

**FLORIDA DEPARTMENT OF TRANSPORTATION
DEPARTMENT REVIEW
DECEMBER 2010**

BUDGET OVERVIEW

HOW TRANSPORTATION IS FINANCED

Since a transportation project usually takes several years to complete from planning to construction, the department has been given statutory authority to commit funds based on projected cash needs and estimated cash receipts (revenues). This allows the department to provide faster delivery of transportation projects while maintaining adequate cash to provide contract payments as they occur. This “commitment” ability is possible since the department’s funding base relies on taxes commonly termed “user fees” or transportation taxes. These include taxes such as federal, state and local taxes on highway fuels, which can be reasonably forecast. Following is the projected revenue for FY 2010-11.

| STATE TRANSPORTATION TRUST FUND | | |
|---------------------------------|----------------------|----------------|
| FISCAL YEAR 2010-11 RECEIPTS | | |
| SOURCE | AMOUNT (Millions) | PERCENT |
| Fuel Tax | \$1,843.0 | 31.90% |
| Aviation Fuel Tax | \$39.8 | 0.69% |
| Motor Vehicle Fees | \$667.1 | 11.55% |
| Rental Car Surcharge | \$93.1 | 1.61% |
| Documentary Stamps | \$94.6 | 1.64% |
| Miscellaneous Revenue | \$77.7 | 1.34% |
| Non-Federal Reimbursement | \$769.1 | 13.31% |
| Interest | \$7.8 | 0.13% |
| Federal Aid | \$2,186.0 | 37.83% |
| Total | \$5,778.2 | 100.00% |

Unlike other state agencies, the department is authorized to operate on a cash flow basis (see s. 339.135(6)(a), F.S.). Section 339.135(3), F.S., authorizes the department to “build the Work Program based on a complete and balanced financial plan” which means project phases may begin before the total amount of cash is available to fund the entire project. This allows the department to maximize the use of funds over time and cover existing commitments as they occur. The number of projects eligible to enter the Work Program is determined by estimates of available funding. FDOT then matches funding to specific projects, which are then scheduled or “programmed” in the Five Year Work Program.

The Annual Finance Plan and Monthly Cash Forecast are used within the department to demonstrate the financial soundness of the Five Year Work Program. The Five-Year Transportation Finance Plan and Five Year Cash Forecast must accompany the Department's official submissions to the Governor and Legislature of the Tentative Five Year Work Program and the department's annual Legislative Budget Request. The Tentative Five Year Work

Program submission must include a balanced 36-month forecast of cash and expenditures and a five year finance plan supporting the Tentative Work Program.

After the Appropriations Act is approved, the Work Program is adjusted to reflect legislative decisions and to adjust for actual accomplishments of the department during the fiscal year. Prior to the beginning of the fiscal year, the new Tentative Work Program is adopted by the Secretary and budget allocations are issued to the districts, Turnpike Enterprise, Rail Enterprise and central office divisions. Once adopted, changes to the Work Program are made in compliance with s. 339.135(7), F.S.

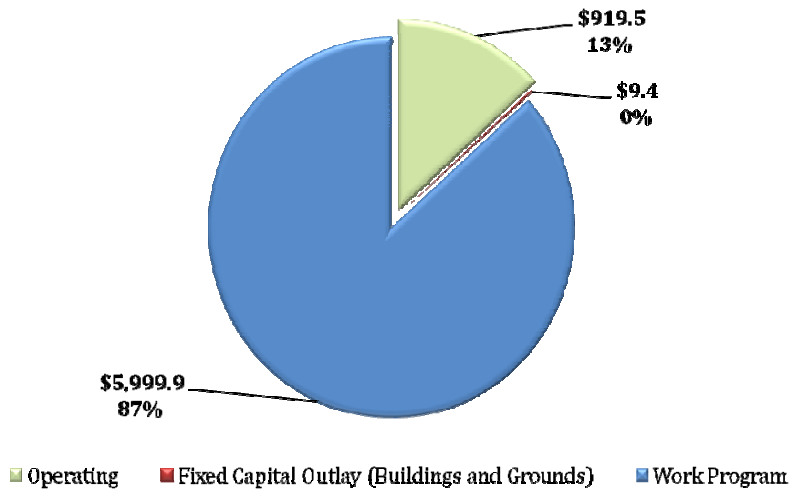
The department's FY 2010-11 budget totals \$6,928.8M. The bulk of the budget funds the Work Program. Operating budget and fixed capital outlay budget make up the remainder of the budget. This budget includes 7,443 full time equivalents (FTEs).

Unlike most other state agencies which can submit unconstrained budget requests, FDOT must submit a budget request that is balanced to available resources

| 2010/11 FDOT Budget | |
|------------------------------------|----------------------|
| | Amount (Millions) |
| Salaries and Benefits | 475.7 |
| Other Personal Services | 3.8 |
| Expenses | 73.0 |
| Contracted Services | 45.8 |
| Transportation Materials/Equipment | 40.6 |
| Operating Capital Outlay | 7.6 |
| Vehicle Acquisition | 9.4 |
| Toll Contracts/Expressway Payments | 88.5 |
| Transportation Disadvantaged | 103.9 |
| Other Special Categories | 61.5 |
| Transfers to Other Agencies | 9.7 |
| Subtotal Operating | 919.5 |
| Fixed Capital Outlay | 9.4 |
| FDOT Work Program | 5,999.9 |
| Department Total | 6,928.8 |

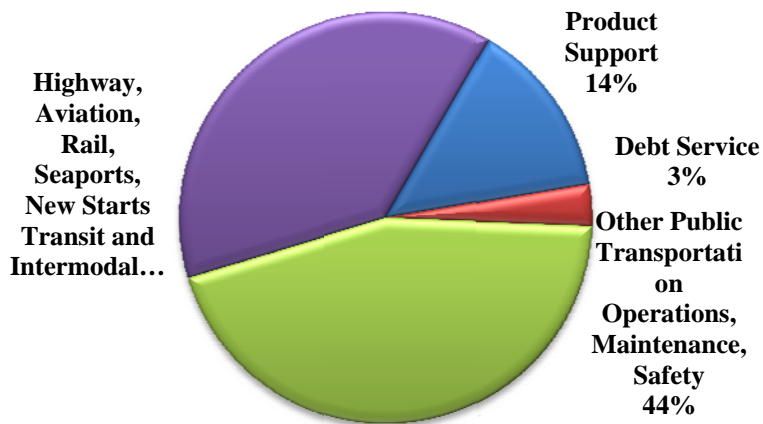
| Total 2010/11 FDOT Budget by Budget Entity | | |
|--|--------------|-------------------|
| | Positions | Amount (Millions) |
| Transportation Systems Development | 1,786 | 1,981.8 |
| Highway Operations | 4,123 | 4,123.6 |
| Executive Direction | 798 | 95.9 |
| Information Technology | 267 | 41.5 |
| Turnpike Enterprise | 468 | 481.1 |
| Rail Enterprise | 1 | 204.9 |
| Department Total | 7,443 | 6,928.8 |

**FDOT FY 2010/2011 Budget Appropriation
\$6,928.8 Million
(\$ in Millions)**



Of the department's average annual funding of \$7.2 billion, approximately, \$4.4 billion (61% of total funding) is allocated to maintain the current infrastructure, leaving only \$2.8 billion to fund capacity improvements.

**FDOT Annual Funding
July 1, 2010 Adopted Work Program**



For the department to maintain a viable Work Program, it is necessary to make modifications which reflect the most current information. When modifications are necessary, the fiscal responsibility and data integrity of the Work Program must be maintained. Allowing modifications, while maintaining funding and budgeting capacity, requires periodic review of the Work Program and related elements such as the Program and Resource Plan, the 36 -Month Cash Forecast, the Five-Year Finance Plan and the department's budget.

DIVISIONS

Office of Secretary

- Chief of Staff/Legislative Programs
- General Counsel
- Inspector General
- Communication
- Federal Programs
- Assistant Secretaries
- District Secretaries and Executive Directors for Turnpike and Rail Enterprise

Assistant Secretary for Intermodal Systems Development

- Transportation Development
 - Policy Planning
 - Systems Planning
 - Transportation Statistics
- Modal Development
 - Rail
 - Transit
 - Aviation
 - Seaport
- Performance Management and Training Development

Assistant Secretary for Engineering and Operations

- Engineering
 - Design
 - Right-of-Way
 - Construction
 - Materials
 - Maintenance
 - Traffic Operations
 - Emergency Management Office
 - Research
- Safety
- Motor Carrier Compliance

Assistant Secretary for Finance and Administration

- Financial Development
- Work Program
- Comptroller
- Administration
- Information System
- Personnel Resource Management

District Secretaries (1-7)

- Transportation Development
- Transportation Operations
- Transportation Support

Executive Director for Turnpike Enterprise

- Operations
- Finance and Administration

Executive Director for Rail Enterprise

TOTAL PERSONNEL

There are 7,443 positions at the FDOT today which is 28% fewer positions than in 2001 when there were 10,354 positions. FDOT positions are designated as follows: 57 Senior Management Service (SMS) positions; 210 “traditional” Select Exempt Service (SES); and 1,900 “Service First” SES positions. The remaining 5,276 positions are classified as Career Service positions.

Full time positions have been reduced 28% since 2001.

The 1,900 “Service First” positions were converted from Career Service as part of Governor Bush’s initiative to restructure government. Positions were reclassified based on their duties such as, supervisors responsible for program areas and its personnel, project managers overseeing consultants, Consultant and Construction Project Managers and administrative assistants that have access to confidential personnel records.

All of the 460 Turnpike Enterprise positions are SES as provided in statutory language (s. 338.2216 (1) (C), FS), as are the five employees of the Transportation Commission and 12 Commission for the Transportation Disadvantaged positions.

OFFICES AND LOCATIONS

| DIST NO. | FACILITY NAME | ADDRESS | CITY | OWNED |
|-----------------------|--|------------------------------|---------------|--------|
| Central Office | | | | |
| CO | Central Office Headquarters - Haydon Burns Bldg. | 605 Suwannee Street | Tallahassee | FDOT |
| CO | Springhill Road Complex | 2612 Springhill Road | Tallahassee | FDOT |
| CO | Structures Lab | 2007 West Paul Dirac Drive | Tallahassee | LEASED |
| CO | Magnolia II Bldg. - Survey & Mapping/Safety | 1211 Governor's Square Blvd. | Tallahassee | LEASED |
| CO | Rhyne Bldg - IG, Traffic Ops, BSSO, Maint., TD | 2740 Centerview Drive | Tallahassee | LEASED |
| CO | Atkins Bldg - CADD | 1320 Executive Center Drive | Tallahassee | LEASED |
| CO | State Materials Office | 5007 NE 39th Avenue | Gainesville | FDOT |
| District One | | | | |
| 1 | District Headquarters | 801 N Broadway Ave. | Bartow | FDOT |
| 1 | Operations Center - Ft. Myers | 2981 N.E. Pine Island Road | Ft. Myers | FDOT |
| 1 | Operations Center - Labelle | 880 West Cowboy Way | Labelle | FDOT |
| 1 | Operations Center - Bartow | 2730 Hwy 60 West | Bartow | FDOT |
| 1 | Operations Center - Arcadia | 1190 West Oak Street | Arcadia | FDOT |
| 1 | Operations Center - Sarasota | 1840 61st Street | Sarasota | FDOT |
| 1 | Operations Center - Sebring | 4722 Kenilworth Blvd. | Sebring | FDOT |
| 1 | District Materials Office | 2730 Hwy 60 West | Bartow | FDOT |
| 1 | Southwest Area Office, Southwest Interagency Facility for Transportation and OMCC Field Office | 10041 Daniels Parkway | Ft. Myers | FDOT |
| 1 | Ft. Myers Branch Materials Office | 4051 Florida DOT Way | Ft. Myers | FDOT |
| District Two | | | | |
| 2 | District Headquarters and OMCC Field Office | 1109 South Marion Ave. | Lake City | FDOT |
| 2 | Chiefland Maintenance | 1820 South Young Blvd. | Chiefland | FDOT |
| 2 | Gainesville Operations Center | 5301 NE 39th Ave. | Gainesville | FDOT |
| 2 | Jacksonville Urban Office and OMCC Field Office | 2198 Edison Ave. | Jacksonville | FDOT |
| 2 | Lake City Operations Center | 710 NW Lake Jeffrey Road | Lake City | FDOT |
| 2 | Palatka Construction | 105 Yelvington Road | Palatka | FDOT |
| 2 | Perry Maintenance | 657 Plantation Road | Perry | FDOT |
| 2 | St. Augustine Maintenance | 3600 DOT Road | St. Augustine | FDOT |
| 2 | Jacksonville Testing Lab | 736 Broward Road | Trout River | FDOT |

| District Three | | | | |
|----------------------------|--|------------------------------|--------------------|--------|
| 3 | District Headquarters | 1074 Highway 90, PO Box 607 | Chipley | FDOT |
| 3 | Marianna Maintenance | 2956 State Correctional Road | Marianna | FDOT |
| 3 | Midway Operations and OMCC Field Office | 17 Commerce Blvd. | Midway | FDOT |
| 3 | Milton Operations and OMCC Field Office | 6025 Old Bagdad Highway | Milton | FDOT |
| 3 | Panama City Operations | 3633 Highway 390 | Panama City | FDOT |
| 3 | Ponce de Leon Operations | 1723 Sunrise Circle | Ponce de Leon | FDOT |
| District Four | | | | |
| 4 | District Headquarters | 3400 West Commercial Blvd. | Ft. Lauderdale | FDOT |
| 4 | Treasure Coast Operations | 3601 Oleander Ave. | Ft. Pierce | FDOT |
| 4 | Palm Beach Operations | 7900 Forest Hill Blvd. | West Palm Beach | FDOT |
| 4 | Broward Operations | 5548 NW 9th Ave. | Ft. Lauderdale | FDOT |
| 4 | Materials & Research Lab (4&6)+G149 | 14200 West SR 84 | Davie | FDOT |
| District Five | | | | |
| 5 | District Headquarters | 719 S. Woodland Blvd. | DeLand | FDOT |
| 5 | Brevard Operations | 555 Camp Road | Cocoa | FDOT |
| 5 | Daytona Construction | 915 S. Clyde Morris Blvd. | Daytona Beach | FDOT |
| 5 | Kepler Complex - Materials & Research, Deland Operations, and Structures Maintenance | 1650 N. Kepler Road | DeLand | FDOT |
| 5 | Leesburg Operations | 1405 Thomas Road | Leesburg | FDOT |
| 5 | Ocala Operations | 627 NW 30th Ave. | Ocala | FDOT |
| 5 | Orlando Maintenance | 420 W. Landstreet Road | Orlando | FDOT |
| 5 | Orlando Office Complex - Intermodal Systems and Orlando Construction | 133 South Semoran Blvd. | Orlando | FDOT |
| 5 | Oviedo Maintenance | 2400 Camp Road | Oviedo | FDOT |
| District Six | | | | |
| 6 | District Headquarters, Construction Office and OMCC Field Office | 1000 NW 111th Ave. | Miami | FDOT |
| 6 | Traffic Management Center/Sunguide Bldg. | 1003 NW 111th Ave. | Miami | FDOT |
| 6 | North Dade Yard (Construction & Maintenance) | 1773 NE 205th Street | North Miami Beach | FDOT |
| 6 | South Dade Yard (Construction & Maintenance) | 14655 SW 122nd Ave. | Miami | FDOT |
| 6 | Marathon Bldg. | 3100 Overseas Highway | Marathon | FDOT |
| District Seven | | | | |
| 7 | District Headquarters and SunGuide | 11201 N. McKinley Dr. | Tampa | FDOT |
| 7 | Tampa Construction, Materials, Bridge, and Maintenance | 2822 Leslie Road | Tampa | FDOT |
| 7 | Clearwater Construction | 3204 Gulf to Bay Blvd. | Clearwater | FDOT |
| 7 | Consultant Field Office | 4902 E 10th Ave. | Tampa | FDOT |
| 7 | Pinellas Maintenance | 5211 Ulmerton Road | Clearwater | FDOT |
| 7 | Brooksville Maintenance & Materials Office | 16411 Spring Hill Dr. | Brooksville | FDOT |
| Turnpike Enterprise | | | | |
| TP | District Headquarters and OMCC Field Office | Turnpike Mile Post 263 | Ocoee | FDOT |
| TP | Turnpike Operations | PO Box 9828 | Ft. Lauderdale | FDOT |
| TP | Tampa Hillsborough Expressway Authority | 1104 East Twigg Street | Tampa | LEASED |
| TP | Central Repair Depot - Powerline Business Park | 4100 Powerline Road | Pompano | LEASED |
| TP | Turnpike West Palm | 4650 Donald Ross Road | Palm Beach Gardens | LEASED |
| TP | Turnpike Operations | 4510 Oak Fair Blvd. | Tampa | LEASED |
| TP | Sunpass Operations Center/Tolls Data Center | 7941 Glades Road | Boca Raton | FDOT |
| TP | Snapper Creek Service Station | Turnpike Mile Post 19 | Miami | FDOT |

| Motor Carrier Compliance | | | | |
|--------------------------|---------------------------------------|--------------------------------|-------------|--------|
| OMCC | Motor Carrier Compliance Headquarters | 325 John Knox Road | Tallahassee | LEASED |
| OMCC | Field Office - Deland | 929 N. Spring Garden Ave. | Deland | LEASED |
| OMCC | Field Office - Ocala | 1515 East Silver Springs Blvd. | Ocala | LEASED |
| OMCC | Field Office - Panama City | 12112 North Highway 231 | Youngstown | LEASED |
| OMCC | Field Office - Tampa | 4510 Oak Fair Blvd. | Tampa | LEASED |
| OMCC | Field Office - West Palm Beach | Turnpike Mile Post 94 | Lake Worth | FDOT |

DEPARTMENT SUMMARY

Every \$1 billion spent on highways enables businesses to support 28,000 jobs...the vast majority in the private sector.

FDOT's mission is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity and preserves the quality of our environment and communities.

Our vision is to serve the people of Florida by delivering a transportation system that is fatality and congestion free.

FDOT is an executive agency charged with the primary statutory mandate to coordinate the planning and development of a safe, viable, and balanced state transportation system serving all regions of the state, and to assure the compatibility of all components, including multimodal facilities. In developing the state's transportation network, FDOT works with its transportation partners at the local, regional and federal level to ensure our system is a fully integrated multimodal network moving people and goods safely and efficiently.

FDOT is decentralized in accordance with legislative mandates. Each of the districts is managed by a District Secretary. The districts vary in organizational structure, but in general each has major divisions for Administration, Planning, Production and Operations.

While the department's highest priorities are safety and system preservation, the department also places great emphasis on developing the system to enhance economic prosperity and preserve the quality of our environment and communities.

As Florida continues to face economic challenges, transportation will play an important role in the economy recovery and future of the state. Transportation is a basic necessity of a society which directly affects our quality of life. The infrastructure and services benefits all of us regardless of our socio-economic background. Every \$1 billion spent on highways enables businesses to support 28,000 jobs, the vast majority in the private sector.

OVERLAPPING DUTIES WITH OTHER AGENCIES

Coordination among state agencies is critical to designing and implementing effective public policies to prevent program overlap and to promote synergies. The department's coordination with other state agencies includes numerous activities related to projects, policy, and agency operation. Some key agencies include:

- Office of Tourism, Trade, and Economic Development
- Department of Community Affairs
- Enterprise Florida, Inc.
- Department of Highway Safety and Motor Vehicles
- Division of Emergency Management
- Department of Environmental Protection
 - Water Management Districts
- Military Affairs
- Department of Correction
- The Florida Fish and Wildlife Conservation Commission
- Agency for Workforce Innovation
- Department of Management Services

RELATIONSHIP WITH PRIVATE SECTOR

FDOT is a highly privatized organization. We began outsourcing work in the early 1980s and continued to outsource work based on two fundamental principles. They are:

- The department personnel maintain core competencies to manage and oversee work performed by private sector companies; and
- The department is staffed to deliver a minimum amount of product so that the ebbs and flow of the amount of Work Program can be delivered utilizing the private sector.

FDOT is a highly privatized organization. Levels of privatization in the various functional areas are as follows:

- *Construction – 100%*
- *Toll Collections – 99%*
- *Construction Inspection – 81%*
- *Right-of-Way Support – 80%*
- *Maintenance – 80%*
- *Design – 80%*
- *Planning – 70%*

In FY 2000-01, the department was appropriated 10,354 positions to deliver a Work Program of \$3.6 billion. ***The number of employees in the current fiscal year is 7,443 (a 28% reduction) to deliver a Work Program of over \$6 billion (a 67% increase).***

The department continues to look for ways to optimize the use of in-house resources in a cost effective manner and will continue to privatize its operations as appropriate.

SHORT TERM ISSUES

Tentative Work Program

- By the beginning of January, 2011 the Tentative Work Program is essentially complete. Priorities have been developed in concert with our local and federal partners. Commitments have been made and publicized. ***It is important to note that the FDOT does not build a program alone.***
- FDOT has a Five Year Work Program which defines how all revenue estimated to be available for the next five years will be expended. This is the agency's (and the state's) funding commitment to elected officials and the public for priority projects in the upcoming years.
- After many months of extensive coordination with local partners, public hearings are currently being held throughout the state for the FDOT Draft Tentative Work Program for Fiscal Year 2011-12-2015-16.
- In February 2011, FDOT Secretary and Senior Management hold a final review with each district to ensure all programs/funds have been maximized and are programmed consistent with the identified needs of the state. There is a balance of work to ensure continued production capability and compliance with federal and state laws.
- In March 2011, the Florida Transportation Commission reviews the program and holds a final public hearing for comments.
- The Five Year Tentative Work Program is submitted to the Florida Legislature in April for review and approval during the legislative session.
- Governor Scott then reviews and approves the Department of Transportation Appropriations Bill for FY 2012. The Secretary then "adopts" the Work Program and implements the plan during the fiscal year.

***By the beginning of January 2011
the Tentative Work Program is
essentially complete.***

Indexing of Toll Rates

- The 2007 Florida Legislature established law directing FDOT to raise toll rates on all department owned facilities (including Florida's Turnpike) in an indexed fashion. The rate of the increase can either be governed by the recognized national Consumer Price Index (CPI) or by another rate presented by the department. Such indexing cannot occur any less than annually, and must occur no later than five years.
- The purpose of this law is to provide legislative intent for Florida's toll road system to at least establish toll rates that index to some form of inflationary factor (allowing the department to then keep up with its annual needs to operate and maintain these facilities).
- Beyond the 460 mile Florida's Turnpike system, the other department-owned facilities include Alligator Alley (I-75) in Collier/Broward Counties, a portion of SR 528 in Brevard County, Pinellas Bayway Bridge System in Pinellas County, and the Sunshine Skyway Bridge (I-275) in Manatee /Pinellas Counties.
- The implementation of this plan has yet to occur, however, to remain consistent with the requirements of law, the department needs to implement an index no later than July 1, 2012. ***On Florida's Turnpike, it has been estimated that indexing the toll rates at 3% (consistent with CPI) would generate \$800 million - \$1 billion over the Five Year Work Program.***

High Speed Rail

- Florida, through many years of study and analysis, has positioned itself to be the first express high speed rail system in the country – with the Tampa to Orlando segment reaching a top speed of 180 mph (consistent with most European systems that have a top speed of 186 mph). The average speed is also consistent with the European experience, with Florida’s Phase I project averaging at 110 mph. Proposed timetables include an hourly non-stop trip from Tampa to Orlando traversing the 84 mile corridor in only 43 minutes, with the intermediate stops occurring either at the half hour or quarter hour (depending on demand).
- The unique aspect about the Tampa to Orlando segment is that it is entirely self-sustaining. It draws about a mixed group market (tourism, business, intercity travel) allowing it to generate over 2 million riders in the first full year, and revenues that cover annual operations & maintenance costs. Although Phase II (Orlando to Miami) has a larger market in which to attract travelers to the high speed rail system, the two phases together (Tampa to Orlando to Miami) provide a complimentary system giving travelers additional intercity options.
- The procurement strategy for Tampa to Orlando is to utilize the Federal funds to design & build the project (including track, structures, stations and train sets) and then the private sector will be entirely responsible for the annual operations & maintenance cost (the state would have no obligation to annually fund this amount). The private sector

The unique aspect about the Tampa to Orlando segment is that it is entirely self-sustaining. It draws about a mixed group market (tourism, business, intercity travel) allowing it to generate over two million riders in the first full year, and revenues that cover annual operations & maintenance costs.

would also take the risk in overruns and unforeseen conditions, and through the scoring of proposals, be asked to offset any federal match requirements (estimated to be approx. \$280 million). The revenues from ridership and other sources (station concessions for instance) is the source in which the private sector would recoup their investment.

Sunrail

- SunRail is the Central Florida region’s commuter rail project, providing a 61 mile passenger rail alternative to Interstate 4 from DeLand to Poinciana. With increased travel congestion on the interstate (and the cost to widen \$2 billion+ range), an alternative commute has long been the vision and priority of the four county region (Volusia, Seminole, Orange & Osceola).
- The project has been developed by the department, with support of the local governments, with the premise being that the state would purchase the corridor from CSX Transportation (an exhaustive alternative analysis was completed that identified this corridor as the most cost feasible – the analysis was approved by the Federal Transit Administration), and the construction of the necessary improvements (including additional track, stations and equipment) would be paid with 50% from the federal government, 25% from the state and 25% from the local governments.
- Interlocal agreements previously executed not only specify this capital improvement allocation, but also indicate that the state will cover the cost to operate and maintain only for a period of seven years, and that the local governments would take over in perpetuity

after that. In this way, the new commuter facility develops and is established in the period long enough so that the local governments can then take over operations.

- Purchase of the project property is scheduled to be complete shortly, and formal application for the federal funds will occur in January 2011.

Federal Authorization

- Currently, the federal surface transportation programs operate under SAFETEA-LU, which provided \$284 billion in funding over six years.
- This act expired on September 30, 2009 and has been operating under multiple extensions of which the latest which will expire this month.
- Efforts to pass a long-term authorization have stalled largely due to questions about how to

Florida's historic rate of return since 1956 is 86 cents per dollar, meaning Florida has effectively contributed more than \$5 billion to other states for highways alone over this period.

- fund the bill. While the funding issue remains a big focus, there are several key issues for Florida. ***First, Florida continues to be one of several "donor" states; this means the rate of return for federal transportation funding is less than what is collected by the federal Highway Trust Fund.***
- Therefore Florida continues to advocate for a greater equity guarantee to cover all federal funds. Next, states continue to support greater flexibility to fulfill state priorities which becomes extremely difficult with over 100 federal programs.
- Another key issue involves continuing and enhancing innovative financing and Public Private Partnerships opportunities and less bureaucratic approvals and hurdles from the federal government.

Florida Gas Transmission Company v. FDOT

- Florida Gas Transmission Company (FGT) sued the department in 2007, alleging breach of easement agreements related to natural gas pipelines located on property owned by the Florida Turnpike Enterprise in Broward County.
- FGT is claiming damages for the cost of relocating its pipelines as necessary for the Turnpike to complete road widening projects. The department has counter claimed against FGT for damages for breach of the same easement agreements.
- Judge Streitfeld has set the case for calendar call on December 17, 2010, at which time dates for trial will be set for the trial period of January 3, 2011 to March 25, 2011.

Florida Department of Environmental Protection (FDEP) and US Environmental Protection Agency (EPA) Stormwater Rules

- FDEP has been seeking to obtain legislative authority to regulate nutrient (total nitrogen and total phosphorous) concentrations to waters of the state.
- The rule would significantly increase stormwater management costs on construction projects in Florida. FDOT is working with FDEP to establish special requirements for highways and grandfathering of projects in the work program.
- Also, the U.S. Environmental Protection Agency is developing rules related to nutrient criteria for lakes and flowing waters for Florida as well as for marine and coastal waters. These rules have potentially significant fiscal and Work Program schedule impacts to

FDOT due to increased levels of stormwater treatment for nutrients on new and existing transportation projects throughout Florida.

- US EPA is also developing a rule for stormwater management including discharges from new development and redevelopment to create consistent levels of stormwater treatment across the nation.
- This rule could force FDOT to retrofit existing drainage systems to reduce discharge volume.

There are potential significant fiscal and schedule impacts due to increased level of stormwater treatment for nutrients on new and existing projects.

2060 Florida Transportation Plan (FTP)

- The 2060 FTP is the transportation plan for all of Florida – including local, regional, and private entities responsible for transportation decision making and investments.
- This plan was developed by a Steering Committee of 29 partners with diverse interests from throughout the state (business and economic development organizations, all levels of government, all transportation modes, community and environment interests, the military, and private citizens) who worked over the past year to develop a consensus policy framework for Florida’s future transportation system.
- The 2060 FTP marks a new era of transportation in Florida, calling for a fundamental change in how and where Florida invests in transportation and to support making our economy more competitive, our communities more livable, and our environment more sustainable for future generations.
- Also, it is important to recognize the 2060 FTP aligns directly with the Florida Chamber’s Six Pillars of Florida’s Future Economy. The private and public sector plans aligning is game changing.
- This plan supports the Governor-elect Scott’s priorities by recognizing Florida’s

Game Changer – Private and public sector plans aligning on the need for and future of economic development of Florida.

economic competitiveness depends on the state’s ability to move goods more efficiently and cost effectively than its competitors and a healthy economy in turn provides job opportunities, boosts incomes, and provides resources needed for critical state investments.

Economic and Transportation Benefits of Florida’s Ports

- Florida has 14 publicly owned deepwater seaports which collectively are major economic drivers not only for their region but also for the state.
- Every dollar spent on seaport projects yields \$6.90 in economic benefits.
- Ports match state funds in varying amounts from 25-50% of project costs leveraging available resources.
- They serve as gateways for a large majority of what Florida’s population, businesses, and visitors consume and generate.
- The ports move a variety of cargo such as apparel, automobiles, cement, computer parts, fertilizer, fresh and frozen foods, lumber, and petroleum to rail and trucks for distribution throughout the state.

- Challenges for the future include how to fund needed growth as identified in the Trade and Logistics Study to achieve Florida being a global hub in the future. (FDOT partnered with the Florida Chamber Foundation for the study along with other partners.)
- Funding for this growth should be pursued through economic development resources in addition to utilizing transportation funds.
- Another challenge in the next 3-5 years is how to fund the aging infrastructure at the ports.

Every dollar spent on seaport projects yields \$6.90 in economic benefits. Ports match state funds in varying amounts from 25-50% of project costs leveraging available resources.

Santa Rosa Bay Bridge Authority

- Santa Rosa Bay Bridge Authority is in technical default on its bonds because of inadequate debt service coverage.
- Debt service amounts have required the Santa Rosa Bay Bridge Authority to use the Debt Service Reserve Account to meet payment requirements, and it is anticipated the Debt Service Reserves will be exhausted in July 2011.
- Once these Debt Service Reserves are exhausted, the forecast indicates the Santa Rosa Bay Bridge Authority will not be able to make debt service payments for the next 11 years (the forecast period).
- Currently, the Securities and Exchange Commission is requesting information from the Santa Rosa Bay Bridge Authority related to the information and disclosures the Authority provides to the Bond Trustees (potential \$100 million impact)

LONG TERM ISSUES

Funding Sustainability

- Gas tax is the primary source of funding transportation in Florida and nation as a whole. Since it is levied per gallon and not as a percentage of sales, revenue generated by it does not increase with inflation or the price at the gas pump. However, the state gas tax is adjusted annually by indexing it for inflation.
- The current system of transportation funding is proving to be inadequate to meet current and future needs due to increased vehicle fuel efficiency. *In fact, the current model is producing only about one-third of the revenue needed to maintain and improve America's highway and transit systems.*
- In recent years, there has been discussion regarding the change from a transportation system funded by a per gallon fuel tax to a system based vehicle-miles traveled (VMT). Simply put, under a VMT based system, drivers pay for what they use.
- VMT fees hold the potential of the necessary revenue to fund and finance investment in transportation infrastructure. It is predicted that a user fee of just one penny per mile would generate approximate \$1.9 billion based on the 2009 daily VMT report for Florida.

Since November of 2006, Florida has reduced commitments in the Work Program by almost \$10 billion to reflect reduced estimates of available revenues, legislative changes to Growth Management funding (proceeds of Documentary Stamp Tax), as well as the redirection of transportation revenues.

Trade Flow and Logistics Study

- Florida's economy is in transition. Though in deep recession, there are economic opportunities.
- There are multiple strategies to grow the existing and future global trade opportunities.
 - Maximize the existing ability to serve the state by bringing goods directly to Florida – mostly Asian movement of goods.
 - Grow exports and manufacturing in the state – to “fill” the empty containers returning to port of origin.
 - Make the infrastructure investments (facility and connectivity) in the ports, airports (specifically Miami International Airport), and freight rail.
- Decisions need to be made and funding identified from an economic perspective (as well as a transportation perspective) to capitalize on the Panama Canal widening completion in 2014.

Panama Canal Expansion

- Expansion will be complete in 2014.
- Larger ships (requiring 50' draft) carrying goods from Asia will be able to reach the East Coast using an all-water route, rather than discharging goods in West Coast ports, and shipping them east on railroads to eastern markets.
- Florida will be competing with Gulf and Atlantic seaports in other states for this increased Asian cargo.
- Deep channels, increased terminal capacity, and landside intermodal connectivity will be critical factors in Florida competing for this cargo.
- At least one Florida port should be ready to handle these ships by 2014, in order to ensure

Florida should have at least one port with 50 foot depth for post-Panamax ships.

that goods destined for Florida markets can be discharged in Florida, creating Florida jobs and allowing goods to reach Florida markets with a minimal impact on the landside transportation system.

Private Mitigation Banks

- The purchase of environmental mitigation credits from private mitigation banks is much less expensive than purchasing credits through a water management district (WMD).
- Typically, credits can be purchased from a private bank for between \$35,000 and \$70,000 per credit as opposed to approximately \$100,000 each through the WMD.
- Some WMDs allow FDOT the option of purchasing from a private bank while others do not because of varying interpretations of the statute.
- As an example, FDOT could save an estimated \$1.5 million in its program to widen US 17 in Hardee and DeSoto Counties if the required mitigation credits were allowed to be purchased from a private mitigation bank.

Growth Management (Senate Bill 360 – 2009)

- In 2009, Senate Bill 360, also known as the Community Renewal Act, eliminated state-mandated transportation concurrency and automatically exempted certain local government jurisdictions that meet population density requirements from transportation concurrency requirements and the Development of Regional Impact review process.

- The purpose of the legislation was to reduce the unintended consequences of transportation concurrency requirements.
- These unintended consequences include urban sprawl and the inability of local governments to encourage urban infill to support transportation alternatives such as bus, commuter rail, and bicycle and pedestrian facilities.
- A lawsuit filed by the City of Westin and other local governments alleges that SB 360 violates the single subject rule and constitutes an unfunded mandate on local governments.
- Although the Leon County Circuit Court declared Senate Bill 360 unconstitutional, the decision has been appealed and the provisions of the bill remain in effect and local governments are entitled to rely on the provisions of Senate Bill 360 until the appeal process is completed.

First Coast Outer Beltway

- The FCOB is a \$1.9 billion proposed limited access toll facility traversing three counties over a 46 mile route connecting I-10 west in Duval County with I-95 south in St. Johns County.
- The economic conditions of the past three years have significantly impacted traffic and revenue models supporting the department's proposal to use a "Concession Agreement with Demand Risk Transfer" approach to build the facility.
- Currently focusing on building the facility in phases with a first phase target being the north 1/3 of the route referred to as the Brannan Field-Chaffee segment which is currently a low speed 2/4 lane segment connecting I-10 W in Duval County with SR 21/ Blanding Blvd. in Clay County.
- The department is evaluating the economics of allowing the Turnpike to deliver the Brannan Field-Chaffee segment as an alternative to the use of the "Concession Agreement with Demand Risk Transfer" model.

Freight Rail Relocation

- Several communities have expressed concern that their area will be negatively impacted by CSX's planned shift of rail traffic from their A-Line to their S-Line in order to serve the new Intermodal Logistics Center (ILC) in Winter Haven.
- FDOT in November 2009 completed a feasibility study identifying eight potential alternative corridors for rerouting the additional traffic.
- The estimated costs of the various alternatives range from \$639 million to \$1.297 billion. The Legislature in the December 2009 Special Session enacted the Passenger Rail Bill which, in part, directed FDOT to perform a study to identify a preferred alignment.
- FDOT has programmed this study, (\$5 million) in FY 12 in the Tentative Five Year Work Program.

Streamlining Project Delivery

- The timeline for completion of an Environmental Impact Statement is approximately 48-60 months. Through working with other agencies the review times have been established at 30 days for individual milestones.
- The Florida Department of Transportation has developed the Efficient Transportation Decision Making (ETDM) process in order to streamline environmental processes and permitting. The Federal Highway Administration recognizes that the ETDM process

significantly complies with the requirements of the Federal Transportation Act, SAFETEA-LU, and has allowed the implementation of the ETDM process as the permit coordination method for the Florida Department of Transportation.

- Coordination meetings with Permitting agencies are being scheduled during Project Development to facilitate the permitting process during final design.
- Annual meetings have been scheduled with the Environmental Technical Advisory Team to provide updates regarding the ETDM Process.
- Significant improvements in time have been made with this environmental process and additional time improvements can still be made.

Workforce Sustainability

- The effective transfer of knowledge as more experienced, long term (30 year +) FDOT employees retire and duties are completed by a younger less experienced workforce.
- Be able to compete with other governmental entities and employers for the talent necessary to complete the FDOT's mission.
- ***Ensuring an efficient workforce is well trained and maintains the knowledge necessary to manage outside resources to complete the mission of the organization.*** This includes having the experience required to negotiate and ensure a quality product in a cost effective manner.
- Creating opportunities for employees to gain experience so as to ensure quality of depth of personnel to have a continuous succession of future management and leadership personnel.

Current economic conditions have enabled FDOT to hire employees with technical expertise and experience not previously achievable.

Intercity Passenger Rail

- A project has been proposed to provide intercity passenger rail service on Florida's east coast from Jacksonville to Miami on the Florida East Coast Railroad tracks.
- ***The project is needed to accommodate continued growth in long-distance travel between Florida's east coast cities. The project will stimulate economic development in areas with depressed economic conditions.***
- The project is strongly supported by local governments who will provide matching funds for the station construction.
- The department has set aside funds for station and track improvements.
- Any extra train sets needed are expected to be funded through Federal grants, which have not yet been obtained.
- The project is supported by both Amtrak and the FEC Railroad.

Dedicated Local Transit Funding

- Florida's major urban areas need to develop dedicated local transit funding to support commuter rail or other premium transit.
- Typical formulas for major transit projects require 25% of the capital cost and all of the operating cost to be locally supported.
- Premium transit is vital to achieve regional visions of sustainable development, including One Bay (Tampa), First Coast (Jacksonville), MyRegion.Org (Orlando) and a similar effort in SE Florida.