

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

This bill does not appear to implicate any of the House principles.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

Pinellas Bayway

The Pinellas Bayway consists of a series of causeways and bridges providing a connection between St. Petersburg Beach, Fort DeSoto Park and I-275 in south St. Petersburg.

Toll rates and the general public annual pass have not changed since 1986. Current toll rates are \$0.50 for the eastern and western toll plazas, \$0.35 for the south toll plaza, and \$50 for the general public's annual pass on the Pinellas Bayway System. In addition to these toll rates, Bayway Isle residents may purchase a Bayway Isle annual pass for \$15 annually, allowing them unlimited passage through the northeast toll plaza only. This discount was authorized at the time of the original construction of the facility. In FY 2007, total revenues amounted to approximately \$3.7 million on the Pinellas Bayway System.

The current toll structure is:



Currently, there are 11,274 General Pass holders and 731 Residential Pass holders.

There are no bonds outstanding backed by toll revenues of this facility¹. Revenues after the cost of operations are being accumulated along with interest earnings for projects in Pinellas County in accordance with Ch. 85-364, L.O.F., as amended by Ch. 95-382, L.O.F. These accumulated funds were used for the construction of Blind Pass Road and State Road 699 improvements. Currently, these funds are being used for the construction of Phase II of the Pinellas Bayway improvements in accordance with the law.

Section 338.165, F.S., provides legislative authority to issue bonds to fund transportation projects located within the county or counties in which the project is located. Ch. 85-364, L.O.F., as amended by Ch. 95-382, L.O.F., requires that toll revenues in excess of operation expenses is first to be utilized to pay for construction costs of the Blind Pass Road Project and Phase II prior to repaying long-term debt. STTF pays all maintenance expenses and resurfacing and rehabilitation costs and records them as long-term debt¹.

¹ Florida Department of Transportation's Bond Financing report dated December 2006.

Department of Transportation Tolling Authority

The Department of Transportation is required by s. 338.165, F.S., to index toll rates on existing toll facilities to the annual Consumer Price Index or similar inflation indicators. Toll rate adjustments for inflation under current law are to be made no more frequently than once a year and must be made no less frequently than once every 5 years as necessary to accommodate cash toll rate schedules. Toll rates may be increased beyond these limits as directed by bond documents, covenants, or governing body authorization or pursuant to department administrative rule.

Proposed Changes

The bill repeals Ch. 85-364, L.O.F., as amended by Ch. 95-982, L.O.F. House Bill 287 would allow the department to establish appropriate toll rates through the current toll-setting authority as set forth in s. 338.165, F.S.

The additional revenue from the increased tolls would be used to finance the construction of the Pinellas Bayway and Tierra Verde bridges. The department has proposed a toll rate schedule to provide the required financing of \$179.6 million to replace both drawbridges and complete minor toll plaza upgrades. Replacing both drawbridges with higher bridges that do not open for boats will improve hurricane evacuation capability and accessibility in the area.

The proposed toll rate increase would go into effect beginning in FY 2009.

C. SECTION DIRECTORY:

Section 1. Repeals Ch. 85-364, L.O.F., as amended by Ch. 95-982, L.O.F., relating to the collection of tolls on the Pinellas Bayway and the use of toll revenues.

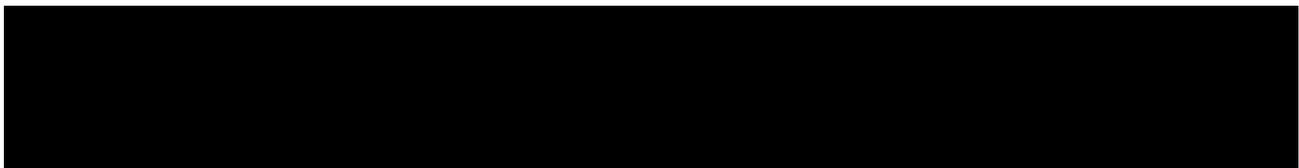
Section 2. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The estimated revenue impact for fiscal year 2008-09 is \$3.5 million and for fiscal year 2009-10 the estimate is \$3.7 million. The revenues generated from increased tolls will be used as debt service payments on \$122 million in bond sales. The planned toll increases are as follows:



2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

Local governments would be impacted to the extent that they pay tolls to conduct their normal business. The effect would be that toll costs for local governments using the Pinellas Bayway System would increase to the levels shown in section A.1. above. However, the construction of the Pinellas Bayway and Tierra Verde bridges, which would be financed by the increased tolls, would aid local governments during hurricane evacuations and other types of emergencies.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The current general public private sector users of the Pinellas Bayway System would pay higher tolls to use the facility. However, the increased revenue used to finance the Pinellas Bayway and Tierra Verde bridges would increase capacity on the Pinellas Bayway System and improve accessibility to the area.

The residents of Bayway Isles, who currently pay an annual toll of \$15 dollars to travel through the eastern terminus of the bridge, would be required to pay tolls as shown in section A.1. above.

D. FISCAL COMMENTS:

According to DOT, there are currently \$58 million in available revenues. The total cost of constructing the new Pinellas Bayway and Tierra Verde bridges as well as the toll plaza upgrades is approximately \$180 million. The planned increase in tolls will allow the department to fund the remaining \$122 million by issuance of bonds backed by the revenues from the increase in tolls.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

3. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

The residents of Bayway Isles currently pay \$15 to travel through the eastern terminus of the bridge.

The residents of Terre Verde currently pay a rate of \$50 for their pass and have expressed displeasure with the fact that the residents of Bayway Isles have a \$15 pass rate.

It is unclear whether litigation could result from either maintaining the different rates for annual passes depending upon where the pass holder resides or from eliminating the lower rate which was created as part of a right-of-way settlement negotiated at the time the Pinellas Bayway was originally constructed in 1985.

DOT indicates that all right-of-way bonds issued for this construction have been satisfied and that very few of the residents included in the original agreement continue to reside in Bayway Isles. In addition, DOT has stated that if the residents of Bayway Isles initiate litigation and prevail, the increased toll estimated from the 731 current \$15 pass holders will not impair the planned projects if it does not materialize.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES