



TAMPA BAY BANKRUPTCY CENTER, P.A.

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Florida Toll Bridge May Go Bankrupt

The \$95 million Garcon Point Bridge stretches over East Bay in Santa Rosa County. It is in danger of defaulting on its debts and its ownership might be taken from the Santa Rosa Bay Bridge Authority. Senator Don Gaetz intends to bring up the matter of the bridge in the legislative session with the new Secretary of the Florida Department of Transport.

When the owner of the bridge declares bankruptcy, there are basically 3 options:

1. Allow the ownership of the bridge to be transferred to the bondholders for them to decide what to do with the bridge.
2. The state takes over the ownership of the bridge from the bondholders at a discount.
3. The state bails out the bondholders and takes over the millions of dollars of debt.

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In 1996, the bridge's governing authority took out almost \$95 million in bonds for its construction on the advice of a San Francisco agency called URS Greiner Woodward Clyde. Subsequently, a \$7.5 million loan from the Department of Transport was added to the original debt not long after.

The bonds were considered high risk and neither Santa Rosa County nor the state of Florida could underwrite them.

The financing was arranged such that only toll collections could be used to repay the debt. It was expected that 6,000 vehicles would cross the bridge daily in its first year of operation and the toll rate was set at \$2 per vehicle each way. But the projection was way over the actual usage of the bridge as only about 3,500 vehicles crossed it per day in its first year in 1999. The bridge authorities anticipated that by 2002, the number of vehicles would increase to as many as 8,200 per day. It never did.

In 2001, the toll rate was raised to \$2.50 as the bridge authorities struggled to maintain the bridge and avoid dipping into its reserve fund.

But by 2009, the reserve fund had been depleted. A report by the Florida Transport Commission puts the blame on the economic downturn for an 8.6% drop in traffic and an 8.4% decrease in revenue.

If the Garcon Point Bridge becomes the first Florida bridge to go bankrupt, the tolls collected will be going directly to the Bank of New York, the bondholders' trustee, while operations and maintenance will carry on as usual.

If you are interested in filing for bankruptcy, call us at (813) 200 4133 for a free consultation.

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