2301 Maitland Center Parkway, Suite 300
Maitland, FL 32751
tel: 407 660-2552
fax: 407 875-1161

August 27, 2019

Ms. Susan Drotleff
Toll Facilities Operations Manager
Lee County Department of Transportation
1500 Monroe Street
Fort Myers, FL 33901

Subject: Semiannual Traffic and Toll Revenue Report – Fiscal Year 2019
Lee County Toll Facilities

Dear Ms. Drotleff:

CDM Smith is pleased to submit this Semiannual Traffic and Toll Revenue Report, addressing facility performance for the first half of Fiscal Year (FY) 2019, beginning October 1, 2018 and ending March 31, 2019. 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 prior report. Any changes in methodology or data sources will be noted in the document.

Total Transactions and Toll Revenue

Table 1 contains total transactions (including non-revenue and exempt transactions) for the three Lee County toll facilities over the first half of FY 2019, compared against total transactions from the same period in the previous fiscal year. As indicated, total system-wide transactions declined by 0.5 percent. Total transactions on all three Lee County toll facilities also declined over the same period in FY 2019. The largest decline occurred on the Sanibel Causeway, with a decrease of 2.3 percent over the first half of FY 2018. Total transactions on the Midpoint Memorial Bridge decreased by 0.3 percent compared to FY 2018 and total transactions on the Cape Coral Bridge remained the same as FY 2018. This decline in transactions can be partially attributed to new transponders issued by interoperability agencies not being recognized by the Lee County system. While this issue has been resolved, approximately 6,000 to 7,000 transactions were lost on the Cape Coral Bridge and approximately 5,000 to 6,000 transactions were lost on the Midpoint Memorial Bridge. The Sanibel Causeway was not affected by the new transponder issuance. Instead, the slow overall growth on the Sanibel Causeway can be attributed to the negative impacts of reductions in local tourism and industry related to water quality issues due to the blue-green algae blooms.

Table 1
Semiannual Total Transactions
(First Half, FY 2019 vs. FY 2018)

Facility	Total Transactions FY 2018	Total Transactions FY 2019	Percent Change
Midpoint Memorial Bridge	4,480,289	4,464,861	-0.3%
Cape Coral Bridge	4,387,013	4,388,618	0.0
Sanibel Causeway	1,788,542	1,748,287	-2.3
Total	**10,655,844**	**10,601,766**	**-0.5%**

Source: Lee County Transactions by Class and Payment Type Reports

Table 2 contains the total toll transactions (excluding non-revenue and exempt transactions) and toll revenues for the three Lee County toll facilities for the first half of FY 2019, compared against total toll transactions and toll revenues from the same period in FY 2018. As indicated, total toll transactions decreased by 0.5 percent. Total toll transactions decreased on all three facilities compared to the same period in FY 2018. The largest decrease of 2.2 percent occurred on the Sanibel Causeway.

Table 2
Semiannual Total Toll Transactions and Toll Revenues
(First Half, FY 2019 vs. FY 2018)

Facility	Toll Transactions FY 2018	Toll Transactions FY 2019	Percent Change	Toll Revenues FY 2018	Toll Revenues FY 2019	Percent Change	FY 2019 Average Toll Rate
Midpoint Memorial Bridge	4,440,737	4,424,659	-0.4%	$9,327,969	$9,219,979	-1.2%	$2.08
Cape Coral Bridge	4,364,817	4,366,155	0.0	8,706,576	8,680,004	-0.3	1.99
Sanibel Causeway	1,779,852	1,739,840	-2.2	9,103,881	8,857,279	-2.7	5.09
Total	**10,585,406**	**10,530,654**	**-0.5%**	**$27,138,426**	**$26,757,262**	**-1.4%**	**$2.54**

Source: Lee County Transactions by Class and Payment Type Reports; Lee County Excess Revenues

With respect to toll revenues, system-wide revenues for the first half of FY 2019 were approximately $26.8 million—a decrease of $381,164, or 1.4 percent compared with the first half of FY 2018. In general, the changes in revenue on individual facilities, as well as the overall total for the three facilities, mirrors the pattern in transactions. The Midpoint Memorial Bridge continues to be the largest contributor of overall system-wide revenue with a total of $9.2 million, while the Sanibel Causeway is close behind with $8.9 million for the first half of FY 2019.

From FY 2007 through FY 2011, systemwide transactions and revenues persistently declined, but at a diminishing rate. However, from FY 2012 through the first half of FY 2018, transactions and revenues increased year over year. These results reinforce the observation that conditions in the region have returned to a modest growth pattern after a period of decline that lasted several years. As previously mentioned, the slight decline during the first half of FY 2019 can be attributed to interoperability transponder issues and a decline in local tourism due to the negative impacts of blue-green algae in the Sanibel area.

Table 3 includes monthly toll transactions by individual facility over the first half of the current and preceding fiscal years. The Midpoint Memorial Bridge experienced a decline in transactions in November, December, and March. The Cape Coral Bridge experienced a decline in transactions in October, November, and December. The declines in October through December can partially be attributed to the new transponders issued by interoperability agencies not being recognized by the Lee County system. The decline in March can be attributed to one less weekday compared to the prior year. The Sanibel Causeway experienced a decline in transactions during the months of October, November, December, and February. January appears as the strongest month in terms of year-over-year growth on all three facilities. The slow overall growth on Sanibel Causeway can also be attributed to the negative impacts of poor water quality due to blue-green algae. The local tourism, hotel, and fishing guide industries were negatively impacted.

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. As mentioned above, it is important to note there was one less weekday in March 2019.

Table 3
Comparison of Total Toll Transactions for First Six Months
(First Half, FY 2019 vs. FY 2018)

	Midpoint Memorial Bridge			Cape Coral Bridge			Sanibel Causeway		
Month	FY 2018	FY 2019	Percent Change	FY 2018	FY 2019	Percent Change	FY 2018	FY 2019	Percent Change
October	740,635	746,867	0.8%	713,587	711,549	-0.3%	255,713	237,796	-7.0%
November	713,021	710,754	-0.3	703,073	695,098	-1.1	272,864	259,969	-4.7
December	742,237	723,573	-2.5	705,604	694,379	-1.6	285,194	274,660	-3.7
January	745,474	752,884	1.0	738,901	750,809	1.6	300,173	304,031	1.3
February	710,140	713,483	0.5	714,889	721,979	1.0	312,052	309,033	-1.0
March	789,230	777,098	-1.5	788,763	792,341	0.5	353,856	354,351	0.1
Total	**4,440,737**	**4,424,659**	**-0.4%**	**4,364,817**	**4,366,155**	**0.0%**	**1,779,852**	**1,739,840**	**-2.2%**

Source: Lee County Transactions by Class and Payment Type Reports

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/discount programs will influence the amount of total revenue collected, as can sales of subscriptions to discount and unlimited transaction programs. To illustrate how these trends have played out in FY 2019, this section reviews the 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. Additionally, the shifting market shares of particular vehicle classes and payment types.

Midpoint Memorial Bridge

The data in **Table 4** indicates a continuation in the shift toward full fare pay-as-you-go transactions on the Midpoint Memorial Bridge. Full Fare LeeWay transactions declined slightly by 0.5 percent and LeeWay Variable Discount transactions grew by 1.4 percent over the first six months of FY 2019. Cash transactions increased by 0.7 percent compared to the same period in FY 2018. Over the same period, LeeWay Reduced Fare transactions declined by 1.6 percent and Unlimited transactions declined by 3.5 percent. Also, motorcycle traffic declined by 5.8 percent or 815 transactions. This is the seventh 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 way multiple motorcycles were recorded. Lee County developed a software revision designed to automate the process with the goal of limiting errors and reducing unwarranted fluctuations in motorcycle counts. Also, there is some indication that motorcyclists may prefer using transponders and paying a higher toll to avoid stopping to pay cash at the toll plazas. This same trend has been seen on the Cape Coral Bridge and the Sanibel Causeway.

Table 5 shows each vehicle type and payment category from Table 4 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.

Table 4
Semiannual Transactions by Payment Type and Vehicle Class
Midpoint Memorial Bridge (First Half, FY 2019 vs. FY 2018)

Full Fare and Variable Pricing (2-Axle)	FY 2018	FY 2019	Change	% Change
Cash	1,651,684	1,663,173	11,489	0.7%
Full Fare LeeWay	1,029,183	1,023,548	-5,635	-0.5
Full Fare LeeWay Variable Discount	297,963	301,989	4,026	1.4
Subtotal – Full Fare and Variable	***2,978,830***	***2,988,710***	***9,880***	***0.3%***
LeeWay Discounted Programs (2-Axle Vehicles)				
LeeWay Reduced Fare	910,562	895,905	-14,657	-1.6
LeeWay Reduced Fare Variable Discount	256,348	255,359	-989	-0.4
Subtotal – Reduced Fare	***1,166,910***	***1,151,264***	***-15,646***	***-1.3%***
LeeWay Unlimited	197,109	190,171	-6,938	-3.5
Subtotal – LeeWay Discounted	***1,364,019***	***1,341,435***	***-22,584***	***-1.7%***
All Vehicles				
Subtotal – 2-Axle Vehicles	***4,342,849***	***4,330,145***	***-12,704***	***-0.3%***
Motorcycles	14,143	13,328	-815	-5.8
3+ Axle Vehicles	83,745	81,186	-2,559	-3.1
Subtotal – Toll-Paying Traffic	***4,440,737***	***4,424,659***	***-16,078***	***-0.4%***
Exempt/Nonrevenue	39,552	40,202	650	1.6
Total	**4,480,289**	**4,464,861**	**-15,428**	**-0.3%**

Source: Lee County Transactions by Class and Payment Type Reports

Table 5
Percent of Total Transactions by Payment Type and Vehicle Class
Midpoint Memorial Bridge (First Half, FY 2019 vs. FY 2018)

Full Fare and Variable Pricing (2-Axle)	FY 2018	FY 2019	Change in Market Share
Cash	36.9%	37.3%	0.4%
Full Fare LeeWay	23.0	22.9	0.0
Full Fare LeeWay Variable Discount	6.7	6.8	0.1
Subtotal – Full Fare and Variable	**66.5%**	**66.9%**	**0.5%**
LeeWay Discounted Programs (2-Axle Vehicles)			
LeeWay Reduced Fare	20.3	20.1	-0.3
LeeWay Reduced Fare Variable Discount	5.7	5.7	0.0
Subtotal – Reduced Fare	**26.0%**	**25.8%**	**-0.3%**
LeeWay Unlimited	4.4	4.3	-0.1
Subtotal – LeeWay Discounted	**30.4%**	**30.0%**	**-0.4%**
All Other Vehicles			
Subtotal – 2-Axle Vehicles	**96.9%**	**97.0%**	**0.1%**
Motorcycles	0.3	0.3	0.0
3+ Axle Vehicles	1.9	1.8	-0.1
Subtotal – Toll-Paying Traffic	**99.1%**	**99.1%**	**0.0%**
Exempt/Nonrevenue	0.9	0.9	0.0
Total	**100.0%**	**100.0%**	

Source: Lee County Transactions by Class and Payment Type Reports

The first six months of FY 2019 saw continued reductions in market share under the various prepaid discount programs. The pay-as-you-go LeeWay market share grew by an equal amount. Cash and LeeWay Reduced Fare transactions continue to represent nearly two thirds of all transactions.

Due to the continuing shift away from discount programs toward Full Fare LeeWay transactions, overall market share among payment types has continued to change. Overall, Full Fare LeeWay transactions saw no change in market share. The decline in discount program market share 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 last year.

Cape Coral Bridge

Table 6 contains the same detailed transaction data for the Cape Coral Bridge. The strongest growth occurred in the LeeWay Variable Discount pricing category, which experienced growth of 3.9 percent. Full Fare LeeWay transactions experienced growth of 1.2 percent. Cash transactions increased by 1.0 percent compared to FY 2018. LeeWay Reduced Fare and LeeWay Reduced Fare Variable Discount transactions decreased by 2.3 percent and 1.3 percent, respectively. LeeWay Unlimited transactions during the six-month period also declined by 3.0 percent. Motorcycle transactions decreased on the facility during the first six months of FY 2019 by 1.9 percent.

Table 6
Semiannual Transactions by Payment Type and Vehicle Class
Cape Coral Bridge (First Half, FY 2019 vs. FY 2018)

Full Fare and Variable Pricing (2-Axle)	FY 2018	FY 2019	Change	% Change
Cash	1,525,930	1,541,883	15,953	1.0%
Full Fare LeeWay	932,089	943,652	11,563	1.2
Full Fare LeeWay Variable Discount	272,128	282,606	10,478	3.9
Subtotal – Full Fare and Variable	***2,730,147***	***2,768,141***	***37,994***	***1.4%***
LeeWay Discounted Programs (2-Axle Vehicles)				
LeeWay Reduced Fare	986,101	963,903	-22,198	-2.3
LeeWay Reduced Fare Variable Discount	288,168	284,457	-3,711	-1.3
Subtotal – Reduced Fare	***1,274,269***	***1,248,360***	***-25,909***	***-2.0%***
LeeWay Unlimited	281,026	272,553	-8,473	-3.0
Subtotal – LeeWay Discounted	***1,555,295***	***1,520,913***	***-34,382***	***-2.2%***
All Vehicles				
Subtotal – 2-Axle Vehicles	***4,285,442***	***4,289,054***	***3,612***	***0.1%***
Motorcycles	22,292	21,877	-415	-1.9
3+ Axle Vehicles	57,083	55,224	-1,859	-3.3
Subtotal – Toll-Paying Traffic	***4,364,817***	***4,366,155***	***1,338***	***0.0%***
Exempt/Nonrevenue	22,196	22,463	267	1.2
Total	**4,387,013**	**4,388,618**	**1,605**	**0.0%**

Source: Lee County Transactions by Class and Payment Type Reports

Table 7 includes the distribution of transactions between the various vehicle type and payment categories. Full Fare categories collectively gained 0.8 percentage points of market share, counteracted by declines in the shares of transactions in all other 2-axle vehicle categories. 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).

Table 7
Percent of Total Transactions by Payment Type and Vehicle Class
Cape Coral Bridge (First Half, FY 2019 vs. FY 2018)

Full Fare and Variable Pricing (2-Axle)	**FY 2018**	**FY 2019**	**Change in Market Share**
Cash	34.8%	35.1%	0.4%
Full Fare LeeWay	21.2	21.5	0.3
Full Fare LeeWay Variable Discount	6.2	6.4	0.2
Subtotal – Full Fare and Variable	**62.2%**	**63.1%**	**0.8%**
LeeWay Discounted Programs (2-Axle Vehicles)			
LeeWay Reduced Fare	22.5	22.0	-0.5
LeeWay Reduced Fare Variable Discount	6.6	6.5	-0.1
Subtotal – Reduced Fare	**29.0%**	**28.4%**	**-0.6%**
LeeWay Unlimited	6.4	6.2	-0.2
Subtotal – LeeWay Discounted	**35.5%**	**34.7%**	**-0.8%**
All Other Vehicles			
Subtotal – 2-Axle Vehicles	**97.7%**	**97.7%**	**0.0%**
Motorcycles	0.5	0.5	0.0
3+ Axle Vehicles	1.3	1.3	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%**	

Source: Lee County Transactions by Class and Payment Type Reports

Sanibel Causeway

Table 8 presents Sanibel Causeway transactions over the first half of FY 2019 by vehicle type and payment category. Both Full Fare LeeWay and Cash transactions declined among two-axle vehicles by 1.7 percent. This was a slower decline than the LeeWay Discounted Programs, which decreased by an average of 2.6 percent among two-axle vehicles, as compared to the same period in FY 2018. Transactions from three-or-more-axle vehicles also declined significantly, by 7.4 percent over FY 2018. Motorcycle transactions were the only category that increased in FY 2019, with transactions growing by 3.9 percent.

The reductions in transactions on the Sanibel Causeway are primarily due to the negative impacts from water quality from blue-green algae blooms in FY 2019. These blooms negatively impacted the local tourism, hotel, and fishing guide industries.

Table 8
Semiannual Transactions by Payment Type and Vehicle Class
Sanibel Causeway (First Half, FY 2019 vs. FY 2018)

Full Fare (2-Axle)	FY 2018	FY 2019	Change	% Change
Cash	617,315	607,014	-10,301	-1.7%
Full Fare LeeWay	260,909	256,448	-4,461	-1.7
Subtotal – Full Fare	***878,224***	***863,462***	***-14,762***	***-1.7%***
LeeWay Discounted Programs (2-Axle Vehicles)				
LeeWay Reduced Fare	458,362	449,443	-8,919	-1.9
LeeWay Unlimited	400,267	386,486	-13,781	-3.4
Subtotal – LeeWay Discounted	***858,629***	***835,929***	***-22,700***	***-2.6%***
All Vehicles				
Subtotal – 2-Axle Vehicles	***1,736,853***	***1,699,391***	***-37,462***	***-2.2%***
Motorcycles	5,704	5,925	221	3.9
3+ Axle Vehicles	37,295	34,524	-2,771	-7.4
Subtotal – Toll-Paying Traffic	***1,779,852***	***1,739,840***	***-40,012***	***-2.2%***
Exempt/Nonrevenue	8,690	8,447	-243	-2.8
Total	**1,788,542**	**1,748,287**	**-40,255**	**-2.3%**

Source: Lee County Transactions by Class and Payment Type Reports

The relative stability in transactions by vehicle class and payment type is also reflected in terms of market share, as shown in **Table 9**. Despite the 1.7 percent decrease in total transactions in the Full Fare category, that category's market share increased by 0.3 percent. This is due, in part, to the slightly greater reduction (2.6 percent) in LeeWay Discount Program transactions. 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 (22.1 percent) than on the Midpoint Memorial (4.3 percent) or Cape Coral (6.2 percent) Bridges. This is likely due to the fact that residents of Sanibel Island must use the bridge to access the mainland and therefore buy passes to receive unlimited use of the facility, while the motorists on the other bridges can either use U.S. 41 as a toll-free diversion or simply remain on their side of the Caloosahatchee River.

Table 9
Percent of Total Transactions by Payment Type and Vehicle Class
Sanibel Causeway (First Half, FY 2019 vs. FY 2018)

Full Fare (2-Axle)	FY 2018	FY 2019	Change in Market Share
Cash	34.5%	34.7%	0.2%
Full Fare LeeWay	14.6	14.7	0.1
Subtotal – Full Fare	**49.1%**	**49.4%**	**0.3%**
LeeWay Discounted Programs (2-Axle Vehicles)			
LeeWay Reduced Fare	25.6	25.7	0.1
LeeWay Unlimited	22.4	22.1	-0.3
Subtotal – LeeWay Discounted	**48.0%**	**47.8%**	**-0.2%**
All Other Vehicles			
Subtotal – 2-Axle Vehicles	**97.1%**	**97.2%**	**0.1%**
Motorcycles	0.3	0.3	0.0
3+ Axle Vehicles	2.1	2.0	-0.1
Subtotal – Toll-Paying Traffic	**99.5%**	**99.5%**	**0.0%**
Exempt/Nonrevenue	0.5	0.5	0.0
Total	**100.0%**	**100.0%**	

Source: Lee County Transactions by Class and Payment Type Reports

Discount Program Sales

The Discount Program sales figures and associated revenues over the first half of FY 2019 and FY 2018 are presented in **Table 10**. As shown, the total volume of programs sold in FY 2019 increased but by a very small number, representing no significant change over FY 2018. Looking at the specific programs that were sold, there was a reduction in Annual Unlimited Pass sales and an increase in Annual Reduced Fare Pass sales across all facilities. This suggests that the relative value (cost per transaction) of the Unlimited Passes has decreased compared to the Reduced Fare Passes, possibly due to a reduction in customer trip frequency. This is consistent with the slight reduction in transactions observed across the facilities in FY 2019.

As a result of the shift in the types of passes purchased, program sales revenue decreased by 0.8 percent, or $44,494, a relatively small amount. It should be noted that these trends will likely continue through the rest of FY 2019, since most program sales typically occur during the first half of the fiscal year, i.e., during the months of October through March.

Violations

Table 11 contains a summary of the total monthly toll violations for the first six months of FY 2019 as compared to the same period in FY 2018. As shown, violation rates increased from 5.0 percent of total transactions in FY 2018 to 6.1 percent of total transactions in FY 2019. In FY 2019, monthly violation rates ranged between a low of 5.7 percent in March to a high of 6.3 percent in October. It is important to note the percentages included in Table 11 reflect 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 2019 increased by 22.4 percent compared to the same period in FY 2018, or from 526,150 to 644,045. The increase in violations may be partially related to the new transponders issued by interoperability agencies not being recognized by the Lee County system.

The number of violations which were "coded off" due to unreadable license plate images is presented in **Table 12**. It is assumed 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 decreased slightly when comparing the first six months of FY 2019 to FY 2018. During the first half of FY 2019, 0.59 percent of all transactions were "coded off", as compared to 0.57 percent during the same period in FY 2018. Overall, "code offs" increased by 2.9 percent, while total violations (as shown in Table 11) increased by 22.4 percent. Thus, despite the increase in violations, the resulting collection percentage only declined slightly. This illustrates that such transactions still represent an almost negligible share of overall traffic on the three Lee County DOT Toll Facilities.

Table 10
Comparison of Semiannual Program Sales/Revenue
(First Half, FY 2019 vs. FY 2018)

Program Description	Program Count (October - March)			Program Revenue (October-March)		
	FY 2018	FY 2019	Change	FY 2018	FY 2019	Change
Sanibel Annual Unlimited	3,110	3,058	-52	$1,157,309	$1,140,999	-$16,311
Sanibel Annual Reduced Fare	10,056	10,120	64	626,752	630,604	3,853
Sanibel Semi-Annual Nov through Apr Unlimited	96	73	-23	27,500	20,550	-6,950
Sanibel Semi-Annual Nov through Apr Reduced Fare	2,131	2,094	-37	103,075	101,150	-1,925
Sanibel Semi-Annual May through Oct Unlimited	0	0	0	0	0	0
Sanibel Semi-Annual May through Oct Reduced Fare	0	1	1	0	50	50
Cape/Midpoint Annual Unlimited	3,376	3,325	-51	998,881	987,769	-11,112
Cape/Midpoint Annual Reduced Fare	41,231	41,523	292	1,505,334	1,516,040	10,707
Cape/Midpoint Semi-Annual Nov through Apr Unlimited	139	119	-20	24,212	21,756	-2,456
Cape/Midpoint Semi-Annual Nov through Apr Reduced Fare	2,732	2,631	-101	62,232	59,844	-2,388
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	568	533	-35	399,806	378,217	-21,589
Combination Annual Reduced Fare	4,290	4,336	46	434,955	439,944	4,989
Combination Semi-Annual Nov through April Unlimited	25	15	-10	11,840	7,168	-4,672
Combination Semi-Annual Nov through April Reduced Fare	379	337	-42	27,084	24,050	-3,034
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	93	93	0	34,654	34,497	-157
Dual Semi-Annual Nov through April Sanibel CD & Cape/Mid FF	2	1	-1	500	250	-250
Dual Semi-Annual May through Oct Sanibel CD & Cape/Mid FF	0	0	0	0	0	0
Dual Annual Sanibel FF - Cape/Midpoint CD	168	184	16	71,685	78,436	6,751
Dual Semi-Annual Nov through April Sanibel FF & Cape/Mid CD	0	0	0	0	0	0
Dual Semi-Annual May through Oct Sanibel FF & Cape/Mid CD	0	0	0	0	0	0
Total	**68,396**	**68,443**	**47**	**$5,485,818**	**$5,441,324**	**-$44,494**

Source: Lee County FY 2018-2019 Discount Program Monthly Data

Table 11
Systemwide Violation Percentage
(First Half, FY 2019 vs. FY 2018)

	FY 2018			FY 2019		
Month	Total Traffic	Total Violations	% Violations	Total Traffic	Total Violations	% Violations
October	1,709,935	89,568	5.2%	1,696,212	106,025	6.3%
November	1,688,958	85,738	5.1	1,665,821	103,076	6.2
December	1,733,035	88,307	5.1	1,692,612	103,656	6.1
January	1,784,548	85,978	4.8	1,807,724	112,602	6.2
February	1,737,081	81,506	4.7	1,744,495	108,548	6.2
March	1,931,849	95,053	4.9	1,924,060	110,138	5.7
Total	**10,585,406**	**526,150**	**5.0%**	**10,530,924**	**644,045**	**6.1%**

Source: Lee County FY 2018-2019 Violation Summary Report

Table 12
Systemwide Collection Percentage
(First Half, FY 2019 vs. FY 2018)

	FY 2018			FY 2019		
Month	Total Traffic	VES Code Offs	Collection %	Total Traffic	VES Code Offs	Collection %
October	1,709,935	8,810	99.48%	1,696,212	9,615	99.43%
November	1,688,958	8,759	99.48	1,665,821	9,608	99.42
December	1,733,035	9,102	99.47	1,692,612	9,545	99.44
January	1,784,548	8,938	99.50	1,807,724	11,680	99.35
February	1,737,081	11,315	99.35	1,744,495	10,339	99.41
March	1,931,849	13,052	99.32	1,924,060	10,941	99.43
Total	**10,585,406**	**59,976**	**99.43%**	**10,530,924**	**61,728**	**99.41%**

Source: Lee County FY 2018-2019 Violation Summary Report

Competing and Contributing Routes

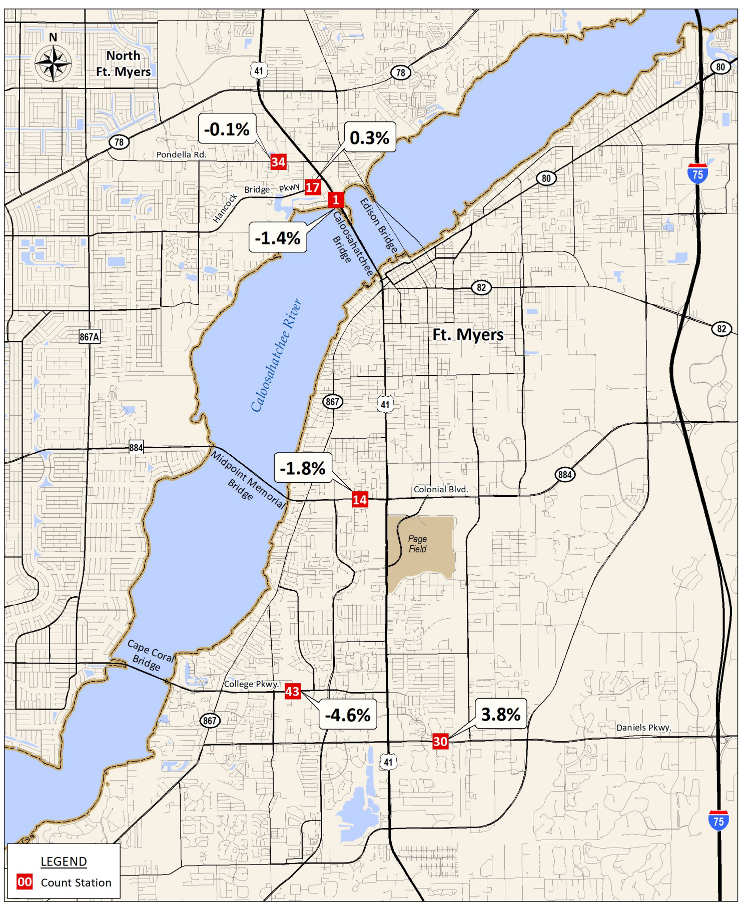
A comparison of traffic volumes for a selection of other locations in the region is presented in **Table 13** and **Figure 1**. Note that due to limited availability of data, the values presented in the following tables and figures only cover October through December. Overall, traffic across the region has decreased by 1.4 percent when compared with the same period in the previous fiscal year, with four of six locations registering year-over-year decreases. This is consistent with the overall year-over-year changes in transactions observed on the three Lee County DOT Toll Facilities. However, it is unclear whether the variation in these decreases in traffic (seen in Table 13) are due to a region wide decrease in travel demand, or other more local factors, such as construction impacts or changes in travel patterns.

Table 13
Comparison of Average Daily Traffic on Competing and Contributing Routes
(October – December 2019 vs. 2018)

Count Station #	Road/Facility	FY 2018	FY 2019	Percent Change
43	College Parkway	38,588	36,832	-4.6%
14	Colonial Boulevard	57,765	56,708	-1.8
30	Daniels Parkway	49,912	51,787	3.8
17	Hancock Bridge Parkway	22,420	22,493	0.3
34	Pondella Road	21,441	21,428	-0.1
1	Caloosahatchee Bridge - U.S. 41	45,410	44,795	-1.4

Source: Traffic Count Reports, 2018 and 2019, Lee County DOT

Figure 1
Percent Change in Traffic Volume on Competing and Contributing Routes
(October – December 2019 vs. 2018)



Events Influencing Toll Transactions and Revenue

There have not been any other major events or incidents that would have had a serious impact on Lee County DOT Toll Facility traffic and revenue through the first half of FY 2019. However, the following events, incidents, and construction activities were identified as having some potential impact:

- On November 11, 2018, the Midpoint Memorial Bridge was closed to traffic from 6:00 pm until 8:30 pm for a Veterans Day race.
- On December 20, 2018, the Midpoint Memorial Bridge was closed to traffic from 6:40 pm until 8:45 pm due to weather related accidents

Socioeconomic Factors

Socioeconomic trends are a significant driver of overall travel demand in the 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 contains the total number of housing units for which new building permits were issued during the first half of Fiscal Years 2007 through 2019. As shown, new home construction declined by over 90 percent from 2007 through 2009, when the housing market collapse was at its worst. Since 2009, new housing permits have increased by 815.0 percent as of the first half of FY 2019. New units permitted in the first half of FY 2019 increased significantly by 29.1 percent compared to the period in FY 2018. During the six-month period, year-over-year growth ranged from a high of 61.3 percent in December to a decline of 11.2 percent in March. New permits remain 10.4 percent below FY 2007, prior to the housing market collapse. Current trends suggest additional year-over-year declines in new housing permits may occur, although it is unclear whether this is due to FY 2019 housing construction being "frontloaded" or due to larger economic concerns.

Table 14
Permitted New Housing Units – Cape Coral/Ft. Myers
(First Half, FY 2007 through FY 2019)

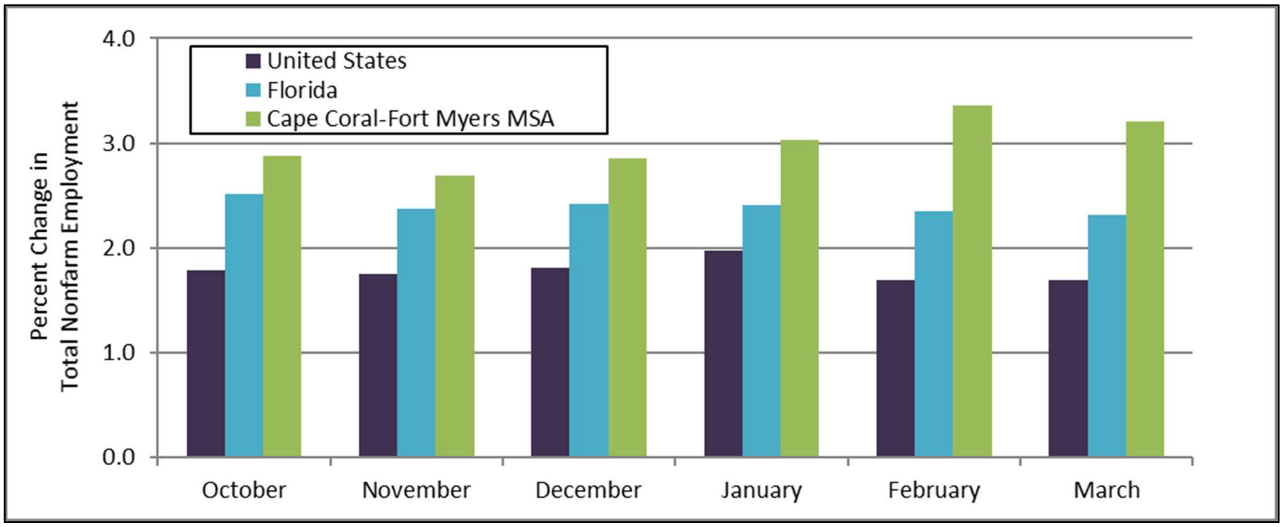
	Total Units Permitted													Percent Change		
Month	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 07 - FY 09	FY 09 - FY 19	FY 18 - FY 19
October	908	240	143	76	77	121	186	246	300	430	572	790	1,079	-84.3%	654.5%	36.6%
November	654	108	59	63	85	355	136	201	242	422	537	459	732	-91.0%	1140.7%	59.5%
December	582	69	75	62	78	76	158	363	309	550	349	447	721	-87.1%	861.3%	61.3%
January	705	220	48	106	85	97	143	373	674	339	796	550	761	-93.2%	1485.4%	38.4%
February	684	136	65	147	73	138	240	266	497	318	507	486	450	-90.5%	592.3%	-7.4%
March	1172	100	71	115	148	180	248	377	619	465	510	535	475	-93.9%	569.0%	-11.2%
Total	**4705**	**873**	**461**	**569**	**546**	**967**	**1,111**	**1,826**	**2,641**	**2,524**	**3,271**	**3,267**	**4,218**	**-90.2%**	**815.0%**	**29.1%**

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, one in every 1,926 homes received a new foreclosure filing in July 2019, according to real estate website RealtyTrac. This rate decreased compared with a year ago, when home foreclosures filings occurred at a rate of one in 1,375 homes per month. It is also lower than the statewide average of one in 1,391, and slightly higher than the national rate of one in 2,652. By comparison, the monthly Lee County new foreclosure filing rate at the time of the FY 2008 Semiannual Report, during the height of the most recent recession, was one in 90.

Regional employment statistics are another excellent indicator of the general economic health of the region. **Figure 2** contains 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 2019 compared to the same period in FY 2018. The results show during all months, employment growth in Florida and the region have both outpaced national growth.

Figure 2
Change in Total Nonfarm Employment (not seasonally adjusted)
(First Half, FY 2019 vs. FY 2018)



Source: U.S. Bureau of Labor Statistics

Budget and Performance to Date

Lee County financial information for the first six months of FY 2019 is presented in **Tables 15** and **16**. 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 2019. Table 15 contains gross toll revenues through March 2019, compared against the annual revenue estimate from the Lee County Financial Budget Status (FBS) report as of March 31, 2019.

As shown in **Table 15**, gross toll revenues in FY 2019 are on pace to meet the annual budgeted revenues, as systemwide revenues over the first six months of the fiscal year have amounted to 57.1 percent of the total annual budgeted amount. This is comparable to the actual vs. budgeted revenue trends seen in prior years. Performance versus the budget has been similar on each of the three individual facilities, with revenue as a percentage of the budget ranging from 55.0 to 58.5 percent. Revenue from LeeWay operations, derived primarily from transponder sales, totaled 66.8 percent of the budgeted total for the fiscal year.

Table 15
Estimated and Actual Gross Toll Revenues, FY 2019
($000)

Facility	Estimated Annual Revenue (Current Budget)[1]	Gross Toll Revenue Year-to-Date	Year-to-Date Percent Variance from Budget[1]
Midpoint Memorial Bridge	$15,200	$8,899	58.5%
Cape Coral Bridge	15,200	8,359	55.0
Sanibel Causeway	15,300	8,697	56.8
LeeWay Operations	1,200	802	66.8
Total	**$46,900**	**$26,757**	**57.1%**

(1) Values based on the 3/31/2019 Lee County Financial Budget

Table 16 contains actual and estimated FY 2019 expenditures for the three Lee County Toll Facilities. Year-to-date operating expenses and budgeted expenses have been included in the comparison. As illustrated in Table 16, expenditures-to-date for the first half of FY 2019 are less than 50.0 percent of annual budgeted values, indicating Lee County is on pace to finish the fiscal year at or under budget in terms of expenditures. This is comparable to the actual vs. budgeted expenses trends seen in prior years. It should be noted 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 2019
($000)

Facility	Estimated Annual Expenses (Current Budget)[1]	Operating Expense Year-to-Date	Year-to-Date Percent Variance from Budget[1]
Midpoint Memorial Bridge	$3,069	$1,410	45.9%
Cape Coral Bridge	$3,174	$1,420	44.7
Sanibel Causeway	$2,327	$979	42.1
LeeWay Operations	$3,325	$1,406	42.3
Total	**$11,895**	**$5,215**	**43.8%**

(1) Values based on the 3/31/2019 Lee County Financial Budget Status

* * *

CDM Smith would like to take this opportunity to thank Lee County for their input and valuable contributions to this report. We trust 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,

CDM Smith

Hugh W. Miller, Jr.

Jennifer T. Bleau

Hugh W. Miller, Jr. P.E., PhD
Vice President

Jennifer T. Bleau, PMP
Project Manager

Disclaimer:

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