HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1281 Garcon Point Bridge
SPONSOR(S): Williamson
TIED BILLS: **IDEN./SIM. BILLS:** SB 1436

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee	11 Y, 0 N	Johnson	Vickers
2) Transportation & Tourism Appropriations Subcommittee			
3) Government Accountability Committee			

SUMMARY ANALYSIS

The Santa Rosa Bay Bridge Authority (SRBBA) owns the Garcon Point Bridge (bridge) in Santa Rosa County. The bridge has never met its traffic and revenue projections and its bonds are currently in default. Additionally, SRBBA does not have a functioning governing board. Pursuant to a 1996 lease-purchase agreement, the Department of Transportation (DOT) has assumed responsibility for the operation and maintenance of the bridge. Florida's Turnpike Enterprise (Turnpike) provides toll operations, and maintenance functions are performed by DOT's District Three.

The bill authorizes DOT, subject to the verification of economic feasibility, to acquire the Garcon Point Bridge and purchase, as part of the acquisition, SRBBA's bonds. Following the acquisition, the bridge will become part of the Florida Turnpike System.

The bill provides that the acquisition price must first be used to settle all claims of SRBBA bondholders. Additionally, the bill provides that the bridge's toll may not be increased in connection with the acquisition of the bridge. However, following the acquisition, tolls may be increased as required by law or to meet bond covenants.

The bill stipulates that DOT and the state may not incur any financial obligation for acquiring the bridge in excess of its forecasted gross revenues. Therefore, the total acquisition price may not exceed anticipated toll revenues, calculated without any increase in the toll rate, anticipated to be collected from the operation of the bridge between the date of purchase and the projected remaining useful life of the bridge.

Upon the acquisition of the bridge, the lease-purchase agreement between SRBBA and DOT is terminated.

The bill provides that upon DOT's acquisition of the bridge, the Santa Rosa Bay Bridge Authority Act is repealed.

The fiscal impact of the bill is indeterminate, but likely to be significant. See fiscal analysis for details.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

History

Creation of the Santa Rosa Bay Bridge Authority
Created in 1984,[1] the Santa Rosa Bay Bridge Authority (SRBBA) is an agency of the State located in Santa Rosa County. SRBBA was created to acquire, hold, construct, maintain, operate, own and lease all or any part of the Santa Rosa Bay Bridge System, consisting of the Garcon Point Bridge (bridge) and its related infrastructure.[2] Bridge construction began in December 1996 and the bridge opened to traffic in May 1999.[3]

Toll Facility Revolving Trust Fund Loans
Previously codified in s. 338.251, F.S., the Toll Facilities Revolving Trust Fund (TFRTF) was a loan program used to develop and enhance the financial feasibility of revenue-producing road projects. TFRTF loans could be awarded for project planning and design activities, and advanced right-of-way purchase activities. The trust fund provided interest free loans to pay the toll facility's initial project development costs. Loans of greater than $1.5 million required specific legislative appropriation. In 2012, the Legislature repealed the TFRTF.[4]

Between 1989 and 1994, SRBBA received $8.5 million in TFRTF loans. SRBBA used the loan proceeds to pay preliminary expenditures related to the bridge's planning, engineering, permitting, acquisition of right-of-way, and design. TFRTF loan repayment is subordinate to the SRBBA's debt service and administrative costs. As of June 30, 2016, SRBBA owed DOT $7.9 million in TFRTF loans. Since August 1999, SRBBA has not made any payments on its TFRTF loans.[5]

In January 2001, SRBBA requested a TFRTF loan of over $2.9 million, anticipated to be sufficient to cover revenue shortfalls in Fiscal Years 2001 and 2002. SRBBA's request was reduced to $1.4 million after updated revenue estimates decreased the anticipated revenue shortfall. On May 4, 2001, the Legislature approved SRBBA's TFRTF loan.[6] On June 15, 2001, Governor Bush vetoed the loan.[7]

Following the veto, SRBBA had to use its operating reserves to cover the revenue shortfall for its July 1, 2001, debt service payment. This temporarily allowed SRBBA to delay drawing on its $9.2 million debt service reserve fund (DSRF). This also left SRBBA without funds for its day-to-day operations. By mid-2001, SRBBA was using all available toll revenues for debt service, leaving it without operating funds. By the end of 2001, due to lack of funds, SRBBA closed its office and ceased all administration services. DOT agreed to take possession of all SRBBA's records and provide administrative support for SRBBA's future board meetings.[8]

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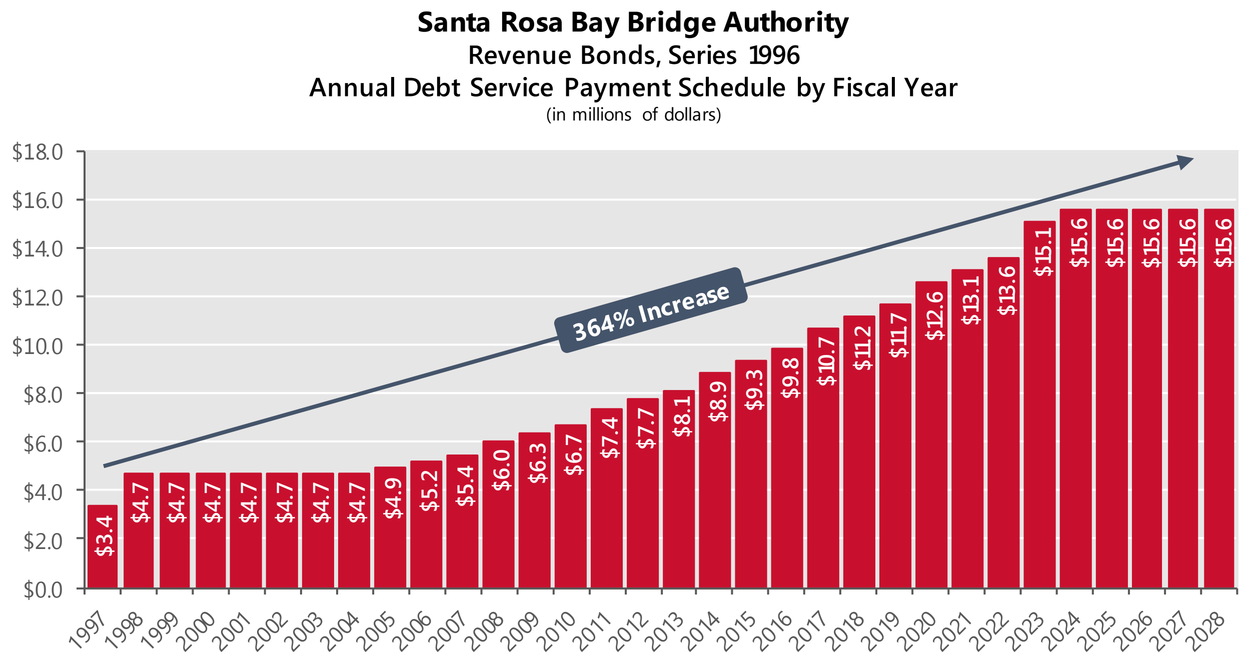
[1] Chapter 84-354, L.O.F.
[2] Department of Transportation/Division of Bond Finance; *Economic Feasibility Study: State Acquisition of the Garcon Point Bridge.* December 2017 (Economic Feasibility Study) p. 11.
[3] *Id.* at B-2
[4] Chapter 2012-128, L.O.F.
[5] Economic Feasibility Study, p. 11.
[6] Chapter 2001-253, L.O.F.
[7] Economic Feasibility Study, p. B-3.
[8] *Id.* at B-3 - B-4.

Financing and Construction
On October 16, 1996, SRBBA issued $95.0 million in revenue bonds, with a final maturity in July 2028, to finance bridge construction. SRBBA's bonds are secured by the bridge's gross toll revenues and a DSRF funded with $9.2 million from bond proceeds. SRBBA was able to pledge its gross toll revenues due to its lease-purchase agreement (LPA) with DOT.[9]



Of SRBBA's $95.0 million in bonds, $75.5 million were issued as fixed-rate current-interest bonds. Fixed-rate current-interest bonds pay interest at a set rate on a periodic basis. At maturity, the final interest payment and the original principal amount is paid to the bondholder. This is the conventional debt structure in the municipal bond market and is utilized for the vast majority of the state's debt transactions.[10]

The remaining $19.5 million in bonds were issued as Capital Appreciation Bonds. Capital Appreciation Bonds do not make periodic interest payments and instead increase in value at a compounded rate. At maturity, bondholders receive a single payment equal to their original principal and all compounded interest. The total or amount due at maturity of SRBBA's in Capital Appreciation Bonds issued is $73.8 million. Since the bonds only pay at maturity, Capital Appreciation Bonds are used to avoid periodic interest payments.[11]

Lease-Purchase Agreement
Prior to 2011, various toll authorities were authorized to enter into LPAs with DOT. Section 334.044, F.S., authorized DOT to enter into these LPAs. Additionally, s. 339.08(1)(g), F.S., authorized DOT to lend or pay a portion of the operation and maintenance (O&M) and capital costs of any revenue-producing transportation project located on the State Highway System or that is demonstrated to relieve traffic congestion on the State Highway System. In 2011, the Legislature repealed DOT's authority to enter into LPAs.[12]

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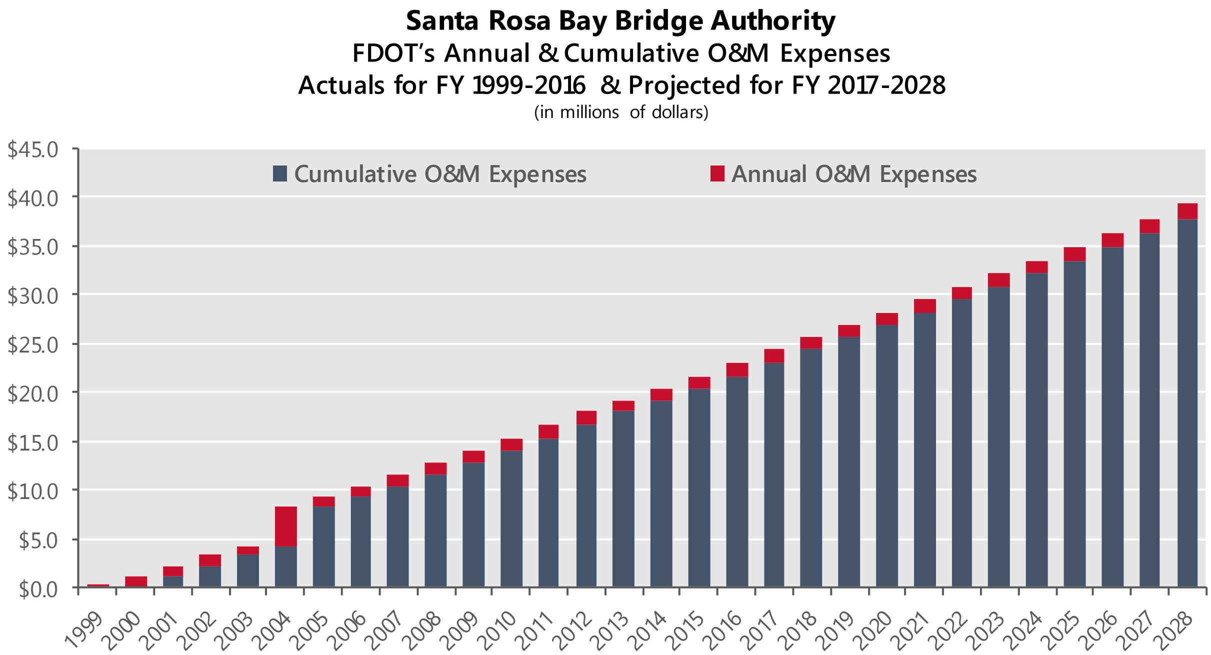
[9] *Id.*
[10] *Id.*
[11] *Id.*
[12] Chapter 2011-64, L.O.F.

On October 23, 1996, SRBBA and DOT entered into an LPA, granting DOT exclusive possession and use of the bridge. Under the LPA, DOT pays the costs of operating, maintaining, repairing, and insuring the bridge. The LPA requires DOT to collect the tolls on the bridge and remit the revenues to the bond trustee as lease payments. The LPA's terms extends through the date upon which all of the bonds have been repaid and all amounts due to DOT, including the TFRTF loans and all operations and maintenance costs paid by DOT, have been repaid.[13]

The LPA was a mechanism for the state to provide credit support in connection with financing the bridge. With the state paying the operation and maintenance expenses, SRBBA was able to pledge its gross toll revenues as security for the bonds. The state's credit support reduced the financial risk to bondholders and was essential for the marketability of the bonds given the bridge's questionable financial feasibility.[14]

Pursuant to the LPA, SRBBA must reimburse DOT for all of the bridge's direct and indirect O&M costs. This liability is subordinate to all debt service, administrative costs, and repayment of the TFRTF loans. SRBBA has not reimbursed any of the O&M costs that DOT has incurred in relation to the bridge. As of June 30, 2017, the long-term liability owed to DOT under the LPA was $25.3 million. DOT projects that it will incur an additional $16.2 million of O&M costs over the next 11 years resulting in a total long-term liability of $41.5 million in 2028, the LPA's original termination date. However, DOT is committed to pay O&M expenses through the final payoff of the bonds, which is anticipated to extend beyond 2028. On January 21, 2009, the LPA was amended with DOT agreeing to pay certain administrative expenses of the SRBBA. The LPA amendment stipulates that SRBBA will reimburse DOT for all administrative expenses in the same manner that it is required to reimburse its accrued O&M expenses. Set forth below is an illustration of the annual O&M costs and cumulative costs expected to be paid by DOT pursuant to the LPA through 2028.[15]



Revenue Shortfalls, Toll Increases & Debt Default

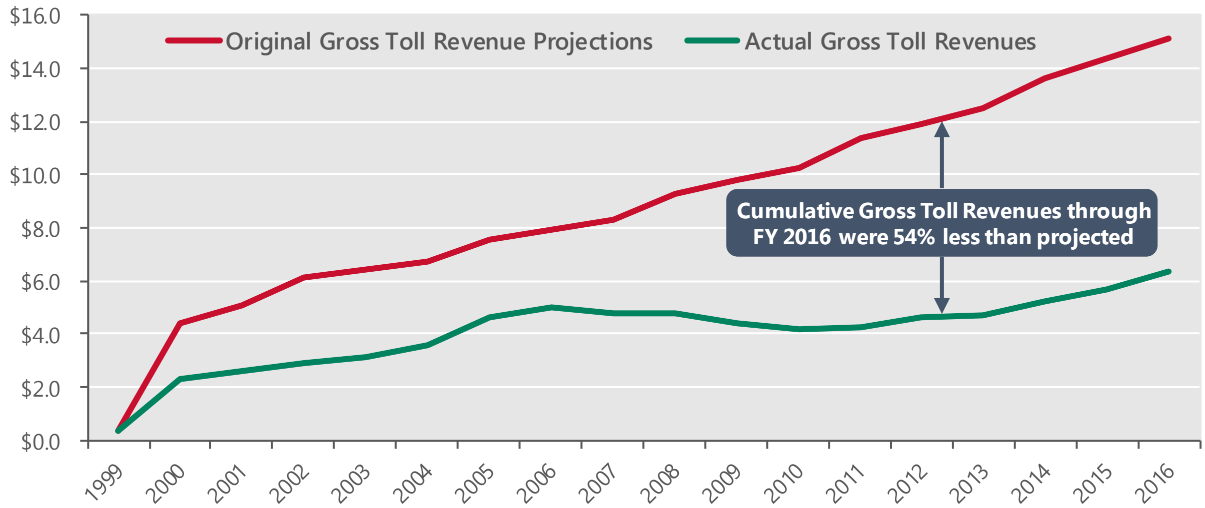
Immediately after the bridge opened to traffic, the bridge's traffic and gross toll revenues began to come in well below the estimates used to justify the project and structure the financing. By the end of

[13] Economic Feasibility Study, p. 14
[14] *Id.*
[15] *Id.*

Fiscal Year 2000, the average annual daily traffic was approximately 42 percent of the projected levels, and total annual toll revenues were approximately 54 percent of the original projections[16]

By June 30, 2000, it had become clear that the traffic consultant and SRBBA had significantly overestimated the bridge's traffic demand.

Santa Rosa Bay Bridge Authority
Original Gross Toll Revenue Projections vs
Actual Gross Toll Revenues by Fiscal Year
(in millions of dollars)



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Annual Shortfall	$0.0	$2.0	$2.5	$3.2	$3.3	$3.1	$3.0	$2.9	$3.5	$4.5	$5.4	$6.1	$7.1	$7.3	$7.8	$8.4	$8.8	$8.8
Cumulative Shortfall	$0.0	$2.1	$4.6	$7.8	$11.1	$14.2	$17.2	$20.1	$23.6	$28.2	$33.6	$39.6	$46.7	$54.0	$61.8	$70.2	$79.0	$87.8

On August 15, 2000, SRBBA received updated estimates showing that toll revenues for Fiscal Year 2001 would not be sufficient to meet the rate covenant required by the bond resolution. In the bond documents, SRBBA had agreed that if gross toll revenues were expected to be less than 120 percent of the current year's debt service, it would engage its traffic consultants to make recommendations regarding toll increases or any other revenue enhancing strategies. If SRBBA failed to comply with the traffic consultant's recommendations, the bonds would be in technical default. SRBBA engaged a traffic consultant, and its recommendations would be provided in 2001.[17]

In April 2001, SRBBA adopted a schedule of toll rate increases designed to maximize the bridge's toll revenues. The toll rate plan was developed because of its anticipated failure to meet its toll rate covenant in Fiscal Year 2001, and by accepting and implementing the plan, SRBBA was able to avoid a technical default on its bonds. The schedule called for a toll increase on July 1, 2001, with incremental toll increases every three years from Fiscal Years 2002 to 2020.[18]

[16] *Id.*
[17] *Id.* at 16
[18] *Id* at 17

GARCON POINT BRIDGE PROPOSED TOLL RATES

Fiscal Year	Toll Rate
1999	$2.00
2002	$2.50
2005	$3.00
2008	$3.50
2011	$3.75 (This is the current toll rate)
2014	$4.00
2017	$4.25
2020	$4.50

The proposed toll increases in 2002, 2005, and 2008 went into effect as planned, while the 2011 increase went into effect on January 1, 2011, following six months delay due to the Deepwater Horizon oil spill. However, SRBBA has not implemented the proposed toll increases for Fiscal Years 2014 and 2017 since there is no governing board or administrative body to authorize or implement the toll rate increase. The bridge's toll is currently $3.75.[19]

Draws on DSFR and Bond Default

In January 2002, SRBBA used its DSRF for the first time to make an interest payment. Funded with $9.2 million of bond proceeds, the DSRF provides additional security to bondholders and protect against revenue shortfalls. While using the DSRF did not constitute a technical default, the bond resolution required SRBBA to replenish any draws. However, replenishing the DSRF is subordinate to the payment of debt service. Given that toll revenues were insufficient to cover all of the required debt service, SRBBA was unable to replenish the DSRF. As a result, in February 2002, SRBBA officially entered into a technical default.

Through the first half of Fiscal Year 2005, SRBBA continued to draw on its DSRF to make its annual debt service payments, reducing the DSRF's balance of funds in the DSRF to $6.2 million.[20]

From Fiscal Year 2007 to 2010, gross toll revenues suffered annual declines coinciding with the economic recession. At the same time, the bond's annual debt service due grew each year due to the ascending debt service structure. By Fiscal Year 2011, its annual debt service was $2.6 million higher than its gross toll revenues, with that deficit continuing to grow in the years that followed.

On June 29, 2011, the bond trustee filed a material event notice indicating SRBBA did not have sufficient funds to make the July 1, 2011, debt service payment. As a result, the trustee withheld all funds and did not make the debt service payment. The notice also indicated that the trustee expected the payment default to continue indefinitely On July 1, 2011, there was a payment default on the bonds.[21]

In March 2012, the trustee disbursed the remaining $2.2 million in the DSRF fund making a pro-rata payment on interest that was due on July 1, 2011. While the trustee used the remaining DSRF to make this payment, it had not been utilizing the gross toll revenues that were being collected to make any payments on interest or principal coming due, and the trustee did not make the next three payments. Following those missed payments, the trustee received a request for acceleration from a majority of bondholders and all of the outstanding principal of the bonds was declared immediately due and payable on January 1, 2013. Following acceleration, the trustee has used all available gross toll revenues to make partial payments on each debt service payment date.[22]

[19] *Id.*
[20] *Id.* at 18
[21] *Id.*
[22] *Id.* at 18-19

Toll Increase Demand
In 2014, the bond trustee engaged a consultant to determine the optimal toll rates that would generate the highest revenues for bondholders. The consultant concluded that a toll increase would increase revenues, and proposed increasing cash tolls from $3.75 to $5.00 and SunPass[23] tolls from $3.75 to $4.00. It also recommended decreasing the SunPass discount for the bridge's frequent users from 50 percent to 25 percent. In November 2014, the bond trustee delivered to SRBBA's board its demand to raise tolls.[24]

In March 2015, with no board in place to authorize the toll increases, the trustee sent notice to DOT demanding that DOT immediately implement a toll increase in the amounts recommended by the trustee's consultant. In September 2015, following DOT's refusal to implement the requested toll increase, the bond trustee filed a notice stating that it would sue DOT to force the toll increase if a majority of bondholders agreed to cover the potential costs of litigation. The bond trustee never filed suit, and in August 2016, the trustee was replaced. To date, the new trustee has not filed litigation.[25]

Securities and Exchange Commission Investigation and Board Resignations
In November 2010, the Securities and Exchange Commission (SEC) sent a letter to the chair of SRBBA's board requesting that he appear for a deposition and provide the SEC with copies of SRBBA's records. After receiving the letter, the chairman resigned. At its December, 2010, board meeting, two additional board members resigned. In the weeks that followed, one additional board member resigned while another board member announced that he would not attend any future board meetings. By January 2011, SRBBA's board was unable to meet due to a lack of quorum. Over the next few months, the SEC's inquiry expanded, with additional requests for information sent to some of the former board members and a DOT staffer who was performing certain administrative functions pursuant to the LPA. SRBBA's attorney also received a letter from the SEC and resigned as a result.[26]

While the SEC has not publically disclosed the reason for its inquiry, it was potentially related to the SRBBA's ongoing failure to meet its continuing disclosure requirements, which have not been provided since Fiscal Year 2000.[27]

Financial Feasibility Report
In 2017, the Legislature required DOT, in consultation with the Division of Bond Finance (Division) to prepare an economic feasibility study related to a potential acquisition of the bridge by the Turnpike.[28]

<u>Analysis of Potential Acquisition</u>
As previously described, the bridge's traffic and revenues have significantly underperformed the original estimates. As a result, SRBBA is currently insolvent, with unpaid liabilities due to both bondholders and the state.[29]

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[23] SunPass is the Turnpike Enterprise's electronic toll collection system.
[24] Economic Feasibility Study, p. 19.
[25] *Id.*
[26] *Id.* at B-4
[27] *Id.*
[28] Chapter 2017-42, L O.F.
[29] Economic Feasibility Study, p. 21

Summary of SRBBA's Liabilities

Liability Amount	Liability
$7.9 Million	Outstanding TFRTF Loan as of June 30, 2017
$25.3 Million	Outstanding O&M Costs as of June 30, 2017
$33.2 Million	**Total Owed to DOT**
$135.2 Million	Total Amount Due to Bondholders as of July 1, 2017
$168.4 Million	**Total Long-term Liabilities**

State's Options
The Economic Feasibility Study identified the following three options for legislative consideration: maintain the status quo, tender a bond offer, or a direct acquisition of the bridge by the Turnpike.

STATUS QUO - Under the status quo scenario, DOT continues paying the bridge's O&M expenses under the LPA. All available gross toll revenues would continue to be transferred to the bond trustee, who would use the funds to pay as much of the debt service due on the bonds as possible. DOT is responsible for all of the bridge's O&M costs until the bonds are fully paid. Currently, DOT annually pays approximately $1.5 million of O&M expenses; with DOT estimating that it will grow to approximately $1.8 million per year by Fiscal Year 2027. This projection does not include amounts for capital renovations and repairs, which may be necessary as the bridge ages.[30]

DOT would see a growing annual financial obligation because it is not clear when, or if, toll revenues will be sufficient to fully pay the bonds. Assuming toll revenues grow at one-percent annually, the Division estimates that the bonds would not be fully paid until Fiscal Year 2050. Assuming DOT's O&M expenses grow at two-percent annually, DOT will accrue approximately $94 million in O&M costs by 2050. However, this may understate DOT's costs since the LPA requires DOT to make all necessary and proper repairs, renewals, and replacements so that the bridge remains operational.[31]

BOND TENDER OFFER - A bond tender offer is when a firm makes an offer to its bondholders to repurchase a predetermined number of bonds at a specified price and during a set period of time.[32] Options for a bond tender offer include engaging a broker-dealer to purchase bonds on the secondary market, purchasing bonds directly from bondholders, or a formal published offer to purchase all outstanding bonds. However, a bond tender offer is not likely to produce the lowest price and optimal result for the state and puts the state in a weak bargaining position. Additionally, it is unlikely that the state could purchase 100 percent of the bonds.[33]

DIRECT ACQUISITION OF THE BRIDGE - The Legislature could authorize the Turnpike to issue revenue bonds to purchase the bridge directly from bondholders at a negotiated price. With this option, the state would attempt to negotiate an agreeable purchase price limited to an amount that could be supported by the bridge's current revenues.[34]

If the Legislature determines that acquiring the bridge is desirable, it may also desire the state to take precautions to insulate the Turnpike and the state from financial liability. The Turnpike could base its offer on the amount of proceeds that could be generated by a Turnpike bond issue backed solely by the bridge's toll revenues. The bonds issued to fund the acquisition can be structured so that current toll

[30] *Id.* at 22
[31] *Id.* at 22
[32] *Id.*
[33] *Id.* at 23
[34] *Id.*

revenues provide at least 1.30x-1.50x debt service coverage.[35] This would shield the Turnpike from the risk that future toll revenue growth underperforms projections.[36]

The Turnpike would issue fixed-rate, current interest bonds with a traditional 10-year par call provision. The one exception to the State's Debt Management Policies that would be required is to extend the bond's final maturity. When refinancing debt, the state usually provides that the final maturity of the new debt is the same as the final maturity of the old debt. However, given the extraordinary circumstances, the Turnpike would need to issue new bonds with a 30-year final maturity. Depending on the acquisition's final timing, this would extend the final maturity by approximately 20 years. Prior to any acquisition, DOT would need to verify that the new final maturity does not extend beyond the bridge's anticipated useful life.[37]

Turnpike bonds proceeds will not be sufficient to pay off all of the outstanding bonds. The proposed 30-year, level debt service, 1.30x-1.50x cover Turnpike bonds would generate approximately $75 million to $100 million in gross proceeds.[38] The balance of the bonds currently due and payable is $135.2 million. This means the state's offer would represent a discount to bondholders of approximately $35.2 million to $60.2 million. Further, the $75 million to $100 million of proceeds is based on a bond issue sized using the bridge's gross toll revenues. Meaning that the state would also be committing to continue to incur the bridge's ongoing O&M costs.[39]

In order to pay off the remaining amount due to bondholders, the Turnpike could issue a subordinate limited obligation series of bonds, exclusively secured by the bridge's excess toll revenues; to the extent any excess toll revenues are available after payment of debt service on the senior lien Turnpike acquisition bonds. The subordinated limited obligation debt essentially would be non-recourse, and if there are no residual revenues available in any given year, there would be no payment and neither the Turnpike nor the state would be obligated to make such payment. Failure to make a payment on the subordinate limited obligation bond as a result of inadequate residual revenues would not constitute a default.[40]

Subordinate limited obligation bonds compensate existing bondholders for, and insulate the Turnpike from, the financial risks associated with the bridge. The subordinate bonds would serve to preserve the bondholder's position by requiring all tolls collected to be applied to their payment. If, in future years, the bridge's toll revenues see strong growth, the bondholders will have the right to all of those increased revenues until they have been made whole. After bondholders receive a sufficient amount of residual revenues, the subordinate limited obligation debt would be extinguished, and any further residual revenues could then be used to help cover ongoing O&M costs, reimburse DOT for previous O&M costs, and repay the outstanding TFRTF loans. However, there is no assurance that the residual revenues will be sufficient to pay off the subordinate limited obligation bonds, reimburse O&M costs, and repay the balance of the TFRTF loans prior to the exhaustion of the bridge's useful life. This means that the bondholders and the state may never be fully repaid.[41]

<u>Economic Feasibility</u>
Section 338.221(8), F.S., defines economic feasibility for turnpike projects. That statute defines "economic feasibility" as:

- For a proposed turnpike project, that, as determined by DOT before the issuance of revenue bonds for the project, the estimated net revenues of the proposed turnpike project, excluding feeder roads and turnpike improvements, will be sufficient to pay at least 50 percent of the annual debt service on the bonds associated with the project by the end of the 12th year of

[35] This means that the bridge's current revenues would represent at least 130 to 150 percent of the annual debt service requirements
[36] Economic Feasibility Study, p. 23
[37] *Id.* at 23-24
[38] This is based on DBF's October 2017 estimates.
[39] Economic Feasibility Study, p. 24.
[40] *Id.*
[41] *Id.*

operation and to pay at least 100 percent of the debt service on the bonds by the end of the 30th year of operation. In implementing this provision, up to 50 percent of the adopted work program costs of the project may be funded from turnpike revenues.

- For turnpike projects, except for feeder roads and turnpike improvements, financed from revenues of the turnpike system, such project, or such group of projects, originally financed from revenues of the turnpike system, that the project is expected to generate sufficient revenues to amortize project costs within 15 years of opening to traffic.

Proposed Changes

The bill provides that, subject to DOT's verification of economic feasibility, DOT may acquire the Garcon Point Bridge, including related assets, and as part of the acquisition may purchase outstanding SRBBA bonds. DOT may enter into any agreements necessary to implement the acquisition, including the purchase of SRBBA bonds, and may specify the terms and conditions thereof. Upon acquisition, the Garcon Point Bridge will become a part of the Florida Turnpike System. Pursuant to s. 11(f), Article VII of the State Constitution,[42] the issuance of revenue bonds to finance DOT's acquisition of the Garcon Point Bridge is approved.

The bonds would be issued pursuant to the State Bond Act[43] as are all Turnpike bonds. DOT would request that the Division issue the bonds. A resolution authorizing the issuance of the bonds would then need to be approved by the Governor and Cabinet, sitting as the Division's Governing Board. The fiscal sufficiency of the bonds would also need to be approved by the State Board of Administration. The documents relating to the sale of the bonds would then be prepared by Division staff and the bonds would be sold via competitive sale, all in accordance with DBF's normal execution protocols and policies.[44]

DOT's purchase price must first be used to settle all claims of bondholders of the Santa Rosa Bay Bridge Authority Revenue Bonds, Series 1996.

SRBBA, DOT, or the trustees for bondholders may not impose a toll rate increase in connection with DOT's acquisition of the bridge. Following any acquisition by DOT, an increase in tolls for use of the bridge is not permitted except as required by law[45] or as required to comply with the covenants contained in any resolution under which bonds have been issued.

DOT nor the state may incur any financial obligation for the acquisition of the Garcon Point Bridge in excess of forecasted gross revenues from the operation of the bridge. Therefore, DOT's total acquisition price may not exceed the present value of the gross revenues, calculated without any increase in the toll rate, anticipated to be collected from the operation of the bridge between the date of a purchase agreement and the end of the anticipated remaining useful life of the bridge as it exists as of the date of the purchase agreement.

Upon acquisition of the Garcon Point Bridge, the bill terminates the lease-purchase agreement between SRBBA and DOT dated October 23, 1996, as amended.

The bill also provides upon acquisition of the Garcon Point Bridge, the Santa Rosa Bay Bridge Authority Act in Part IV of Ch. 348, F.S., is repealed.

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[42] Section 11(f), Article VII of the State Constitution requires each project, building, or facility finance with revenue bonds to obtain legislative approval.
[43] Section 215.58 through 215.83, F.S.
[44] Email from Ben Watkins, Director, Division of Bond Finance, January 17, 2018. Copy on file with Transportation & Infrastructure Subcommittee.
[45] Section 338.165(3), F.S., requires DOT, including the Turnpike, to increase tolls to the Consumer Price Index at least once every five years.

B. SECTION DIRECTORY:

Section 1 provides for the acquisition of the Garcon Point Bridge by the Department of Transportation.

Section 2 provides for the repeal of the Santa Rosa Bay Bridge Authority.

Section 3 provides that the bill is effective upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   See fiscal comments below.

2. Expenditures:

   See fiscal comments below.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

See fiscal comments below.

D. FISCAL COMMENTS:

The bill, upon a finding of economic feasibility, authorizes DOT, through the Turnpike, to acquire the Garcon Point Bridge and purchase SRBBA's bonds. If the transaction comes to fruition, it will be a complex transaction where the state could issue millions in revenue bonds. Not knowing the details of the transaction, actual costs to the state are indeterminate and likely significant. However, as previously stated, the value of the bonds that may be issued is estimated to be between $75 million and $100 million based on a bond issue sized using the bridge's gross toll revenues.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill repeals the Santa Rosa Bay Bridge Authority upon the Turnpike's acquisition of the Garcon Point Bridge. However, there is nothing in the bill to indicate that the acquisition has taken place and the repeal is in effect.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES