentage
(First Half, FY 2013 vs. FY 2012)

Month	FY 2012			FY 2013		
	Total Traffic	Total Violations	% Violations	Total Traffic	Total Violations	% Violations
October	1,405,884	43,954	3.1%	1,463,523	54,499	3.7%
November	1,428,905	43,655	3.1	1,443,113	52,591	3.6
December	1,484,788	42,702	2.9	1,476,325	50,031	3.4
January	1,533,620	41,212	2.7	1,575,688	47,344	3.0
February	1,558,285	40,044	2.6	1,522,888	45,226	3.0
March	1,696,875	43,494	2.6	1,693,919	51,954	3.1
Total	9,108,357	255,061	2.8%	9,175,456	301,645	3.3%

Table 11 presents the number of violations which were “coded off” due to unreadable license plate images. It is assumed that all transactions which were not “coded off” ultimately resulted in successful collection through the various enforcement avenues available to Lee County. As shown, the collection percentage has inched up slightly when comparing the first six months of FY 2013 to FY 2012. During the first half of FY 2013, 0.38 percent of all transactions were “coded off”, as compared to 0.44 percent during the same period in FY 2012. While there could be a number of reasons for this, it is of note that while total violations were significantly higher in FY 2013, a greater number of these violations were also pursued for collections through the Toll Due Notice process. Overall, “code offs” decreased by 12.6 percent, while total violations (as shown in Table 10) increased by 18.3 percent. The resulting collection percentage increased by 0.06 percent, illustrating that such transactions still represent an almost negligible share of overall traffic on the three Lee County DOT Toll Facilities.



Table 11
Systemwide Collection Percentage
(First Half, FY 2013 vs. FY 2012)

Month	FY 2012			FY 2013		
	Total Traffic	VES Code Offs	Collection %	Total Traffic	VES Code Offs	Collection %
October	1,405,884	5,471	99.61%	1,463,523	7,188	99.51%
November	1,428,905	7,145	99.50	1,443,113	6,133	99.58
December	1,484,788	6,595	99.56	1,476,325	5,284	99.64
January	1,533,620	7,649	99.50	1,575,688	5,436	99.66
February	1,558,285	6,121	99.61	1,522,888	5,137	99.66
March	1,696,875	7,060	99.58	1,693,919	5,798	99.66
Total	9,108,357	40,041	99.56%	9,175,456	34,976	99.62%

Traffic Volume Comparisons

CDM Smith collected traffic information for both the Caloosahatchee and Edison US 41 Business Bridges in order to better understand how traffic on the Cape Coral and Midpoint Memorial Bridges is performing relative to traffic on competing routes. A review of traffic data for the first six months of FY 2013 and FY 2012 traffic on these four facilities crossing the Caloosahatchee River is presented in Table 12. It is important to note that traffic volumes for the Lee County facilities are for the tolled direction only, while the traffic data for the competing routes represents total traffic. This is consistent with the last several Annual and Semiannual reports, as data is no longer collected in the non-tolled direction on the Cape Coral and Midpoint Memorial Bridges.

As indicated in Table 12, total traffic across all four river crossings declined by approximately 11.6 percent during the first six months of FY 2013 when compared to the previous year, a substantial change from the previous year when screenline traffic increased 2.3 percent. The Cape Coral Bridge was the top performing facility of the four, posting a slight increase of 0.5 percent in average daily traffic (ADT), while the Caloosahatchee Bridge was the worst performer, posting a 19.1 percent decline.¹ Combined, the toll-free bridges saw a 14.7 percent decline in ADT, whereas the tolled facilities remained relatively the same as the prior year with growth of 0.1 percent. This is a change from the previous year during which the toll-free bridges indicated a higher increase in ADT than the tolled bridges.

¹ The year-over-year percent growth on the tolled facilities presented in this section differs slightly from that shown in Tables 1, 3, and 5. This is due to the fact that this section discusses average daily traffic (ADT), not total traffic. Because 2012 is a leap year, the growth in ADT will not precisely match the growth in total monthly traffic.



Table 12
Caloosahatchee River Screenline
(First Half, FY 2013 vs. FY 2012)

Facility	Average Daily Traffic		Percent Change
	FY 2012	FY 2013	
Edison Bridge - US 41 Business ¹	26,238	24,201	-7.8%
Caloosahatchee Bridge - US 41 ¹	41,362	33,457	-19.1
Total - Toll Free Bridges	67,600	57,657	-14.7
Midpoint Memorial Bridge	20,547	20,510	-0.2
Cape Coral Bridge	20,344	20,440	0.5
Total - Tolloed Bridges	40,891	40,950	0.1
TOTAL	176,091	156,264	-11.3%

Source: Traffic Count Reports, 2012 and 2013, Lee County DOT

A comparison of traffic volumes for a selection of other locations in the region is presented in Table 13 and Figure 1. Note that due to limited availability of data, the values presented in the following tables and figures only cover October through December. As such, average daily volumes will differ slightly from those presented in Table 12. Overall, traffic across the region has declined when compared with the same period in the previous fiscal year, with five of seven locations registering year-over-year declines and one remaining the same. It is unclear whether the declines in traffic seen in Table 13 are due to a region wide softening of travel demand, or other more local factors, such as construction impacts or changes in travel patterns. However, it is clear that there is continuing volatility at many of these locations. For example, the location where traffic increased in FY 2013 experienced a decline in the previous year.



Table 13
Comparison of Annual Average Daily Traffic
Competing and Contributing Routes
(October - December FY 2013 vs. FY 2012)

Road/Facility	FY 2012	FY 2013	Percent Change
College Parkway	30,598	33,450	9.3%
Colonial Boulevard	51,674	51,674	0.0
Daniels Parkway	41,504	36,987	-10.9
Edison Bridge - U.S. 41 Business	25,270	22,975	-9.1
Hancock Bridge Parkway	18,133	17,898	-1.3
Pondella Road	17,924	17,640	-1.6
Caloosahatchee Bridge - U.S. 41	41,639	32,416	-22.2

Source: Traffic Count Reports, 2012 and 2013, Lee County DOT

Events Influencing Toll Transactions and Revenue

The most significant external factor that may have affected traffic and revenue on the Lee County bridges was the completion of construction on the Cape Coral Bridge. The current ongoing project to modernize the toll plaza on that facility was completed in November 2012 and the ORT lanes opened to traffic. This resulted in a slight increase in traffic on the facility.

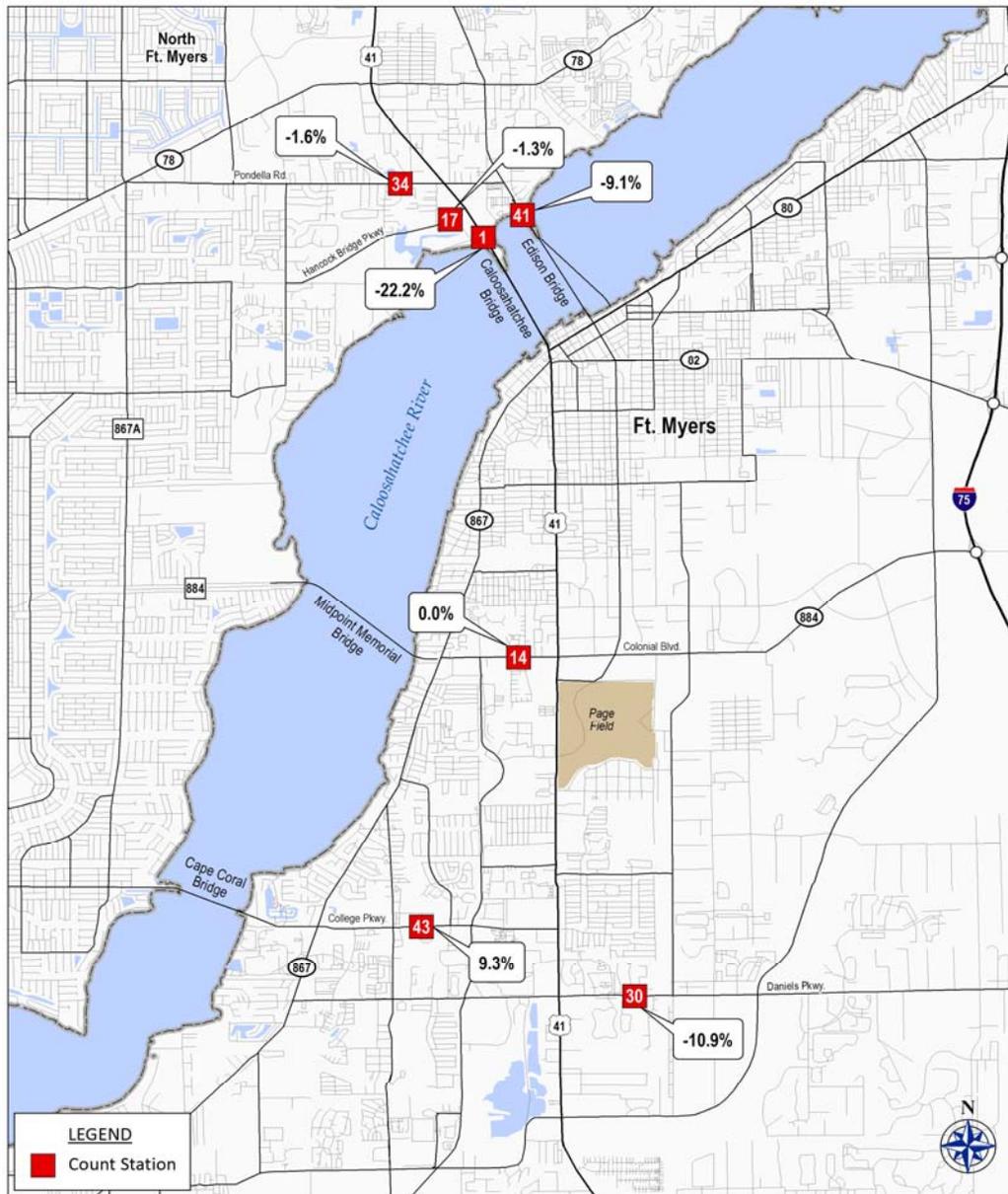
There have not been any other major events or incidents that would have had a serious impact on traffic and revenue through the first half of FY 2013. However, the following events, incidents, and construction activities were identified as having some potential impact:

- On November 10, 2012, the Midpoint Memorial Bridge was closed to traffic from 7:40 am until 9:10 am for a Veterans Day race.

No other weather events, emergencies, or major accidents were reported.



Figure 1
Percent Change in Traffic Volume
Competing and Contributing Routes
(October - December FY 2013 vs. FY 2012)



Socioeconomic Factors

Socioeconomic trends are a significant driver of overall travel demand in a region. This is especially important given the most recent economic recession and the disproportionate impacts on the Southwest Florida region. Since 2007, all CDM Smith traffic and toll revenue products developed for Lee County have included an overview of regional economic performance. Socioeconomic data related to housing permits, foreclosures, and employment levels are included in the review. Data is both readily available and updated with greater frequency than other economic indicators and has proven useful in assessing the region's overall economic state and trajectory.

Between 2007 and 2009, a dramatic downturn in the housing market had been experienced throughout the United States. This downturn was particularly severe in Florida and in the Cape Coral-Fort Myers area, where population growth was robust prior to the downturn, and where new home construction was a significant contributor to the broader economy. Following rapid economic growth in the region in the early 2000s, new housing construction came to a near standstill. As many of the jobs created in the earlier part of the decade resulted from the booming housing industry, the national housing downturn had an especially severe impact on the region's economy, resulting in a decrease in overall travel demand.

Table 14 presents the total number of housing units for which new building permits were issued during the first half of Fiscal Years 2007 through 2013. As shown, new home construction declined by over 90.0 percent during the most recent recession from 2007 through 2009, when the housing market collapse was at its worst. Since 2009, new housing permits have increased by 141.0 percent as of the first half of FY 2013. New units permitted in the first half of FY 2013 increased by 14.9 percent over the same period in FY 2012, driven largely by a substantial bump in the month of December. In the other five months, year-over-year growth ranged from a 73.9 percent increase to a 61.7 percent decline. New permits remain 76.4 percent below FY 2007, prior to the housing market collapse. It is unlikely that this pace will be achieved for some time, if ever, but the continued upward trajectory nevertheless suggests that further growth is still possible in the near term.

Table 14
Permitted New Housing Units – Cape Coral/Ft. Myers
(First Half, FY 2007 through FY 2012)

Month	Total Units Permitted							Percent Change		
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 07 - FY 09	FY 09 - FY 13	FY 12 - FY 13
October	908	240	143	76	77	121	186	-84.3%	30.1%	53.7%
November	654	108	59	63	85	355	136	-91.0%	130.5%	-61.7%
December	582	69	75	62	78	76	158	-87.1%	110.7%	107.9%
January	705	220	48	106	85	97	143	-93.2%	197.9%	47.4%
February	684	136	65	147	73	138	240	-90.5%	269.2%	73.9%
March	1,172	100	71	115	148	180	248	-93.9%	249.3%	37.8%
Total	4,705	873	461	569	546	967	1,111	-90.2%	141.0%	14.9%

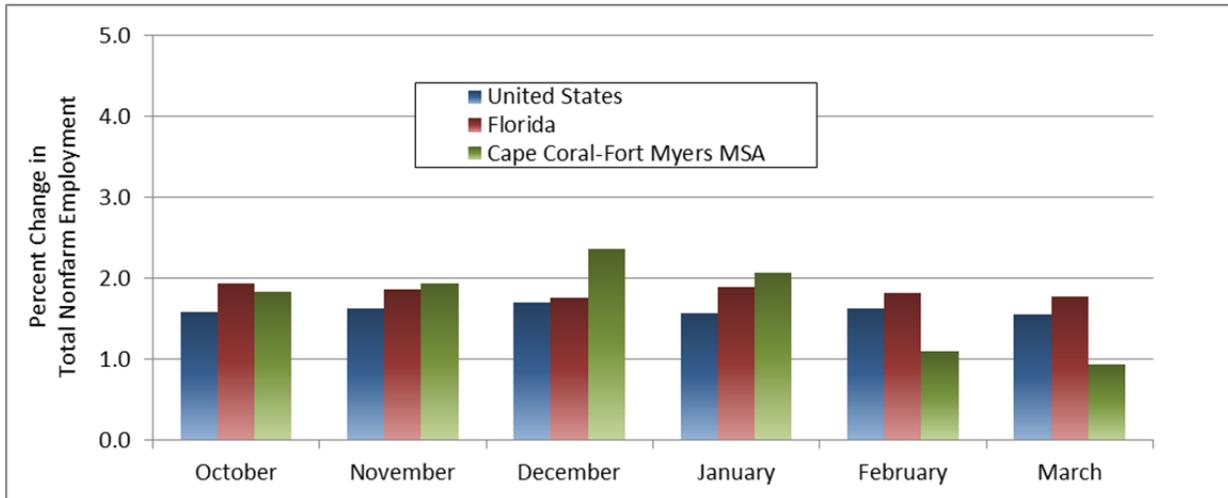
Source: U.S. Census Bureau

Mortgage default levels and foreclosures in the region are another lingering factor in the health of the real estate market. A high rate of foreclosures can have a broader impact on a region’s overall housing market by undermining general property values, not just those that are distressed. In addition, a high rate of foreclosure results in a larger number of homes being on the market which, in turn, lowers demand for new construction. In Lee County, new foreclosure filings are still considerably higher than the state and nation as a whole. In Lee County, one in every 392 homes received a new foreclosure filing in May 2013, according to real estate website RealtyTrac. This rate declined by approximately 20 percent compared with a year ago, when home foreclosures filings occurred at a rate of one in 326 homes per month, and is substantially lower than the rate of one in 199 homes the year before that. It is similar to the statewide average of one in 303, and just over double the national rate of one in 886. By comparison, the monthly Lee County new foreclosure filing rate at the time of the FY 2008 Semiannual Report, during the height of the recession, was one in 90.

Regional employment statistics are another excellent indicator of the general economic health of the region. Figure 2 shows the year-over-year trend in employment, by month, at the national, state, and county level, for each of the first six months of FY 2013 compared to the same period in FY 2012. The results show that during the months of November, December and January, the employment growth in the region has outpaced the state and national growth. This is the second year of regional employment growth after periods of decline. Growth occurred in all six months, which is a sizeable shift from FY 2011, employment in the county declined for all six months, even with employment at the statewide and national level was growing.



Figure 2
Change in Total Nonfarm Employment (not seasonally adjusted)
(First Half, FY 2013 vs. FY 2012)



Source: U.S. Bureau of Labor Statistics

As recovery progresses, CDM Smith expects to see overall travel demand and facility usages on the Lee County Toll Facilities grow as well, as transactions still remain well below peaks that occurred prior to the recession. However, because travel demand often lags economic indicators it may be some time before traffic returns to pre-recession levels, especially considering the rapid rate of economic growth that took place in the region leading up to the recession.

Budget, Performance to Date, and Coverage

Lee County, through bond covenants, is required to maintain net revenues in excess of 120 percent of senior lien debt obligations after deducting maintenance and operating expenses. Lee County financial information for the first six months of FY 2013 is presented in Tables 15 through 17. These tables contain financial information necessary to determine whether Lee County Toll Facilities are on track to meet the requirements set forth by the bond covenant for FY 2013. Table 15 presents gross toll revenues through March 2013, compared against the annual revenue estimate from the Lee County Financial Budget Status (FBS) report as of March 31, 2013, as well as revenue estimates from the 2005 Bond Official Statement (OS).

As shown, gross toll revenues in FY 2013 are on pace to meet the annual budgeted revenue, as systemwide revenue over the first six months of the fiscal year has amounted to 59.6 percent of the total annual budgeted amount. Performance versus the budget has been similar on each of the three individual facilities, with revenue as a percentage of the budget ranging from 57.0 to 61.9 percent.



Revenue from LeeWay operations, derived primarily from transponder sales, totaled 73.1 percent of the budgeted total for the fiscal year.

When compared with the 2005 Bond OS, total revenue will likely fall short of forecasted values. This was expected, given that the 2005 estimates were produced prior to the recession and could not have accounted for the large downturn in travel demand that resulted. The revised expectation for lower revenue is reflected in the budgeted revenue for the current fiscal year, which is 28.9 percent lower than the forecast included in the 2005 Bond OS.

Table 15
Estimated and Actual Gross Toll Revenues, FY 2013
(thousands of dollars)

Facility	2005 Bond OS Forecast for FY 2012	Estimated Annual Revenue (Current Budget) ¹	Gross Toll Revenue Year-to-Date	Year-to-Date Percent Variance from Budget ¹
Midpoint Memorial Bridge	\$20,200	\$12,001	\$7,141	59.5%
Cape Coral Bridge	18,000	12,000	6,834	57.0
Sanibel Causeway	13,600	12,468	7,711	61.9
LeeWay Operations	N/A	372	272	73.1
Total	\$51,800	\$36,841	\$21,959	59.6%

(1) Values based on the 3/31/2012 Lee County Financial Budget

Table 16 presents actual and estimated FY 2013 expenditures for the three Lee County Toll Facilities. Year-to date-operating expenses, expenses estimated in the 2005 OS, and budgeted expenses have been included in the comparison. As illustrated in Table 16, expenditures-to-date for the first half of FY 2013 are less than 50.0 percent of annual budgeted values, indicating that Lee County is on pace to finish the fiscal year at or under budget in terms of expenditures. It should be noted that the expenditures shown in Table 16 are for the facilities themselves and do not include any distributed expenses associated with the LeeWay Service Center, which exists as a separate expenditure category.



Table 16
Estimated and Actual Total Expenditures, FY 2013
(thousands of dollars)

Facility	2005 Bond OS Forecast for FY 2013	Estimated Annual Expenses (Current Budget) ¹	Operating Expense Year-to-Date	Year-to-Date Percent Variance from Budget ¹
Midpoint Memorial Bridge	\$5,400	\$2,635	\$1,269	48.2%
Cape Coral Bridge	5,700	2,558	1,294	50.6
Sanibel Causeway	2,500	1,872	904	48.3
LeeWay Operations	N/A	2,524	1,166	46.2
Total	\$13,600	\$9,588	\$4,633	48.3%

(1) Values based on the 3/31/2012 Lee County Financial Budget Status

The year-to-date senior lien debt coverage calculation is presented in Table 17. Bonded debt payments are made twice annually, in October and April. Given that this semiannual report covers the period from October through March, the year-to-date debt service figure includes only the October principle payments. Because the April debt service payments have already been made as of the writing of this report, the value shown for Budgeted Debt Service for the entirety of FY 2013 (second column) reflects these actual payments, and is therefore considered to be a “final” number that is unlikely to change between now and the end of the fiscal year since no further bond payments are expected.

As shown in Table 17, Lee County Toll Facility debt service coverage for the first six months of FY 2013 is on pace to meet and exceed the requirements set forth in the bond covenant, assuming that the three toll facilities do not encounter any significant unforeseen impact during the remainder of FY 2013. In fact, net revenue collected year-to-date already exceeds the 120 percent threshold for annual debt service coverage, meaning that the bond covenant has, in essence, already been satisfied for FY 2013. On-target expenditures coupled with better-than-forecast revenue performance should result in year-end bond coverage ratios that exceed bond covenant requirements. At this time, no foreseeable impacts exist which would disrupt current trends so drastically as to allow the FY 2013 coverage ratio to fall below the covenanted value of 120 percent.





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July 12, 2013
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Table 17
Year-to-Date Senior Lien Debt Coverage, FY 2013

Line Item	FY 2013 Budgeted Oct - Mar	FY 2013 Year-to-Date Oct - Mar
Total Gross Revenues	\$36,841	\$21,959
Total M&O Costs	-9,588	-4,633
Total Net Revenue	27,253	17,326
Annual Debt Service	-8,575	-5,184
Bond Coverage Ratio	3.18	3.34

Source: Lee County

* * *

CDM Smith would like to take this opportunity to thank Lee County for their input and valuable contributions to this report. We trust that this semiannual report will meet your needs. Please contact us if the report can in any way be made more responsive or if you have any questions.

Sincerely,

Carleen Flynn, AICP
Project Manager
CDM Smith

