

Department of Transportation Agency Review

Executive Summary

THE TIP OF THE SPEAR – Given Governor-Elect Rick Scott's ambitious goal of fostering the creation of 700,000 jobs in 7 years *and* knowing the job-creation potential of transportation – the Florida Department of Transportation (FDOT) is poised to literally be the “tip of the spear” in this critical economic effort. Simply put, transportation not only equals mobility, but also jobs, prosperity and economic recovery. Florida needs all of these now more than ever.

According to the most-recent U.S.DOT information, every \$1 billion spent on transportation equates to 27,000-30,000 jobs. Additionally important, each \$1 invested in FDOT's Five-Year Work Program results in a \$5 benefit to our state's economy.

With the dual economic development benefit offered by transportation investments – job creation and retention now *plus* the lasting legacy of improved mobility which leads to economic growth – ensuring that FDOT is operating at a high level of efficiency and effectiveness is essential for economic prosperity in the Sunshine State.

Recognizing the clear connection between transportation and economic development, we've been charged with reviewing FDOT and are pleased to offer the following report.

- Doug Callaway, President, Floridians for Better Transportation (FBT)
- Gow Fields, Mayor, City of Lakeland
- Joe Waggoner, Executive Director, Tampa/Hillsborough Expressway Authority
- Tom Conrecode, VP Government Affairs, Collier Enterprises
- Robert Poole, Transportation Director, The Reason Foundation
- Janet Watermeier, Executive Director, Bay County Economic Development Alliance
- Bob Porteus, retired executive with Ring Power
- Mike Horan, President, Ajax Paving

Years ago a former FDOT District Secretary was fond of saying, “If it ain't broke, make it better.” This is an appropriate way of characterizing both the current state of FDOT and our approach in undertaking this Agency Review – it ain't broke, but we want to make it better.

TOP CONSIDERATIONS – While this Executive Summary offers a variety of important ideas worthy of Governor-Elect Scott's consideration, we wanted to expressly highlight the following:

1. Recruit a top-level individual to serve as FDOT Secretary, pay them appropriately, and then allow this person – along with a top-flight team – to run the agency.
2. Take full advantage of FDOT's economic development capabilities by stopping raids on the State Transportation Trust Fund and look for ways to provide additional resources.
3. Capitalize on the once-in-a-generation transportation opportunities available – a Floridian chairing the U.S. House's Transportation Committee, historic lows in the cost of transportation construction, and a *temporary* halt to Florida's rapid population growth – to improve our ailing economy by rebuilding Florida's transportation system.

OUTREACH EFFORTS – As part of the FDOT Agency Review Team’s outreach, we:

- Were briefed by FDOT senior staff,
- Were briefed by Florida Transportation Commission (FTC) members and staff,
- Reached out to
 - The Florida Transportation Builders Association
 - The Florida Engineering Society
 - The Florida Public Transit Association
 - The Florida Ports Council
 - The Florida Trucking Association
 - The Florida MPO Advisory Council, and
- Solicited input from literally thousands of Florida transportation supporters in business, politics and transportation.

Many of the comments and ideas offered during these briefings or this outreach effort were either incorporated into this Executive Summary or the following Agency Review report itself, and related materials are included in the various sections at the end of this report.

SELECTED REMARKS – To set the stage, the following are just a few of the multitude of thoughtful comments we received during the Agency Review Team’s outreach effort.

- *The Department of Transportation is a very well run agency. It is too bad the rest of state government does not operate as efficiently as FDOT does.*
- *The key here is appointing a Secretary who understands transportation in Florida, has the "fire in the belly" to do the hard work and inspire others, and works and plays well with others. The agency has always had great practitioners. They just need someone to establish the mission and lead the way.*
- *Make sure the Leadership at FDOT is stronger. The lack of strong leadership filters down through the organization and consequently we end up flinching at all sorts of things. We seem to be overly focused on perception and less on reality. Things need to be done because they are the right things to do – not because they are the most political expedient thing to do or because it looks the best.*
- *Return the decision making to the District Level. This would include public involvement, public information office and other planning and engineering decisions. It is the District who understands local issues and what is best for the traveling public. The size of our state makes for some regional differences that are better addressed locally. Tallahassee should be setting policy on state-wide issues, not hindering District decisions by requiring all decisions to go through them.*

FLORIDA TRANSPORTATION COMMISSION – The Florida Transportation Commission (FTC) provides transportation accountability for FDOT by serving as the public oversight body which sets benchmarks and reviews FDOT operations on a regular basis.

- These regular reporting requirements strengthen FDOT productivity, efficiency and accountability and should be continued and synchronized with the Governor’s priorities.

The Transportation Commissioners are private sector volunteers appointed by the Governor, currently with two vacancies that should be filled as soon as possible. Traditionally, the nine FTC members come from each of the seven Florida Transportation District areas plus two at large members. FTC candidates must have private sector management experience. The FTC also serves in a policy advisory capacity to the Governor and Legislature and can be a valuable resource for transportation policy and funding issues.

Several years ago, the Commission was given the responsibility to establish standards and a reporting process for the 16 independent regional and local transportation authorities. This has been valuable in improving accountability among those agencies. It also identifies potential issues within the agencies that could become a public concern.

The FTC has no regulatory authority, just reporting authority, and recently reported that the Santa Rosa Bridge Authority is in technical default on their bonds and may go into receivership. FDOT has stepped in to assure ongoing maintenance and safety for the public. There is concern about how this default may affect the long term bonding capacity of other transportation authorities, as well as the state of Florida.

- It is recommended that this issue be reviewed and a strategy put in place to minimize the effect on Florida and the long term ability for Florida and its independent agencies to finance future projects.

The third responsibility of the FTC is to provide a list of three candidates to the Governor whenever the Secretary of Transportation position is vacant. The FTC is currently advertising for candidates to fill the Secretary of Transportation position in January for appointment by the Governor. The FTC is a valuable resource with 5 full-time staff positions.

- It is recommended that the FTC continue as an oversight body and transportation resource and that all 5 staff positions be maintained.

A copy of the Florida Transportation Commission Review provides more detail and is included later in this report.

Action Items:

1. Fill the vacant FTC Commissioner positions, if not in place by January.
2. Review the Santa Rosa Bridge Authority default and determine if any action should be taken to preserve long term bonding capacity of Florida and its independent transportation authorities.
3. Appoint a Secretary of Transportation from the candidate list provided by the FTC.

FDOT STRUCTURE & OPERATION – The Florida Department of Transportation (FDOT) is unique among state agencies not only because it operates on a “cash flow” commitment-based budget, but because at the end of the day it produces a tangible product. It is a transportation production agency, not an oversight organization.

FDOT is an example of how government can be run like a business. It:

- has a business plan,

- uses financial models and cash forecasts to develop a production plan,
- outsources services which are not considered part of its core mission, and
- utilizes private sector expertise to conduct the vast majority of its business.

FDOT creates and sustains thousands of private sector jobs each and every year.

Double Jeopardy - Because FDOT is unique among agencies, when it comes time to reduce the state's budget in response to a poor economy, it gets hit twice.

By law, FDOT cannot commit more in projects than it anticipates it will have the revenue to cover. Therefore, when the transportation Revenue Estimating Conference (REC) meets and revises its estimate of future transportation revenue downward, FDOT immediately reacts by adjusting its work program and deferring and/or deleting projects to meet the reduced estimate of revenue.

- In response to the current economic recession, FDOT has moved or deleted \$10 billion from the work program since 2006. *(Remember, every \$1 billion equates to about 28,000 jobs – so, arguably, this reduction has adversely affected 280,000 jobs.)*

Additionally, when the Legislature convenes and requests state agencies to adjust their budgets downward in reaction to a reduced general revenue stream, FDOT gets lumped in with all the other agencies and has to reduce its budget as well.

However, by this time FDOT has *already* adjusted its work program (roughly 85% of the Department's budget) downward. So, in effect, it gets hit twice – a “double jeopardy.”

Work Force - This model for successful government privatization – with appropriate oversight and accountability provided by the Florida Transportation Commission – has reduced the Department's workforce by 28% while increasing its production by 67% since 2001.

Levels of FDOT 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 1994, FDOT reached a peak of 11,125 employees with a \$2.7 billion budget, which peaked in 2007 at \$9.1 billion with 7,547 employees. Currently the FDOT has 7,443 employees and manages a budget of \$7.2 billion.

Decentralized - FDOT is a decentralized agency and 75% of its workforce is in its seven regional districts and two Turnpike Enterprise locations. The decentralized approach has served FDOT well and allows primary project decisions to be made in the jurisdiction of the improvement.

- There are efficiencies that can be put in place that will result in cost savings and the new Secretary of Transportation should be encouraged to thoroughly look for cost savings, efficiencies and full time position reductions.

Some consolidation of service areas among the districts or centralized service functions at the Central Office may provide cost savings and efficiencies; however, any consolidations should carefully balance the benefits of decentralization and the effectiveness and efficiencies of the regional district offices.

- Each District Secretary should be encouraged to look for opportunities of efficiency, cost reductions, and resource sharing within each District and among Districts.

FDOT is a contracting agency and manages its work flow through contracts with private sector companies. The current work program has 9,244 projects in 16,263 phases and is highly privatized.

Privatization - Decreases in full time State positions are generally passed onto to the private sector through contracts and may or may not provide actual cost savings.

- Positions should be carefully analyzed to see where the best cost and productivity effectiveness can be achieved, within FDOT, within the Districts, or within the private sector through contract services. Some services may be duplicated between FDOT, Consulting Engineers, and Contractors, and an effort should be made to reduce redundancy as well as the associated costs passed through to each project and contractor, enabling more to be built faster at a lower cost.

Battling the Brain Drain - An aging workforce and talent drain on FDOT over the last few years has resulted in innovative succession and engineer training programs.

- Similar programs to train financial management expertise should be explored.
- Levels of professional experience at all levels, including senior management should be reviewed, including competitive pay scales.

Secretary Leadership & Pay – A consistent theme expressed across the board was the need for a STRONG Leader at FDOT. The lack of competitive compensation for the Florida Secretary of Transportation is a significant hindrance to recruiting the best and brightest candidates, and could jeopardize the overall effectiveness and productivity of FDOT.

The Transportation Commission convened a study of comparable private sector and state pay levels several years ago (included in this report package).

Executive directors of expressway authorities in Florida usually make far more than the FDOT Secretary and are responsible for far smaller organizations. Most currently receive compensation above \$180,000 and some are in the \$200,000-\$250,000 range.

- It was recommended that the Secretary of Transportation compensation be set to not less than \$150,000 preferably up to \$180,000.
- Currently \$120,000, the Secretary of Transportation's compensation level is less than that of either the District Secretaries or Assistant Secretaries.
- The compensation level needs to be adjusted to be fair and competitive to attract appropriate talent.

Innovation Leader - The FDOT has traditionally been perceived by other states and nations as an innovative transportation agency. While it maintains this reputation in many areas, according to some comments received during the information-gathering phase of this agency review, a serious lack of leadership, support and vision have eroded this tradition in recent years.

- FDOT should redouble its efforts to be a leader in transportation creating the best value for Florida citizens.

To make the best use of limited transportation funding, the focus in Florida is on a comprehensive multi-modal system. FDOT is working to incorporate all of the modes into a prioritized funding structure for capacity improvements through its Strategic Intermodal System (SIS) with a goal of spending 75% of new capacity funds on the most essential roads, ports, rail, transit, and airports to efficiently move people and goods throughout Florida.

The SIS makes up a small portion of the system but accounts for more than 70% of all truck traffic and 55% of total State Highway System traffic. The SIS is how Florida prioritizes its limited funding to best enhance Florida's economic competitiveness.

- The most recent estimate of unfunded needs associated with the SIS is more than \$2 billion per year. Steps should be taken to bridge this critical funding gap.

A copy of the FDOT Transition Briefing provides detail and is included in this report.

Action Items:

1. Recruit an experienced Secretary of Transportation at a competitive pay level
2. Encourage the new Secretary of Transportation to carefully analyze positions, cost effectiveness, redundancies, and internal operating structures to assure cost effectiveness, production efficiencies and if there is a reduction in workforce, it translates into real cost savings.
3. Balance cost savings with the decentralized project management and production as transportation is maintain and produced within a local and regional framework of governments, agencies, companies and resources that is difficult to manage from a central office.

TRANSPORTATION FUNDING – Transportation, moving people and goods, is the foundation of any economy. Transportation is predominately funded through user fees, primarily gas taxes at the federal, state and local level.

Trust Funds - Trust funds are used to maintain stability in funding for multiple year transportation projects and the stability of the Department's cash flow basis of work program accounting. Instability, lack of adequate funding or raiding of trust funds leads to industry instability and drives up the costs of transportation. Lack of indexing of funding at the federal and local level is a problem and leads to underfunding of transportation.

Dismal Donor State Status – Florida has long been a “donor” state regarding the receipt of federal surface transportation funds. Our historic “rate of return” is only **86 cents** back in federal highway funding for every \$1 of federal gas taxes collected in Florida and sent to Washington.

While Florida's rate of return can vary somewhat from year-to-year, due to inequitable funding programs contained in unfair federal laws, we consistently get back far less than we pay in and remain a "super donor" state. In the most current year for which data is available, Florida's rate of return is only **79 cents** on the dollar.

- Working with the Florida Congressional Delegation – particularly Congressman John Mica, Chairman of the U.S. House's Transportation & Infrastructure Committee – the Governor's Florida-Washington Office, and other donor states, FDOT should implement a coherent, reality-based strategy for dramatically improving this dismal rate of return.
- Among the options available, the following should be examined and considered:
 - Turnback – With the federal gas tax currently 18.4 cents per gallon – and only a fraction of that amount needed to fund the maintenance of the Interstate Highway System – the federal gas tax could be gradually decreased a total of 12 cents over a 3-4 year period. The Florida Legislature would be empowered to pass a full or partial replacement state gas tax, enjoy relief from burdensome federal funding restrictions, and most-importantly, eliminate the donor relationship on those 12 cents and KEEP the full amount here in Florida. The six cents retained at the federal level is more than adequate to fund Interstate maintenance.
 - 95% Solution – Discard the existing donor-donee relationship entirely and simply have the 10 most populous states each "contribute" 5% and keep the other 95% back home. Florida and the other 9 largest states would immediately get a 95% return – free from onerous federal restrictions – and the resulting funds would be sufficient to hold harmless the remaining 40 states. Enjoying the benefits of simplicity, and with potentially large majorities in both houses of Congress benefitting, this proposal could be a "game-changer" in Washington, D.C.

Houston (Tallahassee), We Have a Problem - Technology improvements in gas efficiency are providing diminishing returns to the State Transportation Trust Fund while the demand for transportation is increasing. Stated simply, transportation is paid for based upon usage – yet technological improvements and federal requirements associated with fuel efficiency have resulted in people driving more but paying less for transportation. This transportation funding trend is not sustainable.

FDOT estimates implementation of the new CAFE standards will decrease fuel tax receipts by about \$1.5 billion during the current Five-year Work Program and over \$4 billion through 2019. This will have a significant impact on the state's ability to raise adequate revenue in support of its transportation system.

- A new federal and state funding approach will need to be created to be able to maintain and grow our transportation infrastructure to keep Florida and the US globally competitive.

The funding formulas are complex and not often understood by the general public; however, funding is user fee based, collected in a Trust Fund and not a burden on the state general revenues.

- The fuel tax in Florida is currently 18.6 cents, has been indexed since 1990, and is adjusted annually by the CPI.
- It costs the average Florida driver \$28 a month to support the state's share of the transportation system (highways, airports, seaports and transit).

Adverse Affect of Sweeps – Florida needs more jobs, not less and “sweeping” millions of transportation user fee (gas tax) revenues from the State Transportation Trust Fund is not only wrong morally, on a practical level it will directly cause many hard-working Floridians to needlessly lose their jobs. Remember (*with apologies to the originator of this quote*):

- a recession is when your neighbor loses their job,
- a depression is when you lose your job, and
- a recovery is when transportation dollars are used for the purpose they were collected for in the first place!

According to the Florida Transportation Commission (FTC), since 1998 \$3.3 billion in state transportation funding has been diverted and used for non-transportation purposes. Imagine how much better Florida’s economy would today and how many more of our fellow Floridians would be employed if these funds had simply been used for transportation ... as promised.

Recently, funds slated for transportation through the State Transportation Trust Fund have been swept to plug general revenue deficits.

- Raids on the Fund have translated into a reduced number of projects on the street thereby reducing the amount funding for transportation projects which translates into lost private sector activity and jobs.
- It also allows Florida to fall further behind in the critical infrastructure investments needed to move people and goods to be globally competitive.
- At the same time this “disinvestment” in transportation is taking place in Florida, most if not all of our surrounding states are moving ahead with significant infrastructure investments which will create jobs and a competitive business advantage.
- Any and all sweeps of transportation revenues from the State Transportation Trust Fund should be stopped. Quite simply, they represent stealing from Florida motorists.
- Funds swept from previous years should be repaid to the State Transportation Trust Fund ... with interest.

Between the decreases in gas tax due to technology efficiencies *and* raids on the State Transportation Trust Fund, almost \$10 billion of projects have been deferred since 2004.

Since November of 2006, the Department’s funding has been reduced by \$5.3 billion due to reductions in traditional transportation and documentary stamp revenue sources.

- The 2008 and 2009 Legislative Sessions resulted in a sweep of over \$1 billion in funds reallocated to General Revenue.
- These actions resulted in a cash loss to the work program of \$6.3 billion and \$9.9 billion in project commitments through 2015.
- This means real, private-sector Florida business opportunities needlessly missed and real private-sector jobs for thousands of Floridians unnecessarily lost.

Critical Funding Shortfall - The most recent estimate of unfunded needs associated with just the Strategic Intermodal System (SIS) is more than \$2 billion a year.

Let’s be clear, the SIS was expressly created to focus Florida’s limited transportation investments on the facilities targeted for business development purposes and economic activity – seaports, airports, major tourism locations, significant engines of commerce, etc. However,

an additional \$45 billion is needed over the next 25 years just to fund the highway portion of the SIS.

Missed Opportunity - Additional funding sources – long-overdue tag & title fee adjustments were identified to help fund this gap and presented to the legislature. The funding ideas were endorsed by the Taxation & Budget Review Commission and put in place by the legislature, but instead of going towards transportation, they were used elsewhere to meet Florida's General Revenue shortfall.

- To keep faith with the motoring public, the revenues generated by these transportation user fee adjustments should go to the State Transportation Trust Fund and be used for transportation purposes only.
- A redirection of the funding resources back to transportation would help Florida to get rid of its backlog and become more globally competitive.

Turnpike Funding Options – In the effort to find sources of additional transportation funding – that will be used to improve Florida's transportation system and create private-sector jobs – the Florida Turnpike Enterprise has several options worthy of consideration.

- Initiate indexing of Turnpike tolls. Provisions of HB 985, passed in 2007, provide for the Turnpike to begin indexing their tolls – just as the state gas tax has been since 1990. Rather than a “tax increase,” such action simply safeguards against erosion of the purchasing power for the transportation user fee paid by all Turnpike motorists.
- Remove SunPass Discount. SunPass customers currently pay less than cash customers on the Turnpike. Populist arguments aside, such a policy may have made sense when the Turnpike started SunPass years ago as an incentive for participation. However, with approximately 80% of Turnpike customers paying with SunPass, the time has come to remove the discount and equalize the tolls paid by SunPass and cash customers.
- Discontinue SunPass Mini Rebate. The latest version of the SunPass transponder is about the size of a credit card, called the “Mini,” and costs \$4.99. Upon activation, a \$5 rebate is added to the customer's account. Again, as an introductory offer to generate interest, this practice may have made sense. However, the time has now come to discontinue this rebate.

** As Ronald Reagan said in 1982 when he increased the federal transportation user fee – the gas tax – by 5 cents, the impact of these actions individually are small. But taken together the positive impacts will be huge. These adjustments will more appropriately reflect the true business costs for the Turnpike Enterprise, and generate significant and badly-needed transportation funding to help spur Florida's economic recovery.*

Financial Tools - Florida uses many financing tools to extend its current funding capacity and maximize transportation investment, including tolling, bonding, local and regional cost sharing and private/public partnerships. Leveraged dollars enhance Florida's transportation investment.

- The new Secretary should review current financial policies to assure that tools are being used effectively and prudently.
- Innovative programs and financial tools should be explored.
- Legislative policies that limit or prohibit sound financial practices should be brought forth for discussion and revision.

FDOT uses the funding mechanism of Public-Private Partnerships (P3s) for many successful projects.

- They should be encouraged to continue using P3s by increasing the program restriction from 15% to 25%.
- This will be a clear message of continued support and allow the program to grow as the economy recovers.

Bond Financing of Transportation Capital Projects – Construction bids are coming in well below estimates and recent historical costs. Now is a great time to consider financing new work to take advantage of the cost savings, generate new jobs, and gain the earliest benefit-of-use for improved transportation systems. Bond financing at this point in time will provide real transportation benefits many years sooner, with repayments made from ongoing revenues generated from users enjoying those benefits during the useful life of the new facilities.

Working Together - Transportation funding has the ability to be leveraged through regional and local governments and agencies. There is slightly more than \$4.0 billion in unrealized transportation revenue available to county governments that have not implemented the full level of local motor fuel taxes and/or local discretionary sales surtaxes.

- Policies that encourage counties to utilize local options through matching programs could enhance available transportation funding.
- Local government budgets are tight due to the economic downturn and real estate devaluations, yet, construction costs for infrastructure are lower than usual. Investment today will cost less than later and have the side benefit of putting people to work.
- Requiring a local and regional match for new capacity funding dollars could leverage state funding and the economic impact. The challenge at the local level will be to tap the matching dollars at a time of reduced tax revenues.
- Expanding the revolving infrastructure loan fund for local governments and regional transportation agencies by \$2 billion will enable needed infrastructure to be put in place while costs are low, and create an additional approximately 60,000 jobs.

Looming Job Losses - In spite of reductions in transportation funding, FDOT has been able to keep many projects moving forward with ARRA federal stimulus dollars. Once these funds have been depleted, there will be a significant drop in the amount of project work, which if not replaced, will result in fewer projects in the pipeline, more project deferrals, and more private sector job loss.

Nearly 30% of Florida's job loss came from the construction industry. Any investment that utilizes the current skills of Florida's unemployed will have a significant impact on putting people back to work, and transportation investment is one way of making a big impact.

Action Items:

1. Restore funds slated for transportation to the State Transportation Trust Fund
2. Stop future raids on the Transportation Trust Fund
3. Redirect the identified transportation funding resources to transportation
4. Advocate for a new predictable federal funding formula with flexibility in use of funds.

TRANSPORTATION LEGISLATIVE ISSUES -

Port Security Issues: Florida has 14 deep water ports. Because of its many ports and enforcement issues, prior to 9-11, Florida enacted FS 311.12 to enhance port security. After 9-11 the Federal Government enacted port security legislation.

- Florida ports are now at a competitive disadvantage because it must follow two security policies that require duplicative management efforts, differing security requirements, and higher security costs.

According to a Florida Ports Council analysis, Florida ports average 19% of their budgets on security issues and spend 375% more than their East Coast competitors and 217% more than their Gulf Coast competitor ports. This is a competitive issue for the ports and a management complexity.

- It is recommended that FS 311.12 be reviewed for its relevance and necessity, and that duplicative and unnecessary costs be eliminated.

Action Item: Review FS 311.12 for relevancy and eliminate duplicative and unnecessary costs to make Florida ports more competitive.

* Related Issue – With the Panama Canal widening due to be complete in 2014...

- Will Florida ports be ready to compete?
- Can our rail system access ports and handle cargo volumes?
- Will state highways handle the increased truck volumes?
- Can Florida have Intermodal Logistics Centers operating in time?

CREATIVE TRANSPORTATION SOLUTIONS -

Florida's Future Corridors: As Florida emerges from the current economic recession and population growth resumes, regional connectivity will become even more essential for the efficient movement of people and goods.

Several years ago, FDOT looked at Florida on a 50 year horizon and identified essential multi-modal regional connectivity corridors for economic competitiveness. The study looked at including environmental restoration of key systems as part of the initiative, as well as combining multi-modal transportation corridors with utility corridors, land use planning to preserve rural and environmental habitat, and protecting local community sustainability along the corridors. Pilot projects were identified but never started.

- It is suggested that this forward thinking planning initiative be revisited to help Florida prepare for the future, become more globally competitive, and minimize the cost of future right of way acquisition and environmental habitat destruction. This will help to enable the efficient regional movement of people and freight.

Rationalizing Florida's Toll Facilities – The new FDOT Secretary should evaluate the performance and operation of all state owned toll facilities to optimize efficiencies, leverage expertise and maximize the potential advantages these facilities offer for enhanced mobility.

Congestion Pricing and Managed Lanes: Develop new highway lanes with specific “rules of use” that will address transit, automobile and freight needs. When combined with tolling and governed by sound business rules the managed lanes can provide sustainable choices and (new) revenue resources.

- Congestion Pricing: Explore more use of pricing to control congestion, including HOT (High Occupancy Toll) lanes.
- Bus Toll Lanes (BTL) is a new managed lane concept that invites Transit into the toll industry as a partner. If funds to build (or help build) the managed lane come from transit then transit would be entitled to the toll revenue from the facility. This would be new revenue source to support transit service. The concept offers the opportunity to combine (focus) existing fund resources from transit and highway agencies and build solutions sooner. It also maximizes use of existing staff and infrastructure from transit and highway agencies to provide the service. Concept presentation attached.
- Reversible Express Lanes (REL) project, developed in Tampa, provided a unique and effective solution to highway congestion in an urban setting. The REL effectively provided 6-lanes of new highway service from a suburb to a city-center on 6-feet of right of way.

High Speed Rail: The Governor-elect has wisely stated that High Speed Rail (HSR) should only be implemented in Florida if this can be done without creating a new burden for Florida taxpayers. The general fund has no room for new HSR capital or operating subsidies, nor does the State Transportation Fund. Hence, any HSR projects should only proceed if their capital and operating costs can be fully covered out of federal funds plus private-sector investment. There must be no revenue guarantees for private HSR developer/operators. Any public-private partnership agreements for HSR should shift construction risk, completion risk, and traffic and revenue risk to the private provider.

If High Speed Rail (HSR) does moves forward, every effort should be made to maximize the value of the investment.

- In the event other States do not use their federal allocation of HSR funding, an effort should be made to capture some of the unused allocation for Florida’s HSR.
- The participation of every state agency involved in the development process should be streamlined.
- State and local government land-use plans and regulations in the vicinity of HSR stations should encourage maximum investment by private developers.
- State and local governments should employ options to capture a portion of the value gained by the development community from the government infrastructure investments in support of that development
- Transportation networks at the state and regional level should fully integrate this new transportation mode.
- Seek to leverage the economic development potential of HSR by encouraging contract bidders to include actions to make Florida the leading state for HSR research, development and manufacturing, including: building facilities, sponsoring research with Florida universities; opening regional or national headquarters; encouraging supplier networks to locate in Florida.

WAYS TO WORK SMARTER – Knowing that there will never be enough funding to meet all the legitimate transportation needs in a large state like Florida, the following are suggested ways to work “smarter.”

- Empower someone beneath the District Secretary level (an ombudsman if you will) to facilitate resolution on development projects. Too often developers working with city and / or county agencies are told “it’s not in the book” by the FDOT representative(s). This leads to delays and additional cost to the development community, additional staff time and costs to the state and local governments as it takes getting other people involved at increasingly higher levels to get it resolved or to develop a solution.
- Modify rules to allow for sharing of retention ponds with local governments when intersecting transportation facilities provide the opportunity. The costs to design, build and maintain can be apportioned pro-rata among the respective governments while generating dollar savings for FDOT and the affected local government.
- Modify rules for greater flexibility in sharing of right of way in The Turnpike Enterprise and FDOT facilities delivering costs savings to local governments.
- Make it a priority to minimize “legislative interference” within this department in particular. It has had added unnecessary burdens and some associated costs to their work product. At times it includes directing resources to less than their optimal use.
- Review agency practices to make sure consultants are not being over-utilized for finished product generated. The thought here is not to reverse the level of privatization of these functions, but to make sure the practice is not being abused by the private sector.
- Better analyze the pay-off of one transportation investment verses another. As dollars are tighter and in order to facilitate the greatest associated economic development and industrial activity, we will have to get the highest possible return on each dollar invested in transportation facilities.
- Review the various processes to streamline them and reduce costs associated with having FDOT provide a representative (usually the District Sect. or their designee) to interface or serve with an ever increasing number of agencies at the local and regional level. As a result there are many more meetings and although no additional work product produced or any greater citizen participation to show for it.
- When FDOT makes significant changes that affect road construction projects in a county or city, it can drastically affect the respective jurisdiction’s ability to meet concurrency and thus affects development projects that went through approvals that count on the forthcoming capacity improvements. Some accommodation needs to be made to provide greater notice when a certain amount of change will affect a community and / or some relief on concurrency because of its impact on the economic development activity that has made significant investments to get to that point.
- Create a single MPO for each urbanized area, rather than having several smaller ones, typically based on county lines.
- Long term visionary planning is a tool for Florida’s future, however it is important to build in flexibility and be able to adapt long term plans, such as the 2060 Florida Transportation Plan and other 50 year plans, as technology and policies change.

Long term visionary planning should be viewed as a roadmap with flexibility and updated as new technologies and new opportunities come into play.

Some of the concerns expressed about today's long term planning initiatives is the difficulty to plan that far out. It is difficult enough to plan for 20 years out, as MPOs try to do. Consider how we might have viewed the world of 2010 fifty years ago, i.e., in 1960. In the world of 1960, there were no cell phones, no FedEx, no Internet, no third-party logistics industry, no standardized intermodal containers, no electronic toll collection, etc.

We must be careful that our long term visionary planning does not allow various interest groups to try to lock in their preferences in ways that will constrain future policymakers, who will have to cope with the real world 50 years from now, with a likely array of technologies, practices, social customs, etc. that we can scarcely imagine in 2010.

At the same time, because of the lengthy process of translating a transportation vision into reality, a long term look at future transportation projected needs balanced with potential future land use, desired environmental preservation, community sustainability, future right of way preservation and cost, and other planning perspectives, can serve as an important tool for enhancing long term global competitiveness.

COST SAVING POTENTIAL OF GREEN TECHNOLOGY – As part of the input gathering associated with this Agency Review, a successful member of Florida's business and transportation community passed along the following – with the suggestion of how so-called "green" technology can be used to achieve significant cost savings.

1. This individual recently changed out light fixtures in a small warehouse complex in which he owns multiple units.
 2. He had approximately 15 fixtures of the old type halogen parking lot lighting and his average monthly power bill was roughly \$1500/month.
 3. He converted these lights to modern-type fluorescent fixtures at a rough cost of \$200/fixture (i.e. \$3,000) and now our power bill is roughly \$150/month.
 4. Thus he paid himself back very quickly while also being more energy efficient and having a cleaner light source.
- *DOT should consider utilizing more energy efficient lighting and similar technology wherever possible. The state could be more energy efficient and cost-effective from a power bill standpoint as well as an ease of maintenance perspective.*

CONCLUSION – The Chinese symbol for the word "crisis" is made up of two characters representing "danger" and "opportunity." Literally a time of crisis – like the economic recession we're in now – is a dangerous one, but also filled with opportunity. The OPPORTUNITY before Florida's next Governor is this:

1. Fully Fund and consider increasing transportation funding,
2. Take advantage of this chance to *stretch* our transportation dollars and catch-up on the backlog of badly-needed projects,
3. Put people back to work, and through this increased economic activity
4. Generate the new state revenues needed to fund other vital areas of state government.

CRISIS

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A time of danger;

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A time of opportunity;