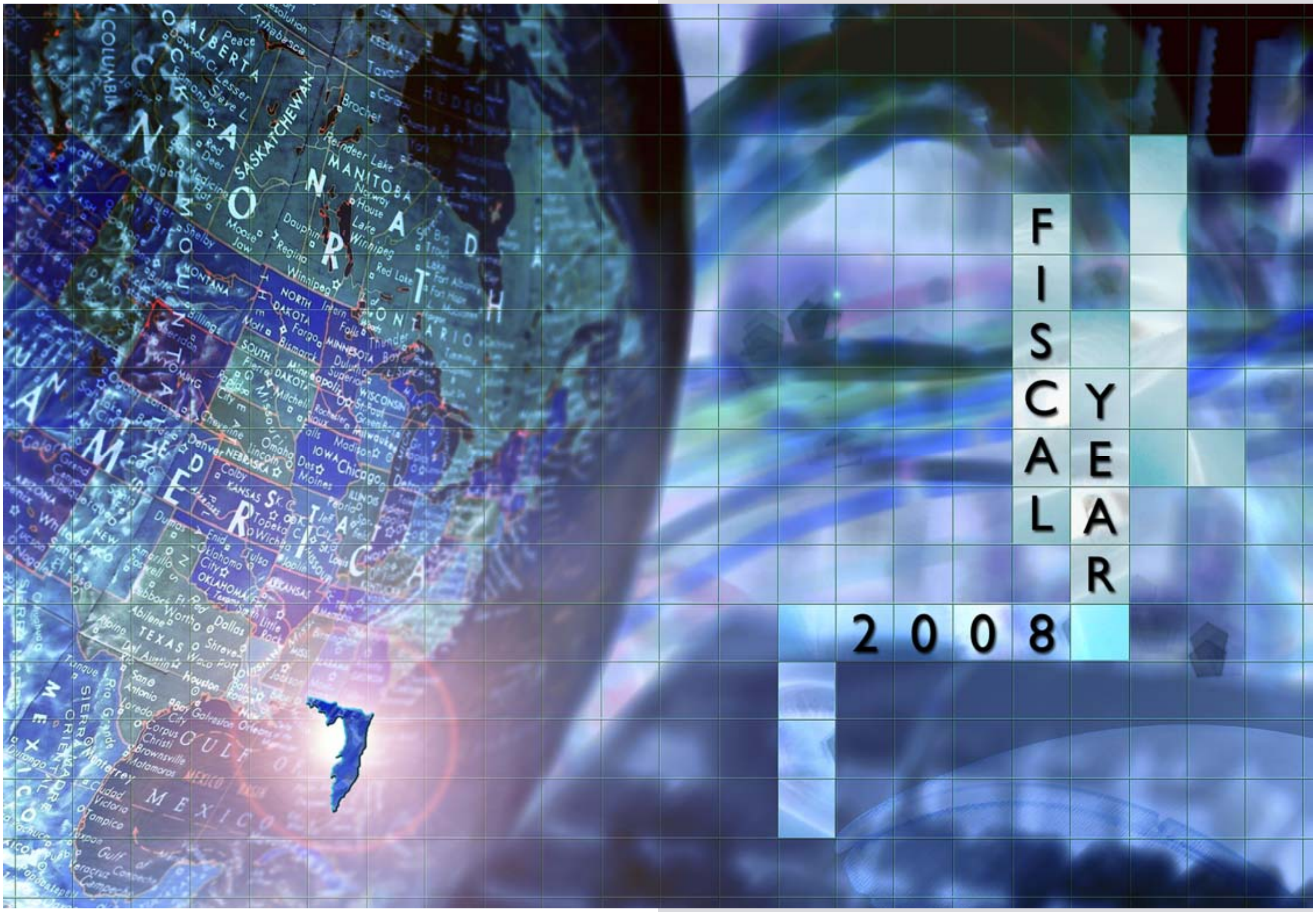


# Transportation Authority Monitoring and Oversight

Florida Transportation Commission | March 2009

# *FLORIDA TRANSPORTATION COMMISSION*



**Charlie Crist**
**Governor**

March 20, 2009

Honorable Charlie Crist
Office of the Governor
The Capitol
Tallahassee, Florida 32399-0001

Dear Governor Crist:

I take pleasure in transmitting the Florida Transportation Commission's *Transportation Authority Monitoring and Oversight, FY 2008 Report*, which was adopted at our public meeting on March 3, 2009. This is the second annual report in response to our expanded oversight role that resulted from the passage of House Bill 985 in 2007. That oversight encompasses the monitoring and oversight of 15 transportation authorities created under Chapters 343 and 348, Florida Statutes. During the course of this review, we have found that many of the authorities have instituted "best practices" and have realized significant cost savings since they were placed under the oversight and monitoring by the Commission.

As a result of the legislative mandates, the Commission, in concert with the affected authorities, adopted performance measures and objectives, operating indicators and governance criteria to assess the overall responsiveness of each authority in meeting their responsibilities to their customers. As expected, the vast majority of the performance measures and operating indicators remained unchanged, however, several were refined and updated to assure the continued relevance of the measures and objectives.

To varying degrees, each authority was successful in meeting the measures established by the Commission. High standards were set for the authorities with the expectation that long-term changes would be implemented. Performance results presented herein are based on FY 2008 financial and operational data. The authorities had an opportunity to anticipate objectives for FY 2008 in order to make operational changes that would positively affect results. We believe the authorities will continue to utilize the findings within this report to more efficiently and effectively operate their respective expressway, toll and transit systems.

In addition to gathering, analyzing and reporting performance and operating data, Commission staff conducted limited reviews of minutes of meetings, agendas, public meeting notices, conflict of interest disclosures and audits. They also attended public board meetings and conducted site visits with various authorities in order to obtain documentation and gain first hand exposure to the workings and culture of the authorities. With few exceptions or minor deviations, all of the authorities are operating in accordance with Florida Statutes or policies regarding ethics, conflicts of interest, open meetings and public records. With only two exceptions, authorities complied with the requirement to prepare audited financial statements. With the exception of one authority, those authorities with outstanding bonds complied with continuing disclosure and debt service requirements contained in bond covenants.

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Significant governance, compliance and financial issues were noted for the Santa Rosa Bay Bridge Authority (SRBBA). The Authority entered into a lease-purchase agreement with the Florida Department of Transportation, whereby the Department maintains and operates the Garcon Point Bridge and remits tolls collected to the Authority as lease payments. SRBBA is currently in technical default on its bonds and based on current revenue forecasts, continued draws on the debt service reserve fund are projected to deplete the fund in FY 2012. Due to lack of funding for administrative expenses, SRBBA is not conducting regular meetings and the Commission finds there is inadequate governance of the Authority. No instances of Department noncompliance were noted during the review. The Commission has tasked the Department of Transportation, working with Commission staff, to define possible alternative solutions to this serious financial matter, and they are to report back within 30 days.

In this report, the authorities are organized into three main sections for clarity; Established Toll Authorities, Transit Authorities, and Emerging Authorities. Background and a detailed analysis of actual performance assessed relative to adopted objectives, operating statistics and trends, and compliance with governance requirements are reported in each respective authority's individual chapter. An Executive Summary provides an overview and summary of results. The Introduction section describes the history pertaining to the legislation, affected transportation authorities and development of the reporting criteria. A Summary of Fiscal Year (FY) 2008 Findings and the Plan for FY 2009 that describes activities related to production of next year's (FY 2009) report are also included. Finally, Appendices are provided for HB 985 excerpts and 5-year trend data for each authority.

If you have any questions regarding this report, please do not hesitate to contact me or the Transportation Commission staff at (850) 414-4105. Your comments are always welcomed.

Sincerely,

Marcos Marchena, Chairman
Florida Transportation Commission

cc: Honorable Andy Gardiner, Chair, Senate Committee on Transportation, and Members
Honorable Mike Fasano, Chair, Senate Committee on Transportation and Economic Development Appropriations, and Members
Honorable JD Alexander, Chair, Senate Policy and Steering Committee on Ways and Means, and Members
Honorable Dave Murzin, Chair, House Economic Development and Community Affairs Policy Council, and Members
Honorable Greg Evers, Chair, House Roads, Bridges and Ports Policy Committee, and Members
Honorable David Rivera, Chair, House Full Appropriations Council on Education and Economic Development, and Members
Honorable Richard Glorioso, Chair, House Transportation and Economic Development Appropriations Committee, and Members
Ms. Stephanie Kopelousos, Secretary, Florida Department of Transportation
Mr. Jerry McDaniel, Director, Office of Policy and Budget, Governor's Office

# Transportation Authority Monitoring and Oversight

## Fiscal Year 2008 Report

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# EXECUTIVE SUMMARY

## Background

The Florida Transportation Commission (Commission) was charged with an expanded oversight role as a result of provisions contained in House Bill (HB) 985 that was passed by the legislature and signed into law by Governor Crist in June of 2007. Specifically, the new role of the Commission is to monitor the transportation authorities established in Chapters 343 and 348 of the Florida Statutes.

In March 2008, the Commission published an initial report on the conduct of monitoring and oversight of the transportation authorities under its purview. Immediately following publication of the Fiscal Year (FY) 2007 year one report, the Commission initiated activities required to begin preparations for the FY 2008 performance review. Measures and objectives established in 2007 were reviewed with the authorities during a teleconference and workshop in order to incorporate adjustments and/or modifications identified during the year one review process.

The Commission, with the assistance of the authorities, formally adopted performance measures and operating indicators for FY 2008 that included previous measures and indicators in addition to measures that had been modified or were introduced as new measures and indicators.

***FY 2008 Changes to Performance Measures and Operating Indicators — "Established" Toll Authorities***

Safety - Recomputed the five-year moving average performance objective

Customer Service - *SunPass* survey results produced by the Florida Turnpike Enterprise (Enterprise) will be used as customer survey results for all toll authorities with the exception of Orlando-Orange County Expressway Authority (OOCEA)

Customer Service - OOCEA will use the results of the customer survey conducted for its operations

Debt Service Coverage - Added a measure to indicate whether the authority has met the debt service coverage requirements of the authority's respective bond covenants

Bond Ratings - Included the most recent bond ratings by the three bond rating agencies as an operating indicator to identify positive and negative trends in the ratings

***FY 2008 Changes to Performance Measures and Operating Indicators — Transit Authority — Central Florida Regional Transportation Authority (LYNX)***

Safety - Changed the performance measure from "revenue miles between major safety incidents" to "revenue miles between safety incidents" to conform with reporting requirements of the national transit database and revised the performance objective to 10 percent above average of the last 5 years

***FY 2008 Changes to Performance Measures and Operating Indicators — Transit Authority — South Florida Regional Transportation Authority (SFRTA)***

Ratio of Revenue Miles to Vehicle Miles - Increased the performance objective from 0.90 to 0.93, beginning in FY 2008

Operating Expense per Revenue Hour - Effective FY 2008, reclassified the performance measure to an operating indicator because revenue hours within the rail system were somewhat inflexible

Revenue Miles between Failures - Revised the performance objective to represent a 10 percent increase over actual FY 2007 performance, beginning in FY 2009

## Current Year Activities

The 2008 Florida Legislature made no changes to the statute prescribing the Commission's oversight responsibilities for the affected authorities. Authorities that are currently operating and included in this report are:

- Miami-Dade Expressway Authority (MDX)
- Orlando-Orange County Expressway Authority (OOCEA)
- Santa Rosa Bay Bridge Authority (SRBBA)
- Tampa-Hillsborough County Expressway Authority (THEA)
- Central Florida Regional Transportation Authority (CFRTA/LYNX)
- South Florida Regional Transportation Authority (SFRTA/Tri-Rail)
- Northwest Florida Transportation Corridor Authority (NFTCA)
- Southwest Florida Expressway Authority (SWFEA)
- Tampa Bay Area Regional Transportation Authority (TBARTA)

As the Commission was charged to “Monitor the efficiency, productivity, and management of the authorities. . .” it has dynamically reviewed the activities of the affected authorities. The Commission established a detailed schedule for review of performance and completion of the 2008 report and worked closely with the authorities throughout the year to complete the performance review.

For the expressway authorities, 17 performance measures with management targets were established. For the transit authorities, 12 measures were adopted for CFRTA and 11 measures were adopted for LYNX. The Commission developed “governance” criteria that provide an assessment of each of the governing boards’ overall management of the respective authority. The criteria established allow the Commission to assess each authority’s compliance with Florida “sunshine laws” related to ethical conduct, conflicts of interest, and public meetings; compliance with generally accepted accounting principles; policies and procedures; and, adherence to applicable laws and bond covenants.

The Commission identified the following governance areas and required the monitored authorities to submit documentation for review (by Commission staff).

- Ethics
- Conflict of Interest
- Audit
- Public Records and Open Meetings
- Procurement
- Consultant Contract Reporting
- Compliance with Bond Covenants

## Fiscal Year 2008 Overview

Since initial measures were established in 2007 and meetings to update the measures and objectives for 2008 were held early in the year, the Authorities have had the opportunity to anticipate the objectives for 2008 in order to modify operational plans to achieve the desired outcomes. The following is a summary of the results of the Commission’s performance and governance reviews and other findings for each of the transportation authorities being monitored.

### *Miami-Dade Expressway Authority (MDX)*

MDX met or exceeded 15 of the 17 performance measure objectives. The two performance measure objectives not met include Safety and Construction Contract Adjustments-Cost.

MDX reported a 41 percent increase in FY 2008 revenue resulting from the addition of two new tolling locations, one of which opened as an Open Road Tolling (ORT) Project. Toll operations costs increased \$7.6 million due to costs associated with the first year of operation of the Traffic Management Center; first year costs for MDX contracted toll collection and maintenance personnel at the new toll plazas; and, increases in *SunPass* processing costs. Electronic Toll Collection (ETC) transactions represented 73 percent of total transactions in FY 2008, but exceeded 75 percent in September and October 2008.

In the area of Governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. The Auditor's Management Letter provided recommendations for improvements in the Information Technology area that are currently being implemented by MDX. For procurement, Commission staff noted that the Executive Director is authorized to approve a Supplemental Agreement for a single contract up to $2 million and extend contract time, with no limitations, without prior approval of a Standing Committee or the MDX Board. Monthly reporting to the Board is required. The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to MDX for the FY 2007 Comprehensive Annual Financial Report (CAFR).

Based on the Commission's limited review of Board meeting minutes, MDX policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission.

The Commission recognizes the positive performance results and strong governance demonstrated by MDX and encourages MDX to continue to develop and pursue an action plan to reduce highway fatalities and to review established thresholds for contract amendment approval authority. The Commission acknowledges with appreciation the assistance of the MDX Board and staff in providing the resources necessary to conduct this review and to complete this report.

***Orlando-Orange County Expressway Authority (OOCEA)***

OOCEA met or exceeded 14 of the 17 performance measure objectives. The three performance measure objectives not met include ETC Transactions, Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance, and Debt Service Coverage-Bonded Debt (Bond Covenant Compliance was met).

The 1.1 percent increase in FY 2008 revenue reported by OOCEA was modest in comparison to growth in prior years and most likely resulted from a combination of factors including a rising unemployment rate in Central Florida, decreases in enplanements at Orlando International Airport (OIA) and a general downturn in the economy. OOCEA reported a $14.2 million decrease in operating costs primarily due to the completion of two resurfacing projects. ETC transactions represented 69 percent of total transactions.

In the area of Governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. One recommendation provided in the Auditor's Management Letter will be implemented by OOCEA when plaza interface enhancements have been fully implemented. As detailed in last year's Florida Transportation Commission Monitoring and Oversight Report, the Orange County Comptroller's Office conducted an independent audit of the Authority and issued a report in October 2007 that contained 81 recommendations. OOCEA has completed 64 of the recommendations, and 11 are partially completed or underway. Based on recommendations included in an OOCEA Internal Audit Report issued in November 2008, the Audit Committee authorized proceeding with a Board Governance Assessment that will review Board governance processes and make recommendations to improve accountability and transparency.

Based on the Commission's limited review of Board meeting minutes, OOCEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission.

The Commission recognizes OOCEA for its ongoing efforts to address the operational findings of the Orange County Comptroller's Audit of the Authority. The Commission encourages OOCEA to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission acknowledges with appreciation the assistance of the OOCEA Board and staff in providing the resources necessary to conduct this review and to complete this report.

***Santa Rosa Bay Bridge Authority (SRBBA)***

SRBBA met or exceeded 6 of the 12 performance measure objectives applicable to the authority. The six performance measure objectives not met include ETC Transactions, Revenue Variance, Cost to Collect a Toll Transaction, Debt Service Coverage-Bonded/ Commercial Debt, Debt Service Coverage-Comprehensive Debt, and Debt Service Coverage-Compliance with Bond Covenants.

SRBBA is in technical default on its bonds, and revenue is projected to be insufficient to make future debt service payments, despite programmed toll increases. Based on current revenue forecasts, continued draws on the debt service reserve fund are projected to deplete the fund in FY 2012.

The current economic slowdown, general decline in the housing market and rising fuel prices appear to be the primary factors that resulted in a decrease of 13.6 percent in transactions on the Garcon Point Bridge in FY 2008. Fewer transactions resulted in a 0.5 percent decline in revenue despite a toll rate increase implemented on July 1, 2007 (FY 2008) to help meet debt service requirements.

In the area of Governance, SRBBA has not had a required independent financial statement audit performed for several years and is not currently submitting quarterly financial statements to the Trustee. Due to a lack of funding for administrative expenses, SRBBA has no executive director, secretary, or any staff, and recent meetings of the SRBBA Board include only two meetings that were held in January of 2008 and January of 2009. The Authority has not filed a required annual financial report or audit report with the Department of Financial Services (DFS) for FY 2007. The Authority did not enforce provisions of the Lease-Purchase Agreement relating to the Florida Department of Transportation's (Department) obligations in connection with the system; however, no instances of Department noncompliance were noted. The Determination Resolution and Material Event Notice for July 2008, as required by SRBBA bond covenants, was not properly filed. The SRBBA Board did not review the July 2008 Traffic Consultant's recommendations for revisions to the toll schedule to enable the Authority to comply with Section 5.02(c) of the bond resolution.

Based on the Commission's limited review of Board meeting minutes, SRBBA policies and procedures, Florida Statutes, Accountant's Compilation Report, Bond Covenants and other documentation provided by the Authority and the Department, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission, except for those noted above.

Because the SRBBA Board is not conducting regular meetings, Commission staff finds there is inadequate governance of the Authority. If a Lease-Purchase Agreement Amendment that would provide for SRBBA administrative funding by the Department is not approved, the Commission recommends that the Authority seek limited administrative assistance from Santa Rosa County to enable the Board to meet for concerns of vital interest.

The Commission will continue to monitor SRBBA and the operations of the Garcon Point Bridge and coordinate with the Department on any issues that arise. The Commission acknowledges with appreciation the assistance of the Department and SRBBA in providing information necessary for completion of this report.

Following the presentation of the Transportation Authority Monitoring and Oversight, FY 2008 Report to the Commission at the March 3, 2009 public workshop, the Department notified Commission staff that the Lease-Purchase Agreement Amendment that will provide Department funding for administration was approved. The report, as presented, was unanimously adopted by the Commission at the regular public meeting held later in the day with one modification noted. The Commission recognized the serious financial condition of SRBBA, where the Authority's bonds are in technical default and the debt service fund is projected to be depleted in FY 2012. The Commission tasked the Department to examine available options to address the financial condition of the Authority. The Department agreed to provide the Commission with a written report, within 30 days, that describes various alternatives and provides recommendations. The Commission will review the report and provide specific recommendations regarding SRBBA to the Governor and Legislature under separate cover.

***Tampa-Hillsborough County Expressway Authority (THEA)***

THEA met or exceeded 7 of the 14 applicable performance measure objectives. The seven performance measure objectives not met include Roadway Maintenance Condition Rating, Bridge Condition Rating, ETC Transactions, Revenue Variance, Cost to Collect a Toll Transaction and Debt Service Coverage-Bonded and Comprehensive Debt (Bond Covenant Compliance was met). Several performance measure objectives in the areas of finance, operations and maintenance that were not met result from finance and business rules as defined in the existing Lease-Purchase Agreement and are not entirely under the Authority's control.

Although THEA's FY 2008 toll transactions decreased by 3 percent, revenues increased by 11 percent as a result of a full year of higher tolls resulting from the FY 2007 toll rate increase. ETC transactions represented 69 percent of total transactions. The pricing preferential for ETC customers and the recent opening of the Reversible Express Lanes project continue to positively impact growth in electronic tolling. Maintenance expenses increased as a direct result of the addition of the Reversible Express Lanes, which added 75 percent more lane-miles to the Selmon Expressway.

In the area of Governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. In October 2008, the Auditor General issued a follow-up audit report on THEA's progress in addressing the findings and recommendations in the December 2006 operational audit. The Auditor General determined that the Authority corrected 10 findings, partially corrected 2 findings, and failed to correct 1 finding, specifically, lobbying services. THEA's interim and current General Counsel issued opinions that cite statutory provisions authorizing THEA to outsource any service the Authority may perform on their own, with government relations listed as one such service.

Based on the Commission's limited review of Board meeting minutes, THEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission, except for those instances noted above.

The Commission recognizes THEA's efforts in securing an Asset Maintenance Contractor to begin maintaining the system at a maintenance condition rating of 90, at a reduced cost. The Commission further commends THEA for pursuing a request for proposals for toll collection services to evaluate alternative options in order to reduce costs in that area as well. The Commission further recognizes THEA for its ongoing efforts to address the Auditor General's operational findings. The Commission encourages THEA to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission acknowledges with appreciation the assistance of the THEA Board and staff in providing the resources necessary to conduct this review and complete this report.

***Central Florida Regional Transportation Authority (LYNX)***

LYNX met or exceeded 6 of the 12 performance measure objectives. The six performance measure objectives not met include Average Headway, Operating Expense per Revenue Mile, Operating

Expense per Revenue Hour, Operating Expense per Passenger Trip, Operating Expense per Passenger Mile, and Revenue Miles versus Vehicle Miles.

LYNX continued to increase weekday ridership on expanded miles and during additional hours with a slightly smaller fleet. Operating expenses rose by 13.7 percent, but were somewhat offset by a 2.8 percent increase in operating revenue. The average fare grew by $0.06. LYNX logged more than a million more passenger trips than in FY 2007, and trips tended to be somewhat longer, which resulted in approximately 13 million additional passenger miles.

In the area of Governance, the FY 2007 independent financial statement audit reflected an unqualified opinion. The Federal Transit Administration's (FTA) July 2008 follow-up to a 2006 procurement review noted 16 deficiencies. Corrective actions included revisions of administrative rules subsequently approved by the Board of Directors. LYNX also implemented a self inspection program to be conducted on a quarterly basis to enhance compliance with FTA regulations. A Disadvantaged Business Enterprise (DBE) compliance review was initiated by FTA in May 2008 with a written report of findings issued in September 2008. LYNX provided a written response as required and, at this time, has not received any further comments.

Based on the Commission's limited review of Audit Committee and Board of Directors meeting minutes, LYNX policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, and other governance criteria established by the Commission.

The Commission recognizes the governance demonstrated by LYNX and encourages LYNX to establish a course of action focused on improving performance to achieve objectives and containing operating costs. The Commission acknowledges with appreciation the assistance of the LYNX Board and staff in providing the resources necessary to conduct this review and to complete this report.

***South Florida Regional Transportation Authority (SFRTA)***

SFRTA met or exceeded 9 of the 11 applicable performance measure objectives. The two performance measure objectives not met include Operating Revenue per Operating Expense and On-time Performance.

SFRTA continued to provide more public transit service to the community it serves and did so with a great deal of consistency over a variety of operating parameters. SFRTA continued to increase weekday ridership on expanded revenue miles during the same span of revenue service with a slightly smaller fleet. Operating expenses rose by 16.6 percent, but were partially offset by a 23.5 percent increase in operating revenue. SFRTA increased passenger miles by more than 25 million miles. The average fare grew from $2.13 to $2.25, and the operating cost per passenger mile fell from $0.43 to $0.40.

In the area of Governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. In the Independent Auditor's Management Letter, the auditors provided three recommendations that included documentation of the review and approval of journal entries, changes to the payroll approval process, and the absence of a dedicated information technology area. SFRTA acknowledged the recommendations and provided a plan to comply with each of the recommendations moving forward. The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SFRTA for the FY 2007 CAFR.

Based on the Commission's limited review of Board meeting minutes, SFRTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, and other governance criteria established by the Commission.

The Commission recognizes the positive performance and governance demonstrated by SFRTA and encourages SFRTA to focus on containing operating costs. The Commission suggests that SFRTA continue its positive trend in on-time performance. The Commission acknowledges with appreciation the cooperation and assistance of the SFRTA Board and staff in providing the resources necessary to complete this review.

***Northwest Florida Transportation Corridor Authority (NFTCA)***

NFTCA is classified, for this report, as an "emerging authority" because it is not currently operating any facilities. NFTCA is currently in the project development phase and has completed both the initial Master Plan and the 2008 update. Therefore, there are no performance measures or indicators applicable at this time.

The NFTCA Board has received, as recommended by the Commission in 2007, *Government in the Sunshine* training. Commission review of the minutes of meetings and attendance at select meetings indicates that NFTCA is conducting its meetings in compliance with open meetings requirements. However, it was noted that the location of one meeting was changed with less than 48 hours notice and the meeting was subsequently cancelled with less than 24 hours notice.

It was also noted that the Board attempted to pass a resolution allowing for attendance at meetings and subsequent voting on issues, through teleconferencing in order to achieve a quorum. Since the meeting was not noticed as a meeting by teleconference, the resolution was tabled for discussion at a subsequent meeting.

NFTCA conducted activities that could be construed as lobbying activities, which are prohibited by the funding agreements executed between NFTCA and the Florida Department of Transportation. Brochures containing the NFTCA logo, requesting participants to contact legislators, were handed out at a public hearing conducted by a federal agency on the proposed designation of critical habitat that may impact the development of one of NFTCA's projects.

NFTCA adopted an ethics policy that requires adherence to Part III of Chapter 112, Florida Statutes, relating to conflicts of interest. Where voting conflicts arise, the board member with the conflict publicly states the conflict and the proper forms noting the conflict are executed.

NFTCA has not had an audit performed due to lack of administrative funding. However, the Department's Inspector General has completed an Accountant's Compilation. The compilation includes a balance sheet and revenue and expense statement, but does not satisfy the requirements for audited financial statements in compliance with Generally Accepted Accounting Principles (GAAP). The Annual Financial Report, required by Chapter 189, Florida Statutes, has not been completed and submitted to the Department of Financial Services. In addition, NFTCA did not adopt a formal budget as required.

Generally, NFTCA is conducting its business in accordance with requirements of public meetings, open records, and ethics. However, there are areas of concern. There needs to be a review of all pertinent governing statutes by NFTCA to ensure that they are operating not only within the letter law, but also within the spirit of the law. NFTCA must conduct their operations in a business-like manner in full compliance with all applicable statutes.

***Southwest Florida Expressway Authority (SWFEA)***

SWFEA is classified, for this report, as an "emerging authority" because it is not currently operating any facilities; therefore, performance measure and indicator information are not applicable at this time. SWFEA's charge is to construct, operate, and maintain additional lanes which are tolled on I-75 within Lee and Collier counties.

Due to the economic downturn, SWFEA adopted Chairman Barton's recommendation that a temporary slowdown in activities be instituted until the economy rebounds and traffic begins growing again. SWFEA will continue to retain professional staff, albeit in a reduced capacity, so that when events warrant, SWFEA will be in a position to quickly resume normal business. Therefore, SWFEA will only meet to fulfill legislative requirements. Administrative and legal activities will continue so that SWFEA continues to conduct its business in the sunshine and accounting and reporting requirements are met.

SWFEA adopted ethics, conflict of interest, open meeting and public records policies. The board has met all applicable governance criteria and all members have met financial disclosure filing requirements. Audited financial statements, in compliance with GAAP, have been issued with no management findings. The Annual Financial Report required by Chapter 189, Florida Statutes, was also completed.

The Commission finds that SWFEA is meeting all established governance criteria and commends the board for their stewardship of the authority.

***Tampa Bay Area Regional Transportation Authority (TBARTA)***

TBARTA is classified, for this report, as an "emerging authority" because it is not currently operating any facilities; therefore, performance measure and indicator information are not applicable at this time. TBARTA's purpose is to improve mobility and expand multimodal transportation options for passengers and freight throughout the seven-county Tampa Bay region.

TBARTA has completed, as required by statute, the development of a conflict resolution process and has established Transit Management and Citizens Advisory Committees. TBARTA is charged with developing and adopting a regional transportation plan by July, 2009. To that end, through October 2008, TBARTA has held more than 200 public events that have attracted over 8,000 participants.

TBARTA adopted ethics, conflict of interest, open meeting and public records policies as well as policies governing procurement, terms of officers, vacancy and voting, committee membership, staffing and budget adoption. The Board has met all applicable governance criteria, and all members have met financial disclosure filing requirements.

Procurement of audit services is underway. TBARTA received $40 thousand in combined contributions from Metropolitan Planning Organizations (exclusively for legal services), $10 thousand in private contributions, and $50 thousand was matched by the Tampa Bay Partnership (a non-profit organization promoting the Tampa Bay region). The accounting for these funds along with $2 million appropriated by the Florida Legislature for the 2009 fiscal year is now being provided by the Tampa Bay Regional Planning Council.

The Commission finds that TBARTA has met all of the established governance criteria and the board is operating within statutory and board established guidelines. The Commission commends the board for the manner in which it is conducting business in the "sunshine."

## Conclusion

The Florida Transportation Commission acted expeditiously to begin monitoring the transportation authorities, as prescribed in HB 985 of the 2007 regular session of the Florida Legislature. The Florida Transportation Commission's Transportation Authority Monitoring and Oversight Year One Report was published in March 2008.

Performance measures and objectives established during the first year of the Commission's oversight responsibility were reviewed and modified to improve the monitoring process. The Commission and the authorities formally adopted performance measures and operating indicators for FY 2008 that included previous measures and indicators, modified measures, and new measures and indicators that were identified.

The Commission is committed to carrying out its designated responsibilities in a deliberative fashion and encourages any input, feedback or suggestion to help improve the report and monitoring process. After consultation with the legislature, Governor's office and the monitored authorities, the Commission will consider any enhancements or changes to performance measures, management objectives, reportable indicators, governance areas, and reporting format.

The Commission acknowledges with appreciation the assistance of all of the transportation authority boards, authority staff, and the Center for Urban Transportation Research at the University of South Florida for providing the resources necessary to conduct this review and complete this report.

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# INTRODUCTION

Transportation authorities have played a vital role over the years in helping to deliver transportation services to the citizens of Florida. New transit service has been provided and innovative toll projects have flourished as a result of the authorities. Public authorities have long been used in the United States to develop revenue producing projects and programs that general government has not been able to deliver for various reasons. In general, it is accepted that single purpose authorities are well equipped to remain singularly focused, resulting in a positive track record of delivering services and projects.

In an attempt to shield authorities from the political forces sometimes associated with general purpose government, some level of autonomy is provided. This autonomy can and has led to policy questions of public accountability.

Media accounts of controversies involving several transportation authorities in Florida led to a number of legislative proposals in the regular session of the 2007 Florida legislature. The proposals ranged from reconstituting individual authority boards to outright elimination of specific organizations. As the session progressed, the legislature decided to deal with the issue in a global manner by tasking the Florida Transportation Commission (Commission) with oversight responsibilities of certain transportation authorities.

The legislature passed House Bill (HB) 985 in the 2007 legislative session and amended Section 20.23 of Florida Statutes to expand the role of the Commission. On June 19, 2007, Governor Crist approved the bill, which became law on July 1, 2007. The relevant language from HB 985 is included as Appendix A. Specifically, the change in statute charges the Commission to:

"Monitor the efficiency, productivity, and management of the authorities created under chapters 343 and 348, including any authority formed using the provisions of Part I of Chapter 348. The commission shall also conduct periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and generally accepted accounting principles."

In addition, the Commission is restricted from certain activities in its new oversight role. Modifying the language that previously applied to the Commission's relationship with the Florida Department of Transportation (Department), the act states:

"The commission or a member thereof may not enter into the day-to-day operation of the department or a monitored authority and is specifically prohibited from taking part in:

1. Awarding of contracts.
2. Selection of a consultant or contractor or the prequalification of any individual consultant or contractor. However, the Commission may recommend to the secretary standards and policies governing the procedure for selection and prequalification of consultants and contractors.
3. Selection of a route for a specific project.
4. Specific location of a transportation facility.
5. Acquisition of rights-of-way.
6. Employment, promotion, demotion, suspension, transfer, or discharge of any department personnel.
7. Granting, denial, suspension, or revocation of any license or permit issued by the department."

The Florida Legislature did not make any changes to the Commission's oversight responsibilities during the 2008 legislative session. Therefore, transportation authorities created under Chapters 343 and 348, Florida Statutes, subject to Commission oversight did not change. Of the 15 authorities subject to Commission oversight, 9 are actively pursuing or operating facilities and 6 are considered by the Commission as "inactive." The status of "inactive" has been assigned to those organizations that have never met, have no facilities to operate, have disbanded, or were active at one time and have transferred their facilities. The following table shows the status of the authorities:

**Table 1**
**Status of Authorities**

| |
|---|
| ***Active Authorities*** |
| Central Florida Regional Transportation Authority |
| Miami-Dade Expressway Authority |
| Northwest Florida Transportation Corridor Authority |
| Orlando-Orange County Expressway Authority |
| Santa Rosa Bay Bridge Authority |
| South Florida Regional Transportation Authority |
| Southwest Florida Expressway Authority |
| Tampa Bay Area Regional Transportation Authority |
| Tampa-Hillsborough County Expressway Authority |
| ***Inactive Authorities*** |
| Brevard County Expressway Authority |
| Broward County Expressway Authority |
| Pasco County Expressway Authority |
| St. Lucie County Expressway and Bridge Authority |
| Seminole County Expressway Authority |
| Tampa Bay Commuter Transit Authority |

In the case of the Seminole County Expressway Authority (SCEA), it was found that while SCEA does not operate any facilities, it does have a Board that meets semi-annually. The Board is comprised of five County Commissioners and two City Commissioners who meet to track the planning for future toll roads in the county. SCEA is currently working with the Department and the Orlando-Orange County Expressway Authority on the location of the Wekiva Parkway. For the purposes of this report, SCEA is considered an Inactive Authority.

The Commission issued its first report on transportation authority oversight in March 2008 after holding a number of workshops and teleconferences with the affected authorities in order to establish performance measures, objectives and governance criteria. These meetings allowed for input from the authorities on the similarities and differences that exist between the authorities related to organization, operations, revenues, financial provisions, and statutory requirements. From these meetings, the Commission was able to gain consensus on the establishment of performance measures for these authorities, recognizing that measures for toll authorities would be different than those of transit authorities.

In addition, it became apparent that while some authorities are well established, other more recently created entities did not have the ability to report on operating activities. Still other authorities, like the Tampa Bay Area Regional Transportation Authority, could potentially operate both transit and toll facilities, which could ultimately require dual reporting.

During 2008, additional meetings were held with the authorities to review measures and objectives to assure the continued relevance of the measures and objectives. Some changes were made as noted in the Executive Summary chapter of this report.

The Commission also established reporting requirements in areas of organizational governance. Seven governance areas were identified, and the monitored authorities are required to submit documentation in each area for review by Commission staff. Following is an overview of the seven governance areas.

***Ethics***

- Provide the Commission with a copy of ethics policy
- Report any revisions to or reviews of the ethics policy since the last report
- Enumerate any ethics violations reported or investigated in the previous 12 months

***Conflict of Interest***

- Provide the Commission with all requirements for board members and staff relating to disclosure and handling of conflicts or perceived conflicts of interest
- Indicate any changes to related policies or procedures
- Enumerate any reported or investigated violations
- Submit any disclosures that have been required under authority policy and procedures

- Maintain records of those instances where abstentions or recusals occurred

***Audit***

- Provide the Commission with a copy of annual independent audit and management responses

***Public Records and Open Meetings***

- Provide authority procedures dealing with compliance with applicable statutes
- Report any changes to procedures dealing with open meetings or public records
- Inform the Commission of any briefings or seminars provided to board members or staff to ensure knowledge of the laws
- Report any allegations or instances of non-compliance

***Procurement***

- Provide authority policies relating to delegated procurement authority including: organizational level of delegated authority; dollar level associated with each level of delegation; and, reporting requirements to board of delegated procurement actions

***Consultant Contract Reporting***

- Provide a list of all "General Consulting" contracts for functions such as General Engineering (GEC), Traffic and Revenue, General Construction Management, and Maintenance Management
- For General Consultant sub contracts that in aggregate or in total exceed $25 thousand provide:
  - ◊ Identity of sub contractor
  - ◊ Brief description of service
  - ◊ Cost of sub contract

***Compliance with Bond Covenants***

- Provide the Commission with annual financial information and operating data that have been submitted pursuant to Rule 15c2-12 of the Securities and Exchange Commission
- Submit evidence of compliance with other requirements, e.g., annual facility inspections

While annual reporting will be the main focus of the Commission's monitoring effort, authorities have been alerted that they are expected to notify the Commission, in a timely fashion, of any externally prompted audits or investigations. It is the Commission's intent to provide an annual report at one of its public meetings and to issue an annual document for distribution to the Governor and legislative leadership.

The report is organized by authority and the authorities are grouped by "Established Toll Authorities," "Transit Authorities," and "Emerging Authorities." The Florida Transportation Commission is committed to carrying out its designated responsibilities in a deliberative fashion and encourages any input, feedback or suggestions to help improve the report and the monitoring process.

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# "ESTABLISHED" TOLL AUTHORITIES

## Introduction

There are numerous authorities in Florida that operate toll facilities and collect and reinvest toll revenues. Aside from Florida's Turnpike Enterprise (Enterprise), which is a part of the Florida Department of Transportation (Department), most, but not all, are established under Chapter 348, Florida Statutes (Expressway and Bridge Authorities).

Part I of the Chapter details the authority for any county or counties to establish an expressway authority and prescribes the conditions under which these entities will be governed.

Parts II through X authorize specific authorities and designate the powers, duties and requirements applicable to each individual authority. Other authorities that are not limited to the construction and operation of expressways are established in Chapter 343, Florida Statutes (Regional Transportation and Transit Authorities).

Of the nine active transportation authorities that are covered under the 2007 law requiring Florida Transportation Commission (Commission) oversight, the Commission has designated four as "Established Toll Authorities," two as "Transit Authorities" and three as "Emerging Authorities." This section of the report pertains to Established Toll Authorities that include:

- Miami-Dade Expressway Authority (MDX)
- Orlando-Orange County Expressway Authority (OOCEA)
- Santa Rosa Bay Bridge Authority (SRBBA)
- Tampa-Hillsborough County Expressway Authority (THEA)

As discussed in the Introduction section of this report, performance measures, operating indicators, and governance areas have been established for all of the authorities under Commission review.

For these four authorities, all performance measures, operating indicators and governance areas are the same, given that the toll authorities are well established and have been operating for a considerable amount of time.

Reporting for the Established Toll Authorities is presented in the following format that includes:

- Background on the authority
- Performance measure results for fiscal year (FY) 2008
- Operating indicators for FY 2006 through FY 2008
- Governance assessment
- Summary

The 17 performance measures adopted by the Commission for toll authorities are included in the following table.

The performance measures attempt to set standards for the efficient and effective operation, maintenance, and management of the toll facilities and the respective organizations.

**Table 2**
**Florida Transportation Commission**
**Toll Authority Performance Measures**
**FY 2008**

| *Performance Measure* | *Detail* | *Objective* |
|---|---|---|
| **Operations** | | |
| SHS Roadway Maintenance Condition Rating | Condition rating of at least 90 | 90 |
| Pavement Condition Rating | % SHS lane miles rated “excellent or good” | > 85% |
| Bridge Condition - Rating | % bridge structures rated “excellent or good” | > 95% |
| Bridge Condition - Weight Restrictions | % SHS bridge structures with posted limit | 0% |
| Electronic Toll Collection - (ETC) Transactions | Number of ETC transactions as % of total transactions | > 75% by 12/31/08 |
| Revenue Variance | Variance from indicated revenue (without fines) | < 4% |
| Safety | Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg. (.50) |
| Customer Service | % customers satisfied with level of service | > 90% |
| **Operations and Budget** | | |
| Consultant Contract Management | Final cost % increase above original award | < 5% |
| Construction Contract Adjustments - Time | % contracts completed within 20% above original contract time | ≥ 80% |
| Construction Contract Adjustments - Cost | % projects completed within 10% above original contract amount | ≥ 90% |
| Cost to Collect a Toll Transaction | Total toll collection cost/number of transactions (net of exclusions) | < $0.16 |
| Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance | Actual OM&A to annual budget | +/- 10% |
| **Applicable Laws** | | |
| Minority Participation | M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target) | > 90% |
| **Revenue Management and Bond Proceeds** | | |
| Debt Service Coverage - Bonded/Commercial Debt | [(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense | > 1.5 |
| Debt Service Coverage - Comprehensive Debt | [(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense | > 1.2 |
| Debt Service Coverage - Compliance with Bond Covenants | Debt service coverage meets or exceeds minimum Bond Covenant requirements | Yes |

In addition to the performance measures, the Commission established a set of operating indicators reported by each authority for the last five fiscal years. As with the performance measures, a summary is included in each authority's section of the report, with a full five-year accounting included in Appendix B. The 21 operating indicators adopted by the Commission are presented below. The indicators are grouped by the various areas for which the statute requires monitoring (e.g., operations, budget, property acquisition, revenue management and bond proceeds).

The Commission established seven broad areas of governance that are monitored in order to provide an assessment of the on-going management of all of the organizations covered by the current law. Specific governance areas that are reported include ethics, conflicts of interest, audits, public records/open meetings, procurement, consultant contracts, and compliance with bond covenants.

The individual reports for the four Established Toll Authorities are presented after Table 3, beginning with the Miami-Dade Expressway Authority (MDX).

**Table 3**
**Florida Transportation Commission**
**Toll Authority Operating Indicators**
**FY 2008**

| *Operating Indicator* | *Detail* |
|---|---|
| **Operations** | |
| Growth in Value of Transportation Assets | Land Acquisition |
| | Infrastructure Assets |
| | Construction in Progress |
| | Total Value of Transportation Assets |
| Preservation of Transportation Assets | Renewal & Replacement of Infrastructure |
| | Routine Maintenance of Infrastructure |
| | Total Preservation Costs |
| Toll Collection Transactions | Revenue from Electronic Transactions |
| Annual Revenue Growth | Toll and Operating Revenue |
| **Operations and Budget** | |
| Operating Efficiency | Toll Collection Expense as % of Operating Expense |
| | Routine Maintenance Expense as % of Operating Expense |
| | Administrative Expense as % of Operating Expense |
| | Operating Expense as % of Operating Revenue |
| Rating Agency Performance | Toll Operations and Maintenance Expense as % of Operating Revenue |
| **Property Acquisition** | |
| Right-of-Way | Agency Appraisals |
| | Initial Offers |
| | Owners Appraisals |
| | Final Settlements |
| **Revenue Management and Bond Proceeds** | |
| Underlying Bond Rating (Uninsured) | Standard & Poor's Bond Rating |
| | Moody's Bond Rating |
| | Fitch Bond Rating |

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## MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)

### Background

Miami-Dade County Expressway Authority (MDX) is an agency of the state of Florida, created in 1994 pursuant to Chapter 348, Part I, Florida Statutes, for the purposes of and having the power to acquire, hold, construct, improve, maintain, operate, own and lease an expressway system located in Miami-Dade County. The Authority may also fix, alter, change, establish and collect tolls, rates, fees, rentals, and other charges for the services and facilities of such system and is further authorized to issue bonds. MDX is reported as an Independent Special District of the State of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989) and other applicable Florida Statutes.

The governing body of MDX consists of 13 voting members. Seven members are appointed by the Miami-Dade County Commission, five members are appointed by the Governor, and the District Six Secretary of the Florida Department of Transportation (Department) is the ex-officio member of the Board. Except for the District Six Secretary, all members must be residents of Miami-Dade County and each serves a four-year term and may be reappointed.

**Highlights**

- MDX opened a three-mile extension of SR 836 in July 2007 (FY 2008) as an Open Road Tolling Project.
- MDX plans to implement ORT on all MDX facilities by 2012.
- The Authority estimates that only 45 percent of vehicles pay a toll because MDX facilities allow for numerous free movements.
- MDX met 15 of 17 performance measure objectives. The two measures not met were Safety and Construction Contracts—Cost.
- FY 2008 revenue increased 41 percent over FY 2007 due to new tolling locations on SR 836 at 97th Avenue and the new extension.
- Audit recommendations for Information Technology improvements are currently being implemented by MDX.
- The Executive Director can approve a Supplemental Agreement (SA) for a single contract up to $2 million and extend contract time without prior approval of a Standing Committee or the MDX Board. The Executive Director is required to report all approved SAs to the Board on a monthly basis.
- As a result of MDX bond insurer's credit ratings being downgraded below AAA, MDX is cash funding deficiencies in the Debt Service Reserve to comply with Bond Covenants.

**Table 4**
**Miami-Dade Expressway Authority**
**Current Board Members**

| *Name* | *Affiliation* | *Position* |
|---|---|---|
| Maritza Gutierrez | Creative Ideas Advertising, Inc. | Chair |
| Robert W. Holland, Esq. | Law Office of Robert W. Holland | Vice-Chair |
| Carlos A. Lacasa, Esq. | MDMedicare Choice, Inc. | Treasurer |
| Maurice A. Ferre´ | Office of Maurice A. Ferre´ | Board Member |
| Nick A. Inamdar | The Gatehouse Group | Board Member |
| Felix Lasarte, Esq. | The Lasarte Law Firm | Board Member |
| Louis V. Martinez, Esq. | Louis V. Martinez, P.A. | Board Member |
| Gonzalo Sanabria | Real Estate Works, Inc. | Board Member |
| Shelly Smith-Fano | Miami Dade College | Board Member |
| Yvonne Soler-McKinley | City of Doral Manager | Board Member |
| Jorge Vigil, Esq. | Rasco, Reininger, Perez, Esquenazi & Vigil, P.L. | Board Member |
| Norman Wartman | Miami-Dade County Citizens Transportation Advisory Committee | Board Member |
| Gus Pego, P.E. | District Six Secretary | Ex-Officio |

MDX currently oversees, operates and maintains five expressways constituting approximately 34 centerline-miles and 223 lane-miles of roadway in Miami-Dade County. The four toll facilities include: Dolphin Expressway (SR 836); Airport Expressway (SR 112); Don Shula Expressway (SR 874) and Gratigny Parkway (SR 924). The Snapper Creek Expressway (SR 878) is currently not tolled. The Authority reported toll revenue of $116 million in FY 2008 based on 118 million transactions. MDX opened a three-mile extension of the Dolphin Expressway (SR 836) in July 2007. This segment is an all electronic toll collection (ETC) section using the Open Road Tolling (ORT) concept. Tolls are collected at highway speeds as vehicles pass under overhead gantries equipped with *SunPass*, without having to stop or slow down to pay the toll.

MDX's Open Road Tolling Master Plan provided for the Authority to examine technology, conduct market research and implement an extensive community outreach program. The plan provided the foundation for the system-wide conversion to ORT by the year 2012. This initiative will provide a more equitable (drivers pay only for the segment of roadway they use) and cost effective way of collecting tolls on MDX's expressways. Currently, tolls are collected at six distinct points on MDX expressways, of which two locations collect tolls in only one direction. This is known as an "open barrier" tolling system. As previously noted, one expressway (Snapper Creek) has no tolling point at all.

The Authority currently estimates that only 45 percent of all vehicles using MDX facilities pay a toll. Less than half of MDX customers bear the burden for funding ongoing maintenance and improvements to the entire system. Because of this "open barrier" system, many movements are non-tolled. A vehicle can enter and exit the expressway without passing through a tolling point. Converting to ORT will allow tolls to be collected throughout the system and equally distribute the cost to all users with drivers experiencing a faster and safer commute. Any increase in revenue will allow the Authority to continue to address funding issues, safety enhancements and overall maintenance of the system.

Pursuant to an MDX/Florida Department of Transportation Transfer Agreement, in December 1996 the Department transferred operational and financial control of the five roadways and certain physical assets to MDX. The Authority maintains, operates and improves the system with revenue generated from tolls collected on the system. MDX also received loans and advances from the Department's Toll Facility Revolving Trust Fund (TFRTF) and State Infrastructure Bank (SIB) to fund various projects. The following table indicates that approximately $51.1 million in outstanding debt is due to the Department as of June 30, 2008.

**Table 5**
**Miami-Dade Expressway Authority**
**Long-Term Debt Payable to the Department**
**Year Ended June 30, 2008**

| *Transaction* | *(millions)* |
|---|---|
| Loans from Toll Facilities Revolving Trust Fund[1] | $5.0 |
| Loans from State Infrastructure Bank[2] | $46.1 |
| Total Due Department | $51.1 |

Source: MDX Notes to Audited Financial Statements.
[1] To be repaid by FY 2019.
[2] To be repaid by FY 2018.

## Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to specified authorities, the Commission conducts periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and Generally Accepted Accounting Principles (GAAP). Consequently, the Commission, in concert with the authorities, developed performance measures and management objectives that establish best practices across the industry to improve the overall delivery of services to the traveling and freight moving communities that are critical to the overall economic well-being and quality of life in Florida. Fiscal Year (FY) 2008 results, as reported by MDX, are provided in the following table. Results for the last five fiscal years are included in Appendix B.

MDX met or exceeded 15 of the 17 performance measure objectives. The two performance measures the Authority did not meet are described below and include trend data, explanations and any action plans that MDX has developed to assist in meeting the measures. Explanations are based on input from MDX management.

**Table 6**
**Miami-Dade Expressway Authority**
**Summary of Performance Measures**
**FY 2008**

| *Performance Measure* | *Detail* | *Objective* | *Actual Results* | *Meets Objective* |
|---|---|---|---|---|
| | **Operations** | | | |
| SHS Roadway Maintenance Condition Rating | Condition rating of at least 90 | 90 | 90.1 | ✓ |
| Pavement Condition Rating | % SHS lane miles rated "excellent or good" | > 85% | 93.7% | ✓ |
| Bridge Condition - Rating | % bridge structures rated "excellent or good" | > 95% | 98.4% | ✓ |
| Bridge Condition - Weight Restrictions | % SHS bridge structures with posted limit | 0% | 0.0% | ✓ |
| Electronic Toll Collection (ETC) - Transactions | Number of ETC transactions as % of total transactions | > 75% by 12/31/08 | 72.7%[1] | ✓ |
| Revenue Variance | Variance from indicated revenue (without fines) | < 4% | 3.9% | ✓ |
| Safety[2] | Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg (.50) | 0.79 | X |
| Customer Service | % customers satisfied with level of service | > 90% | 95.4% | ✓ |
| | **Operations and Budget** | | | |
| Consultant Contract Management | Final cost % increase above original award | < 5% | 2.2% | ✓ |
| Construction Contract Adjustments - Time | % contracts completed within 20% above original contract time | ≥ 80% | 80.0% | ✓ |
| Construction Contract Adjustments - Cost | % projects completed within 10% above original contract amount | ≥ 90% | 80.0% | X |
| Cost to Collect a Toll Transaction | Total toll collection cost / number of transactions (net of exclusions) | < $0.16 | $0.13 | ✓ |
| Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance | Actual OM&A to annual budget | +/- 10% | -8.9% | ✓ |
| | **Applicable Laws** | | | |
| Minority Participation[3] | M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target) | > 90% | 100+% | ✓ |
| | **Revenue Management and Bond Proceeds** | | | |
| Debt Service Coverage - Bonded/Commercial Debt | [(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense | > 1.5 | 1.64 | ✓ |
| Debt Service Coverage - Comprehensive Debt | [(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense | > 1.2 | 1.36 | ✓ |
| Debt Service Coverage - Compliance with Bond Covenants | Debt service coverage meets or exceeds minimum Bond Covenant requirements | Yes | Yes | ✓ |

[1] MDX exceeded the established objective of 75 percent in September and October 2008.
[2] Safety objective based on five year average of fatalities per 100 million VMT for the four established Authorities. Actual results based on CY 2007 data.
[3] Multiple goals established - see narrative in performance measure section below.

### *Safety*

The Department of Highway Safety and Motor Vehicles reports official fatalities based on a calendar year (CY). As such, the fatalities per 100 million vehicle miles traveled measure is based on CY 2007 data. Highway fatalities on MDX facilities increased in 2004, 2005 and 2006. Although MDX did not meet the safety performance measure objective, fatalities decreased in 2007. The Authority indicated that the nine fatalities reported in 2007 were primarily attributed to late night accidents where other factors, such as alcohol usage and excessive speed, contributed to the unfortunate incidents. In some cases, either motorcycles or lack of seat belt usage played a role in fatalities reported. Roadway conditions and locations with crash incidents are part of a systematic annual review. MDX further indicated that a number of safety improvement projects have been completed. System-wide striping, reflective pavement marker replacement, signage upgrades and guardrail improvements to protect all median openings are currently underway or under design. MDX has partnered with local agencies, including the Florida Highway Patrol, for campaigns promoting seat belt usage. The Authority also has two programs in effect that allow for quicker and safer clearing of accidents on the roadways. The Road Ranger Program, which operates 24 hours per day/seven days per week, assists disabled vehicles, provides for the removal of road debris and secures accident scenes. Additionally, the Rapid Incident Scene Clearance (RISC) Program, launched in the summer of 2007, ensures the timely removal of vehicles involved in major accidents. These two initiatives are examples of how MDX continues to address traffic safety issues.

### *Construction Contract Adjustment (Cost)*

Of the five construction contracts completed in FY 2008, four contracts (or 80%) were completed within 10 percent of the original contract amount. This falls short of the 90 percent performance measure objective. MDX indicated that this was attributed to a decision to include additional cost reimbursable work, required by Miami-Dade County and others, to an existing contract. This served to reduce potential conflicts due to two contractors working in the same area as well as to reduce delays and impacts to motorists. The additional scope contributed to the betterment of the project by providing value and enhancing mobility in the area. Also, during FY 2008, MDX added scope to an existing contract prior to the Notice to Proceed in order to capitalize on a competitive market and favorable pricing. This additional scope adjusted the original budget and accelerated other needed MDX system bridge rehabilitation work that would have been postponed and cost the agency more in the future. The actual performance measure result of 80 percent in FY 2008 represents an improvement over last year's performance of 50 percent and illustrates MDX's commitment to excellence.

MDX did meet or exceed the following performance measure objectives. Explanations are provided to either clarify the source of the data, the methodology utilized by the Authority, or differences between adopted performance measure objectives and those required in bond documents.

***Electronic Toll Collection (Transactions)***

The performance measure objective established for electronic toll transactions is greater than 75 percent of total transactions by December 31, 2008. MDX reported 72.7 percent ETC participation for FY 2008 and exceeded the established objective of 75 percent in September and October 2008. November and December 2008 ETC participation fell slightly below 75 percent due to seasonality.

- Electronic toll transactions exceeded the objective in September and October 2008 (75.3% and 75.2%, respectively).

***Customer Service***

MDX exceeded the Customer Service objective with 95 percent of customers satisfied with the level of service. Results from the Florida Turnpike Enterprise (Enterprise) Annual Customer Satisfaction Survey were used for reporting MDX Customer Service performance. The Enterprise mailed approximately 1.7 million surveys to active *SunPass* account holders statewide, and approximately 129 thousand surveys were completed and returned.

***Debt Service Coverage***

Debt service coverage ratios, as standardized in the Commission's performance measure calculations, may differ significantly from the debt service coverage calculations required in MDX bond resolutions and related documents. For example, the calculation of the ratio of net revenue to debt service for all bonds outstanding, as defined by MDX bond resolutions, is reported as 1.90 in the Supplementary Schedules section of the FY 2008 audited financial statements. This compares to 1.64 as reported in the performance measures table. This difference is primarily attributed to investment income and administrative expenses, which are included in the MDX calculation, but are excluded in the performance measure calculation. Even with the different methodology used to calculate debt service coverage, the Authority met all debt service coverage performance measure objectives.

***Minority Participation***

MDX Procurement Policy establishes a 25 percent goal for minority and disadvantaged business enterprises (MBE/DBE) participation. All solicitation and contract documents include language encouraging such participation, and certification is based on ethnicity/gender with participation measured in aggregate of its contracts. MDX reported achieving 29 percent (or $18.5 million) MBE/DBE participation based on capital and operating expenditures for FY 2008, thereby exceeding the 25 percent goal. MDX has also adopted a Small Business Enterprise (SBE) Participation Policy (certification based on a firm's annual revenues), which requires that not less than 10 percent of the Authority's total annual contract dollars awarded be committed to SBEs. In order to meet this requirement, the Authority evaluates individual projects and identifies those projects most applicable for SBE participation based on available qualified and certified small businesses. These contracts are then competitively procured through various methods (such as request for proposal (RFP), invitation to bid (ITB), etc.), as may be applicable. MDX reported achieving 23 percent SBE participation commitment (or $14.7 million), thereby exceeding the 10 percent SBE participation commitment goal.

## Operating Indicators

The Commission, in concert with the authorities, developed operating indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various Authorities have unique characteristics. FY 2008 operating indicators, as reported by MDX, are provided in the following table. Also, to assist in trend analysis, FY 2006 and FY 2007 operating results are provided. Results for the last five fiscal years are included in Appendix B.

It is important to note FY 2008 operating indicators that significantly differ from prior year trends.

***Growth in Value of Transportation Assets***

Land, infrastructure and construction in progress change from year to year as new capital projects are built and completed. A project starts off as "construction in progress" and is reclassified to "infrastructure" when the project is complete. These indicators rely heavily on capital projects contained in the Work Program (e.g., road widening, new alignments, new interchanges, bridges, etc.). For example, the significant decrease in construction in progress, and increase in infrastructure assets and land are primarily attributed to the completion of the

**Table 7**
**Miami-Dade Expressway Authority**
**Summary of Operating Indicators (in millions)**
**FY 2006 through FY 2008**

| *Indicator* | *Detail* | *Actual 06 Results (millions)* | *Actual 07 Results (millions)* | *Actual 08 Results (millions)* |
|---|---|---|---|---|
| **Operations** | | | | |
| Growth in Value of Transportation Assets | Land Acquisition | $101.3 | $121.5 | $241.3 |
| | Infrastructure Assets | $111.7 | $129.7 | $289.0 |
| | Construction in Progress | $339.1 | $427.9 | $214.1 |
| | Total Value of Transportation Assets | $552.2 | $679.1 | $744.4 |
| Preservation of Transportation Assets | Renewal & Replacement of Infrastructure | $0.0 | $0.0 | $0.0 |
| | Routine Maintenance of Infrastructure | $5.6 | $11.2 | $3.9 |
| | Total Preservation Costs | $5.6 | $11.2 | $3.9 |
| Toll Collection Transactions | Revenue from Electronic Transactions | 53.1% | 57.7% | 62.8% |
| Annual Revenue Growth | Toll and Operating Revenue | 31.8% | 6.9% | 40.7% |
| **Operations and Budget** | | | | |
| Operating Efficiency | Toll Collection Expense as % of Operating Expense | 30.5% | 28.8% | 38.9% |
| | Routine Maintenance Expense as % of Operating Expense | 16.6% | 25.9% | 7.6% |
| | Administrative Expense as % of Operating Expense | 15.9% | 13.5% | 10.8% |
| | Operating Expense as % of Operating Revenue | 43.7% | 52.1% | 44.2% |
| Rating Agency Performance | Toll Operations and Maintenance Expense as % of Operating Revenue | 20.6% | 28.5% | 20.5% |
| **Property Acquisition** | | | | |
| Right-of-Way | Agency Appraisals | $2.5 | $5.1 | $1.4 |
| | Initial Offers | $2.4 | $5.0 | $1.4 |
| | Owners Appraisals | $0.0 | $3.8 | $3.0 |
| | Final Settlements | $3.1 | $6.4 | $2.3 |
| **Revenue Management and Bond Proceeds** | | | | |
| Underlying Bond Ratings (Uninsured) | Standard & Poor's Bond Rating | A | A | A |
| | Moody's Bond Rating | A3 | A3 | A3 |
| | Fitch Bond Rating | A- | A- | A- |

Note: Amounts in table may not sum exactly due to rounding.

three-mile extension of the Dolphin Expressway (SR 836) in July 2007 (FY 2008). Additional projects under construction include: reconstruction of SR 874/Killian Parkway interchange; construction of Kendall Drive northbound on-ramp on SR 874 and various system-wide improvements (intelligent transportation system, landscape and guardrail). The Authority, through Joint Participation Agreements (JPA), has partnered with the Department to fund Section 2 of the SR 826 for $60 million and the SR 836/826 Interchange for $200 million.

***Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)***

Although the Authority performs renewal and replacement activities, no renewal and replacement expenses have been reported for all years. MDX has elected to report depreciation on infrastructure (roads, bridges and other highway improvements) over the useful lives of the assets. It should be noted that some other toll authorities utilize an alternate acceptable method (Modified Approach), whereby renewal and replacement costs associated with maintaining the existing roadway system at a certain level are expensed, and the asset is not depreciated.

***Preservation of Transportation Assets (Routine Maintenance of Infrastructure)***

Costs for FY 2008 are reported at $3.9 million. As indicated by MDX, this significant decrease of $7.3 million from amounts reported in FY 2007 is primarily attributed to hurricane related expenditures (clean-up costs) incurred in FY 2007 but not incurred in FY 2008 and a prior year reclassification of maintenance expenses.

***Toll Collection Transactions (Revenue from Electronic Toll Transactions)***

As previously reported in the Performance Measures section of this chapter, the percentage of Electronic Toll Collection (ETC) transactions increased from approximately 64 percent in FY 2007 to 73 percent in FY 2008. There is a direct correlation between electronic transactions and revenue. Specifically, the electronic toll rate is $0.25 less than the cash rate, thereby reducing overall revenue received as each cash customer moves to ETC.

***Annual Revenue Growth (Toll and Operating Revenue)***

FY 2008 revenue grew by 40.7 percent over FY 2007 levels as compared to revenue growth of 6.9 percent in FY 2007. The significant revenue growth experienced in FY 2008 is primarily attributed to the opening of new toll plazas on SR 836 at 97th Avenue, as well as new tolling points on the SR 836 Extension to 137th Avenue. The significant revenue growth experienced in FY 2006 is attributed to a toll rate increase which, at the time, equalized all toll rates on the Authority's Expressways. There is a toll rate differential between cash and ETC. As ETC penetration increases, the overall effect is lowering revenue growth.

- FY 2008 routine maintenance costs decreased $7.3 million from FY 2007 due to hurricane related expenditures (clean-up costs) incurred in FY 2007 but not incurred in FY 2008 and a prior year reclassification of maintenance expenses.
- FY 2008 total operating expenses increased 19 percent over FY 2007 due to increased toll collection costs and depreciation expenses primarily related to the new SR 836 extension.

***Operating Efficiency and Rating Agency Performance***

FY 2008 total operating expenses increased by $8.4 million, or 19.3 percent, over FY 2007 primarily due to increased toll collection costs and depreciation expenses (partially offset by lower routine maintenance expenses). Toll collection costs increased $7.6 million primarily due to first year Traffic Management Center (TMC) costs, first year costs for MDX contracted toll collection and maintenance personnel at the new 97th Avenue toll plazas on SR 836 and an increase in *SunPass* processing costs. FY 2008 depreciation expenses increased $8.3 million due to assets placed in service related to the 836 Extension. As previously noted, total operating revenue for FY 2008 increased $33.8 million, or 40.7 percent, over FY 2007 primarily due to the opening of additional tolling locations related to the Dolphin Expressway (SR 836) 97th Avenue and the new extension. The operating revenue growth rate exceeded the operating expense growth rate in FY 2008, thereby causing the overall expense ratio to decrease.

***Right-of-Way***

In FY 2008, MDX acquired parcels, totaling approximately $2.3 million through the Right-of-way Program. MDX policy requires total purchase costs to be within 25 percent of MDX appraised values (without litigation) for MDX Property Acquisition Committee approval. Any parcel settlements that exceed the 25 percent threshold must go to the MDX Governing Board for approval. Beginning with the MDX 2008 data submission, both written and oral offers and counter offers are being included in the reporting fields for Initial Offers and Owner Appraisals, respectively. This ensures that only the most accurate and meaningful data are provided and corrects any previous wrong impressions that MDX settled parcels for amounts significantly above Owner Appraisals.

For the 2007 data submission, MDX provided clarification on amounts reported. When MDX reported first offers, only the amount for parcels where a formal written offer was made was included in this field. In the future, MDX also intends to report oral offer amounts for those parcels where a settlement is achieved. The more significant variations that occurred in 2007 dealt with the reporting of the owner's appraisal. If the owner did not obtain an appraisal, MDX entered a value of zero in this field. This gave a wrong impression that MDX was closing/settling parcels for amounts significantly greater than the owner's appraisal. In the future MDX will report the owner's first counter offer (verbal or written) in this field. If the owner does not make a counter offer but accepts an offer from MDX, then MDX will enter the amount of the settlement. This approach will always provide a valid comparison basis that can be used to assess agency performance.

Lastly, parcels that were pursued or needed by MDX in a specific year, but later have negotiations discontinued in that year, will have none of the four categories reported.

## Governance

In addition to establishing performance measures and operating indicators for transportation authorities, the Commission developed "governance" criteria for assessing each authority's adherence to statutes and policies and procedures. To that end, the Commission monitored compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

### *Ethics and Conflicts of Interest*

MDX provided a copy of its Code of Ethics policy that was last amended on December 11, 2007. The policy is applicable to Board Members, employees and consultants retained by MDX. Board Members and employees are also subject to compliance with Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees). In the event of conflict between the Authority policy and the provisions of Chapter 112, Florida Statutes, the more restrictive provisions shall control. The policy appears to be comprehensive and includes areas such as conflicts of interest, doing business, misuse of public position, gifts, post-service contact with MDX, Ethics Officer, ethics training and fraud hotline. According to MDX, no ethics or conflict of interest violations or investigations were reported during FY 2008. Commission staff reviewed the Authority's Board minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations. The meeting minutes did disclose instances where Board Members abstained from voting on consent agenda items due to voting conflicts. Conflict of interest documentation (State Commission on Ethics Form 8B - Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers) was included in the Board monthly meeting minutes summary. Commission staff also noted that MDX General Counsel conducted one hour of annual ethics training, as required by the Authority's Code of Ethics, to MDX Board members and senior staff at the April 22, 2008 and May 27, 2008 Board meetings. Training addressed MDX Bylaws related to accountability, transparency and responsibility, anti-discrimination/anti-harassment policy, Government in the Sunshine, public records, voting conflicts and financial disclosure. In connection with the financial statement audit, Board Members and staff are also required to complete a questionnaire for related party transactions and fraud risk that is sent directly to the audit firm for evaluation.

- MDX General Counsel conducted one hour of ethics training for the MDX Board and senior staff in FY 2008.
- The FY 2008 independent financial statement audit reflected an unqualified opinion.
- MDX was awarded (for the first time) the GFOA Certificate of Achievement for Excellence in Financial Reporting for the FY 2007 Comprehensive Annual Financial Report.

### *Audits*

MDX's Budget and Finance Committee assumes the role of the Audit Committee. According to the Authority, the Committee reviews monthly revenue reports and financial statements and requires staff to provide written documentation of variances. The Committee is also responsible for reviewing the audited financial statements and addressing issues contained in the auditor's management letter. Upon completion of the audit, the auditors present their findings to the Committee. The Committee is comprised of an elected Treasurer and MDX Board Members assigned by the Board Chair.

An annual independent audit of MDX's financial statements for the fiscal years ended June 30, 2008 and 2007 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program and State Project indicated no issues related to compliance, internal control, findings or questioned costs required to be reported under applicable standards. In the Independent Auditor's Management Letter, the auditors provided recommendations to improve MDX's Information Technology (IT) area. The Authority has begun implementing recommended changes and is in the process of performing a risk assessment and documenting IT Department policies and procedures.

MDX is also required to file an Annual Financial Report and Audit with the Florida Department of Financial Services (DFS) pursuant to Section 218.32 (d), Florida Statutes. Commission staff's review of the DFS website indicated that the Authority had filed the required reports and was in compliance. It was noted that the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to MDX for the FY 2007 Comprehensive Annual Financial Report (CAFR). This was the first year the Authority achieved this prestigious award.

***Public Records and Open Meetings***

MDX is operating under Chapter 119, Florida Statutes, relating to public records and has adopted procedures to process public records requests. The Authority is subject to the provisions of Section 189.417, Florida Statutes and Chapter 286, Florida Statutes, for open meetings. A review of MDX meeting minutes, provided by the Authority, showed that the minutes appear to be in compliance with statute. Based on a limited review of local newspaper advertisements provided by MDX and meeting agendas posted on the Authority's website, MDX has met public notice requirements. The Authority provided documentation that showed evidence of new Board Member training on "Sunshine Laws" and reported no instances of noncompliance.

***Procurement***

As part of its annual review of the Procurement Policy, the MDX Board adopted an amended Procurement Policy on September 30, 2008. The Procurement Policy is comprehensive but the focus of this review is on delegated procurement authority. With prior written approval from the Executive Director, the Procurement Manager (as the delegated Chief Purchasing Officer), may in writing delegate his/her authority regarding procurements to any of the MDX Directors for purchases not to exceed $25 thousand (Small Purchases). The Procurement Manager is authorized to approve Small Purchases not to exceed $25 thousand in the aggregate in any fiscal year without Board approval (subject to Board approved budget and following the established competitive procurement process).

In conjunction with monthly reports to the MDX Board and applicable Standing Committee, the Executive Director's approval is required for:

- All procurements and resulting contracts valued up to $199,999.

- All procurements and resulting contracts for services pursuant to the Consultants Competitive Negotiation Act (CCNA) up to $50 thousand.
- Supplemental Agreements for: (1) amounts for a single contract which are cumulatively less than or equal to 20 percent of the original contract amount or $2 million, whichever is less; (2) contract time that does not involve changes to the original contract amount above the Executive Director's delegated authority; and, (3) other administrative changes to contract that do not relate to changes in scope and/or contract amount and contract time. Changes to scope are not permitted by the Authority.

Pursuant to MDX Bylaws, the Authority has six Standing Committees (composed of Board Members) that have decision-making authority with respect to all procurement matters delegated to them under the Bylaws. These committees also serve as the Award Committees and oversee the procurement and contracts of the services delegated to them under the Bylaws. Certain decision-making authority is not delegated to the Standing Committees but resides with the MDX Board of Directors. As such, in some instances the Awards Committee serves as the approving authority and in other instances the Awards Committee makes recommendations to the MDX Board for procurement related actions. In any case, all matters presented to the Board for action are first presented to a Standing Committee for endorsement, whether procurement/contract related or otherwise. The applicable Awards Committee approves all Supplemental Agreements for: (1) amounts for a single contract, which are cumulatively greater than 20 percent of the original contract amount or $3 million, whichever is less; and, (2) contract time that involves changes to the original contract amount above the Executive Director's delegated authority up to $3 million.

The Awards Committee makes recommendations to the MDX Board for approval of procurement actions including:

- All contracts valued at $200 thousand or more.
- Renewal, cancellation or extension of contracts meeting the above threshold.
- Supplemental Agreements for: (1) amounts for a single contract which cumulatively exceed the lesser of 20 percent of the original contract amount or $3 million; and, (2) contract time that involves changes to the original contract amount above the Executive Director's delegated authority of $3 million.
- Contract incentives or disincentives.
- Contract contingency allowances.
- Rescission of contract awards.
- Final ranking of proposers.
- Cancellation of procurements and Assignment of contracts.

As noted in the prior year Florida Transportation Commission Monitoring and Oversight Report, the MDX Executive Director "could" potentially approve a Supplemental Agreement for a single contract up to $1 million without prior approval of a Standing Committee or the MDX Board. Although monthly reports of all executed supplemental agreements, whether approved by the Board, Standing Committee or Executive Director during the previous month, were provided to the appropriate Awards Committee and MDX Board, Commission staff recommended that the MDX Board review established thresholds for contract amendment approval authority to ensure adequate oversight prior to contract execution. The MDX Board adopted an amended Procurement Policy on September 30, 2008 that increased the threshold for contract amendment approval authority for the Executive Director from $1 million to $2 million. The new policy also expanded authority for the Executive Director to extend contract time from 15 percent of the original contract time to unlimited time extensions for those contracts with amounts not exceeding the Executive Director's delegated authority. This delegated authority is significantly higher than other transportation authorities under the Commission's oversight. As such, the Commission again encourages the MDX Board to reconsider established thresholds

**Table 8**
**Miami-Dade Expressway Authority**
**Summary of General Consultant Sub Consultant Activity**
**FY 2008**

| *Consulting Contract* | *Description* | *Sub Consultants >$25 K ($000)* |
|---|---|---|
| **EAC Consulting, Inc.** | **General Construction Management Consultant** | |
| DMJM+Harris, Inc. | ITS & Architectural Reviews | $1,063 |
| HOLT Communications, Inc. | Public Communications | $213 |
| BCC Engineering, Inc. | Structural Reviews | $189 |
| HR Engineering Services, Inc. | Geotechnical | $29 |
| Miller Legg & Associates, Inc. | Surveying | $86 |
| **HNTB** | **General Engineering Consultant** | |
| A&P Consulting Transportation Engineers Corp. | Highway Design/Drainage/Construction Mgmt/Program Controls | $552 |
| Advanced Transportation Consultants, Inc. | Traffic Engineering/Transportation Planning/Development | $35 |
| Bermello, Ajamil & Partners, Inc. | Public Involvement/Public Information | $301 |
| BND Engineers, Inc. | Project Management | $157 |
| CH Perez & Associates Consulting Engineers, Inc. | Roadway/Traffic Studies/Signs & Paving/Survey | $604 |
| Consulting Engineering & Sciences, Inc. | Acoustical Re-Evaluation of Noise Barriers | $36 |
| Data Transfer Solutions, LLC | Image Collection & Processing | $52 |
| EBS Engineering, Inc. | Review & Permitting/Highway Design/Utilities/Construction & Contract Support | $182 |
| EV Services, Inc. | Public Involvement | $36 |
| Florida Transportation Engineering, Inc. | Planning/Traffic & Engineering Studies | $26 |
| Geosol, Inc. | Geotechnical/Material Testing/Materials Support | $67 |
| HDR Acquisition Services, Inc. | ROW Acquisition/Appraisal | $143 |
| Nova Consulting, Inc. | Environmental Review & Permitting/Utilities | $145 |
| Rodolfo Ibarra, P.E., P.A. | Utilities/Drainage/Design/Administrative Support | $101 |
| T.Y. Lin International | Structural Engineering/Environmental Review & Permitting /Highway Design/Bridge Maintenance Inspection/MEP | $681 |
| **VMS, Inc.** | **Maintenance Management Consultant** | |
| American Lighting & Signalization, Inc. | Street Lighting | $327 |
| Star Cleaning, Inc. | Sweeping | $110 |
| Techno Services, Inc. | Guardrail & Concrete Repairs | $260 |
| Tenusa, Inc. | Landscaping/Mowing | $419 |
| **Wilbur Smith Associates** | **Traffic and Revenue Consultant** | |
| Total Sub consultants > $25 K | | $5,814 |

for contract amendment approval authority to ensure adequate oversight prior to contract execution.

### *Consultant Contract Reporting*

MDX provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2008. As indicated in the table, 24 sub consultants were used by the general consulting firms for a total cost of $5.8 million in FY 2008.

### *Compliance with Bond Covenants*

In September 2006, MDX issued $304 million in Revenue Bonds, Series 2006. Bonds are payable from and secured by a pledge of net revenues from the operation of the Expressway System. Bond proceeds are primarily being used to partially fund Work Program projects. As of June 30, 2008, total bonds in the principal amount of approximately $936 million remain outstanding. The following areas were noted to be in compliance with bond covenants:

- Annual financial information and operating data were filed with the Securities and Exchange Commission (SEC) pursuant to Rule 15c2-12.
- An annual financial statement audit was performed.
- MDX utilizes a nationally recognized General Engineering Consultant (HNTB).
- An independent inspection and report concerning the condition of the Expressway System is required at least annually. An annual inspection report, dated December 2008, was provided by the Authority.
- Section 5.01(c) of the Bond Trust Indenture requires MDX to review its financial condition and determine whether net revenues for the year are sufficient to enable the Authority to comply with bond covenants specified in Section 5.01(b). The Determination resolutions were properly filed with the Trustee (Bank of America).
- MDX utilizes a nationally recognized Traffic and Revenue Consultant (Wilbur Smith Associates).
- Debt service coverage ratio for FY 2008 exceeds bond requirements.
- Section 5.08 (vi) of the Bond Trust Indenture requires AAA ratings for surety policies from Bond insurers Financial Guarantee Insurance Company (FGIC) and American Municipal Bond Assurance Corporation (AMBAC) to partially fund the Debt Service Reserve. Due to the subprime mortgage crisis and the effect on the financial condition of both companies, the insurer's credit ratings were downgraded by the rating agencies. The ratings downgrade requires MDX to either cash-fund the deficiency in the Debt Service Reserve or replace the policies in order to satisfy the Trust Indenture requirement. At this time, MDX has elected to fund the Debt Service Reserve and has adopted a funding strategy to comply with bond indentures.

### *Other*

As a result of the financial market crisis, MDX has faced significant challenges relative to Debt Management and Cash Management issues specific to the Authority. MDX reported the following actions relating to these issues:

- Debt Management - During FY 2008, the sub-prime market crisis resulted in the weakened financial conditions of bond insurers, consequently causing the downgrade of the bond insurers' credit ratings. Due to the insurers' downgrades, the financial markets suffered from decreased investor confidence, resulting in fewer investors and higher yields. During this time, the Authority had $300 million of auction rate debt outstanding with corresponding interest rate swap agreements. MDX was impacted by higher interest rate bids, but was able to exit the market in May 2008 by privately placing the bonds and maintaining the integration of the swap agreements. The Authority opted for a long-term solution, yet this transaction provides the Authority with options to convert to fixed or variable mode, thereby, giving the Authority the most flexibility as market conditions change.

- Cash Management - Despite the financial market crisis, MDX has not suffered any loss of principal from its investments. The Authority's management and financial advisors were able to keep abreast of changes that could negatively impact the Authority and acted swiftly to make adjustments to its portfolio composition to add the most secure investments. Given the uncertainty and current market conditions, the Authority has taken a very conservative investment approach and will continue to closely monitor its investment portfolio.

## Summary

The Florida Transportation Commission review of MDX was conducted with the cooperation and assistance of the Authority and relied heavily on documentation and assertions provided by Authority management.

MDX met or exceeded 15 of the 17 management objectives established for performance measures. The two performance measure objectives not met include safety and construction contract adjustments - cost.

Operating indicator trend analysis showed a significant decrease in construction in progress and increase in infrastructure assets and land primarily due to completion of the three-mile extension of the Dolphin Expressway (SR 836) in July 2007 (FY 2008). Routine maintenance costs decreased in FY 2008 primarily due to hurricane related expenditures (clean -up costs) incurred in FY 2007 but not incurred in FY 2008 and a prior year reclassification of maintenance expenses. FY 2008 revenue grew 40.7 percent over FY 2007 levels due to the opening of new toll plazas on SR 836 at 97th Avenue, as well as new tolling points on the SR 836 Extension to 137th Avenue. Additionally, toll operations costs increased $7.6 million, or 61 percent, over FY 2007 due to first year Traffic Management Center costs, first year costs for MDX contracted toll collection and maintenance personnel at the new 97th Avenue toll plazas on SR 836 and increases in *SunPass* processing costs. FY 2008 depreciation expenses also increased $8.3 million due to assets placed in service related to the 836 Extension.

In the area of governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. The Auditor's Management Letter provided recommendations for improvements in the Information Technology area that are currently being implemented by MDX. For procurement, Commission staff noted that the Executive Director is authorized to approve a Supplemental Agreement for a single contract up to $2 million and extend contract time, with no limitations, without prior approval of a Standing Committee or the MDX Board. All Supplemental Agreements approved by the Executive Director are included as part of the monthly reporting to the Standing Committee and Board.

Based on the Commission's limited review of Board meeting minutes, MDX policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission.

The Commission recognizes the positive performance results and strong governance demonstrated by MDX and encourages MDX to continue to develop and pursue an action plan to reduce highway fatalities and to review established thresholds for contract amendment approval authority. The Commission acknowledges with appreciation the assistance of the MDX Board and staff in providing the resources necessary to conduct this review and to complete this report.

# ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY (OOCEA)

## Background

The Orlando-Orange County Expressway Authority (OOCEA) is an agency of the state of Florida, created in 1963 by Chapter 348, Part V, Florida Statutes, for the purpose of construction and operation of an expressway road system in Central Florida. OOCEA is reported as an Independent Special District of the state of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989) and other applicable Florida Statutes. OOCEA has the right to construct, operate, and maintain roads, bridges, avenues of access, thoroughfares, and boulevards together with the right to construct, repair, replace, operate, install, and maintain electronic toll payment systems outside of Orange County with the respective county's consent. The Authority is also authorized to issue revenue bonds to finance portions of the System.

**Table 9**
**Orlando-Orange County Expressway Authority**
**Current Board Members**

| *Name* | *Affiliation* | *Position* |
|---|---|---|
| Richard T. Crotty | Orange County Mayor | Chairman |
| Tanya T. Juarez | Peoples Gas System | Vice Chairman |
| Mark Filburn | ZMG Construction, Inc. | Secretary-Treasurer |
| Noranne B. Downs, P.E. | District Five Secretary | Board Member |
| Vacant | - | Board Member |

The governing body of OOCEA consists of five members. Three of the members are citizens of Orange County appointed by the Governor. These members serve four year terms and may be reappointed. The Mayor of Orange County and District Five Secretary of the Florida Department of Transportation (Department) are the two ex-officio members of the Board. Harvey Massey resigned his position on the Board in January 2009, and the vacant position has not yet been filled.

OOCEA currently owns and operates 100 miles of roadway in Orange County. The roadways include 22

### Highlights

- OOCEA plans to open a 3.9 mile section of the new SR 414 (John Land Apopka Expressway) in mid-February 2009.
- OOCEA met 14 of 17 performance measure objectives. The three measures not met were ETC Transactions, Annual OM&A Forecast Variance and Debt Service Coverage-Bonded Debt (Bond Covenant Compliance was met).
- FY 2008 revenue increased 1.1 percent over FY 2007, as compared to 5.5 percent growth in FY 2007. The decline in revenue growth is attributed to Central Florida's rising unemployment rate, decreases in OIA enplanements and a general downturn in the economy.
- Revenue for the first six months of FY 2009 is eight percent below FY 2008 revenue for the same period.
- The FY 2008 independent financial statement audit reflected an unqualified opinion.
- OOCEA provided the current status of findings as reported in the October 2007 Orange County Audit: 64 findings are corrected; 11 are partially complete or underway; and, no action has been taken on 6 recommendations on which the Authority did not fully concur.
- The November 2008 OOCEA Internal Audit Report was critical of the General Engineering Consultant and Authority Management for the accuracy and review of data prepared and presented to the Board relating to lease or build options for a new OOCEA Headquarters building.

miles of the East-West Expressway (SR 408), 23 miles of the Beachline Expressway (SR 528), 33 miles of the Central Florida GreeneWay (SR 417) and 22 miles of the Daniel Webster Western Beltway (SR 429). The Authority reported toll revenue of $206 million in FY 2008 based on 315 million transactions.

OOCEA officially broke ground on the John Land Apopka Expressway (SR 414) in January 2007. Phase one of this project is 5.5 miles and extends from where Maitland Boulevard currently ends at US 441 to SR 429 in Orange County. A partial opening of phase one of the Expressway, from SR 429 to Hiawassee Road (3.9 miles), is scheduled for mid-February 2009 for electronic toll collection (ETC) customers only. When construction is completed on the remaining portion, from Hiawassee Road to US 441 in the summer of 2009, cash will also be accepted. Additional major projects in the Authority's Five-Year Work Program (FY 2009 through FY 2013) include a new interchange at Innovation Way on SR 528 and System-wide Guide Sign Panel Replacements.

- The Department reimburses the Authority for certain operating and maintenance costs of the Beachline Expressway and East-West Expressway, pursuant to a Lease-Purchase Agreement.

Under the requirements of a Lease-Purchase Agreement between OOCEA and the Department, the Authority is reimbursed by the Department for a portion of the operating and maintenance costs of the Beachline Expressway and the East-West Expressway. The Authority records these reimbursements as advances because amounts are to be repaid to the Department from future toll revenues after all bonds are retired and all other financial obligations have been met. The following table indicates that approximately $240 million in long-term debt is owed to the Department for these operating and maintenance expense advances and other Department advances and loans.

**Table 10**
**Orlando-Orange County Expressway Authority**
**Long-Term Debt Payable to the Department (in millions)**
**Year Ended June 30, 2008**

| *Transaction* | *(millions)* |
|---|---|
| Advances for Operating and Maintenance Expenses[1] | $197.2 |
| Advances for Completion of East-West Expressway[1] | $14.0 |
| Loans from Toll Facilities Revolving Trust Fund[2] | $1.4 |
| Loans from State Infrastructure Bank[3] | $27.7 |
| Total Due Department | $240.4 |

Source: OOCEA Notes to Audited Financial Statements.
Note: Amounts in table do not sum exactly due to rounding.
[1] July 1, 2042 is the earliest date that System payments are anticipated to begin based on the requirements of the Lease-Purchase Agreement and current Bond Official Statement.
[2] To be repaid by FY 2010.
[3] To be repaid by FY 2018.

## Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to specified authorities, the Commission conducts periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and Generally Accepted Accounting Principles (GAAP). Consequently, the Commission, in concert with the authorities, developed performance measures and management objectives that establish best practices across the industry that will improve the overall delivery of services to the traveling and freight moving communities that are critical to the overall economic well-being and quality of life in Florida. Fiscal Year (FY) 2008 results, as reported by OOCEA, are provided in the following table. Results for the last five fiscal years are included in Appendix B.

OOCEA met or exceeded 14 of the 17 performance measure objectives. The three performance measure objectives the Authority did not meet are described below and include trend data, explanations and any action plans that OOCEA has developed to assist in meeting the measures. Explanations are based on input from OOCEA management.

**Table 11**
**Orlando-Orange County Expressway Authority**
**Summary of Performance Measures**
**FY 2008**

| *Performance Measure* | *Detail* | *Objective* | *Actual Results* | *Meets Objective* |
|---|---|---|---|---|
| | **Operations** | | | |
| SHS Roadway Maintenance Condition Rating | Condition rating of at least 90 | 90 | 92 | ✓ |
| Pavement Condition Rating | % SHS lane miles rated "excellent or good" | > 85% | 98.4% | ✓ |
| Bridge Condition - Rating | % bridge structures rated "excellent or good" | > 95% | 99.2% | ✓ |
| Bridge Condition - Weight Restrictions | % SHS bridge structures with posted limit | 0% | 0.0% | ✓ |
| Electronic Toll Collection (ETC) - Transactions | Number of ETC transactions as % of total transactions | > 75% by 12/31/08 | 68.6% | X |
| Revenue Variance | Variance from indicated revenue (without fines) | < 4% | 2.7% | ✓ |
| Safety[1] | Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg (.50) | 0.22 | ✓ |
| Customer Service | % customers satisfied with level of service | > 90% | 91.0% | ✓ |
| | **Operations and Budget** | | | |
| Consultant Contract Management | Final cost % increase above original award | < 5% | -2.5% | ✓ |
| Construction Contract Adjustments - Time | % contracts completed within 20% above original contract time | ≥ 80% | 100.0% | ✓ |
| Construction Contract Adjustments - Cost | % projects completed within 10% above original contract amount | ≥ 90% | 100.0% | ✓ |
| Cost to Collect a Toll Transaction | Total toll collection cost / number of transactions (net of exclusions) | < $0.16 | $0.11 | ✓ |
| Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance | Actual OM&A to annual budget | +/- 10% | -10.3% | X |
| | **Applicable Laws** | | | |
| Minority Participation[2] | M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target) | > 90% | 146.0% | ✓ |
| | **Revenue Management and Bond Proceeds** | | | |
| Debt Service Coverage - Bonded/Commercial Debt | [(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense | > 1.5 | 1.3 | X |
| Debt Service Coverage - Comprehensive Debt | [(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense | > 1.2 | 1.3 | ✓ |
| Debt Service Coverage - Compliance with Bond Covenants | Debt service coverage meets or exceeds minimum Bond Covenant requirements | Yes | Yes | ✓ |

[1] Safety objective based on five year average of fatalities per 100 million VMT for the four established Authorities. Actual results based on CY 2007 data.
[2] The Authority has a 15 percent goal for RFP's and ITN's and reported achieving 21.9 percent, or 146 percent of the goal.

***Electronic Toll Collection - Transactions***

For the authorities, the Commission adopted the Department's ETC performance measure objective established for Florida's Turnpike Enterprise (Enterprise). ETC transactions for OOCEA constituted 68.6 percent of total transactions during FY 2008. Actual monthly ETC transactions subsequent to FY 2008 (July through December) did not exceed 72 percent. As such, OOCEA did not meet the objective of 75 percent ETC participation by December 31, 2008. However, OOCEA reported that the Peak Hour ETC participation rate was approximately 76 percent for the 2008 calendar year. The Department's ETC performance measure objective for FY 2009 has been referred to the Performance Measures Working Group in order to establish a new objective.

***Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance***

OOCEA showed a significant improvement over last year and nearly achieved the performance measure objective. Actual FY 2008 OM&A expenses for the Authority were 10.3 percent below the annual budget (objective is plus or minus 10 percent). OOCEA management purposely reduced and/or delayed operating as well as maintenance expenditures to compensate for declining revenues.

***Debt Service Coverage - (Bonded/Commercial Debt)***

Although OOCEA debt service coverage was in compliance with bond covenants, OOCEA did not meet one of the performance measure objectives for Debt Service Coverage. Debt service coverage ratios, as standardized in the Commission performance measure calculations, may differ significantly from the debt service coverage calculations required in the OOCEA bond resolutions and related documents. For example, the calculation of the composite debt service ratio, as defined by OOCEA bond resolutions, is reported as 1.54 in the Other Supplementary Information section of the FY 2008 audited financial statements. This compares to 1.30 as reported in the above performance measures table.

OOCEA did meet or exceed the following performance measure objectives. Explanations are provided to clarify the source of the data or the methodology utilized by the Authority.

***Customer Service***

Because of the size of the organization and the cost of conducting a survey, OOCEA indicated that they conduct customer service surveys every two years. A copy of the Authority's Customer Opinion Survey, dated October 2008, was provided. This most recent survey reflected that 91.0 percent of *E-Pass* users are satisfied with the *E-Pass* Program. Although OOCEA exceeded the performance measure objective, this was a marked decrease from the previous survey, dated July 2006, that indicated a 98.8 percent satisfaction rate. OOCEA indicated that the 2008 Customer Opinion Survey was an entirely new instrument; this survey was conducted in order to set benchmarks in moving forward. It was developed and conducted by JRD & Associates, Inc., an independent consultant with significant expertise and experience in performing customer satisfaction surveys. It is not an appropriate comparative instrument to surveys previously conducted by the Authority.

***Minority Participation***

OOCEA indicated that Invitations to Bid (ITB) and Requests for Proposal (RFP) documents reflect a 15 percent participation objective. If the Prime Contractor (Prime) indicates minority participation at 15 percent or more in the bid, it is considered in compliance with the Authority's Business Development policy objectives. If the Prime indicates participation below the 15 percent objective in the bid, the Authority will determine if the Prime applied good faith efforts, as outlined in the bid documents, to include minority participation on the project. Authority staff will then meet with the Prime to discuss the Authority's determination and secure a commitment for participation at a percentage agreed to by both the Prime and the Authority. For FY 2008, the Authority reported that 21.9 percent minority participation was achieved in this area.

OOCEA further indicated that it establishes objectives by evaluating projects and identifying those projects most applicable to small business and minority participation. These contracts are then procured through the Small Sustainable Business Sheltered Market Program or the Micro Contract Program, as appropriate. OOCEA reported meeting 100 percent of this goal.

## Operating Indicators

The Commission, in concert with the Authorities, developed operating indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various Authorities have unique characteristics. FY 2008 operating indicators, as reported by OOCEA, are provided in the following table. Also, to assist in trend analysis, FY 2006 and FY 2007 operating results are provided. Results for the last five fiscal years are included in Appendix B.

**Table 12**
**Orlando-Orange County Expressway Authority**
**Summary of Operating Indicators (in millions)**
**FY 2006 through FY 2008**

| *Indicator* | *Detail* | *Actual 06 Results (millions)* | *Actual 07 Results (millions)* | *Actual 08 Results (millions)* |
|---|---|---|---|---|
| **Operations** | | | | |
| Growth in Value of Transportation Assets | Land Acquisition | $416.4 | $423.3 | $434.2 |
| | Infrastructure Assets | $1,122.7 | $1,196.7 | $1,445.3 |
| | Construction in Progress | $400.2 | $662.9 | $700.7 |
| | Total Value of Transportation Assets | $1,939.3 | $2,282.9 | $2,580.3 |
| Preservation of Transportation Assets | Renewal & Replacement of Infrastructure | $13.4 | $24.7 | $10.5 |
| | Routine Maintenance of Infrastructure | $11.0 | $12.5 | $14.5 |
| | Total Preservation Costs | $24.4 | $37.2 | $25.0 |
| Toll Collection Transactions | Revenue from Electronic Transactions | 59.9% | 64.2% | 67.0% |
| Annual Revenue Growth | Toll and Operating Revenue | 8.9% | 5.5% | 1.1% |
| **Operations and Budget** | | | | |
| Operating Efficiency | Toll Collection Expense as % of Operating Expense | 43.6% | 36.8% | 40.6% |
| | Routine Maintenance Expense as % of Operating Expense | 14.4% | 13.6% | 16.5% |
| | Administrative Expense as % of Operating Expense | 9.3% | 6.4% | 6.4% |
| | Operating Expense as % of Operating Revenue | 39.3% | 44.7% | 42.2% |
| Rating Agency Performance | Toll Operations and Maintenance Expense as % of Total Operating Revenue | 22.8% | 22.5% | 24.1% |
| **Property Acquisition** | | | | |
| Right-of-Way | Agency Appraisals | $32.2 | $38.4 | $22.1 |
| | Initial Offers | N/A | $14.4 | $22.1 |
| | Owners Appraisals | N/A | $18.2 | N/A |
| | Final Settlements | $33.7 | $45.7 | $30.6 |
| **Revenue Management and Bond Proceeds** | | | | |
| Underlying Bond Ratings (Uninsured) | Standard & Poor's Bond Rating | A | A | A |
| | Moody's Bond Rating | A1 | A1 | A1 |
| | Fitch Bond Rating | A | A | A |

Note: Amounts in table may not sum exactly due to rounding.
N/A Information is not readily available. Data have not been previously collected in this format.

It is important to note FY 2008 operating indicators that significantly differ from prior year trends.

***Growth in Value of Transportation Assets***

Land, infrastructure and construction in progress change from year to year as new capital projects (road widening, new alignments, new interchanges, bridges, etc.) are built and completed. A project starts off as "construction in progress" and is reclassified to "infrastructure" when the project is complete. Major additions to Infrastructure Assets in FY 2008 include two widening projects and one interchange on SR 408 and open road tolling lanes at the John Young and Boggy Creek Plazas on SR 417.

- FY 2008 Renewal and Replacement costs decreased $14 million over FY 2007 due to the completion of the SR 417 resurfacing project in FY 2007 and the SR 528 resurfacing project in FY 2008.
- Major additions to Infrastructure Assets in FY 2008 include two widening projects and one interchange on SR 408 and Open Road Tolling lanes at two plazas on SR 417.

***Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)***

Costs for FY 2008 are reported at $10.5 million. As reported by OOCEA, this significant decrease of $14.2 million over FY 2007 is primarily due to the completion of the SR 417 resurfacing project in FY 2007 and the SR 528 resurfacing project in FY 2008.

***Toll Collection Transactions (Revenue from Electronic Toll Transactions)***

As previously reported in the Performance Measures section of this chapter, the percentage of ETC transactions increased from approximately 66 percent in FY 2007 to 69 percent in FY 2008. There is a direct correlation between electronic transactions and revenue associated with these transactions.

***Annual Revenue Growth (Toll and Operating Revenue)***

FY 2008 revenue grew by a modest 1.1 percent over FY 2007 levels as compared to the more robust revenue growth of 5.5 percent in FY 2007. OOCEA reported that the decline in FY 2008 revenue growth (and transaction growth) is attributed to Central Florida's rising unemployment rate, decreases in Orlando International Airport (OIA) enplanements and a general downturn in the economy. During FY 2008, the system experienced normal growth until March 2008, when revenue started to decline. Actual revenue for the first six months of FY 2009 is approximately eight percent below FY 2008 revenue for the same period.

***Operating Efficiency***

Total operating expenses decreased in FY 2008 due to decreased Renewal and Replacement (R&R) costs, as previously noted. As a result, toll collection and routine maintenance expenses increased as a percentage of total operating expenses. The decreased R&R costs also caused operating expense, as a percentage of operating revenue, to decrease (from approximately 45% in FY 2007 to 42% in FY 2008).

***Right-of-Way***

OOCEA has not been collecting right-of-way data in the reporting format prescribed by the Commission for reportable operating indicators. The information is not readily available and would be a burden on daily operations to obtain. In addition, the methodology employed in right-of-way acquisition does not necessarily involve all four factors for each acquisition. OOCEA preferred methodology is to negotiate an agreement without tendering a first offer. In addition, agreement/settlement amounts as reported may include items other than land, such as non-business damages, attorney fees and costs, expert fees and costs, business damages, business loss relocation and fixtures that may not be in the appraised amount. The right-of-way acquisitions completed during FY 2008 for the John Land Apopka Expressway and the SR 408 Widening project were impacted by costs not included in the appraisal, such as land use changes, attorneys' fees, consultant fees, business damages and expert costs. The details of these impacts are included in a Right-of-Way (ROW) Acquisition Report, prepared by OOCEA's ROW Counsel.

## Governance

In addition to establishing performance measures and operating indicators for transportation authorities, the Commission developed "governance" criteria for assessing each authority's adherence to statutes and policies and procedures. To that end, the Commission monitored compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

***Ethics and Conflicts of Interest***

OOCEA provided a copy of its Code of Ethics policy that was adopted by the Board on June 25, 2004. The policy is applicable to Board members, employees and consultants retained by OOCEA. Board Members are also subject to compliance with Chapter 112, Part III, Florida Statutes. The policy appears to be comprehensive and includes areas such as statement of intent and declaration of OOCEA policy, covered persons, conflicts of interest, prohibited conduct or activity, financial disclosures and political activities. According to OOCEA, no ethics or conflict of interest violations or investigations were reported during fiscal year 2008. Commission staff reviewed the Authority's Board minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations. The meeting minutes did disclose instances where Board Members abstained from voting on consent agenda items due to voting conflicts. OOCEA provided, and Commission staff reviewed, conflict of interest documentation (State Commission on Ethics Form 8B - Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers). Additionally, each new Board member receives a "briefing package" on OOCEA that includes, among other items, information relating to ethics, conflict of interest, public records and open meetings. Senior staff of the Authority (including Legal Counsel) provides four hours of training to new Board members relating to the briefing package.

***Audits***

OOCEA established an Audit Committee whose primary function is to assist the Authority Board in fulfilling its oversight responsibilities by reviewing the financial information, systems of internal controls, and the audit process. The committee is comprised of five voting members: two members of the Board, a representative from the City of Orlando, a representative from Orange County, and a member of the community.

An annual independent audit of OOCEA's financial statements for the fiscal years ended June 30, 2008 and 2007 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance with Bond Covenants indicated that, in connection with the audit, nothing came to the auditor's attention that caused them to believe that the Authority failed to comply with the terms, covenants, provisions, or conditions of Sections 5.2, 5.5 to 5.7, 5.9, 5.10, 5.12 and 5.17 of the bond resolutions as they relate to accounting matters. In the Independent Auditor's Management Letter, the auditors recommended that after Plaza Interface enhancements to the Advanced Revenue Collection System (ARCS) have been implemented, the Authority's internal auditor should conduct a post-implementation review. OOCEA concurred with the recommendation, and the Authority's internal auditor will conduct a review after implementation.

As detailed in last year's Florida Transportation Commission Monitoring and Oversight Report, the OOCEA Board approved an independent audit of the Authority by the Orange County Comptroller's Office, whereby Audit Report No. 386 was issued in October 2007. The audit included 81 recommendations for Improvement in 7 areas. Commission staff followed up again with OOCEA to assess progress made in implementing the recommendations. OOCEA provided Commission staff with an Action Plan that details the current implementation status of audit findings and recommendations. As indicated in the following table, OOCEA reported that 64 of the recommendations have been completed, 11 are either partially complete or underway, and no action has been taken on 6 recommendations on which the Authority did not fully concur.

OOCEA has made significant progress in implementing audit recommendations for improvement. The Commission will continue to monitor the implementation plan and will update the status in the next annual performance report.

The Board authorized construction of a new OOCEA Headquarters building that opened in May 2008. At the request of the OOCEA Audit Committee, the

Director of Internal Audit for the Authority conducted an internal audit and issued a report in November 2008, entitled Building Issues. The purpose of the audit was to address issues related to inaccuracies presented to the Board regarding lease or build options for a new facility that would centralize operations and administration. The report was critical of the General Engineering Consultant and Authority Management for the accuracy and review of data prepared and presented to the Board. The auditor recalculated and presented "as corrected" amounts in the report. Based on the recalculated amounts, the analysis favored a lease option rather than a build option that might have influenced the ultimate Board decision. At the December 2008 OOCEA Audit Committee meeting, the Committee authorized proceeding with a Board Governance Assessment (as recommended in the Building Report) that will review

**Table 13**
**Orlando-Orange County Expressway Authority**
**Status of Findings and Recommendations**
**Orange County Comptroller's Office Audit**

| | *Implementation Status* | | | | |
|---|---|---|---|---|---|
| ***Audit Findings and Recommendations*** | ***Completed*** | ***Partially Completed/ Underway*** | ***Partially Concurred (No Action)*** | ***Did Not Concur (No Action)*** | ***Total*** |
| Operating Structure | 7 | 1 | - | - | 8 |
| Contracting | 33 | 6 | 1 | 3 | 43 |
| Invoice & Payment Review Processes | 12 | 1 | - | - | 13 |
| Accounting | 6 | - | - | - | 6 |
| HR & Related Travel | 3 | 3 | 1 | - | 7 |
| Right-of-Way Acquisition | 1 | - | - | - | 1 |
| Road Construction Activities | 2 | - | 1 | - | 3 |
| Total Number of Recommendations | 64 | 11 | 3 | 3 | 81 |

Board governance processes and make recommendations to improve accountability and transparency.

***Public Records and Open Meetings***

OOCEA is operating under Chapter 119, Florida Statutes, relating to public records. The Authority is subject to the provisions of Section 189.417, Florida Statutes and Chapter 286, Florida Statutes, for open meetings. In addition, OOCEA has adopted their own procedures for Board Meetings and Informal Proceedings. A review of OOCEA agendas and Board meeting minutes, as posted on the Authority's website (www.expresswayauthority.com), showed that the agendas and minutes appear to be in compliance with statute and policy. Commission staff also reviewed a Board Meeting Schedule published in the Orlando Sentinel newspaper and public meeting notices posted at OOCEA Headquarters and on the Authority's website. OOCEA policy also requires public meeting notices to be posted at the Orange County Administration Building and the City of Orlando Administration Building. Based on the review, it appears that required notice of public meetings is in compliance with OOCEA policy and Florida Statutes.

***Procurement***

The OOCEA Board adopted a Procurement Policy and authorized three additional procurement positions on April 26, 2007. The Board approved subsequent revisions to the Procurement Policy. OOCEA staff, working closely with Orange County Staff and others, developed the Procurement Policy. The key components of the policy establish a centralized Procurement Department for all purchases and contracts, encourage standardized contracts, require term limits for all contracts and preserve the Micro Contracts Program and Small Sustainable Business Enterprise (SSBE) Program. Board approval is required for:

- Advertisements for proposals and bids valued over $50 thousand
- Procurements over $50 thousand
- Bid awards to other than the lowest bidder
- Negotiated fees before a notice to proceed is issued
- Amendments/Supplements over $50 thousand

The Board is also notified of undisclosed sub consultant contracts over $25 thousand in aggregate. The Procurement Director is authorized to approve any type of procurement in an amount not to exceed $50 thousand per contract or purchase order without Board approval.

***Consultant Contract Reporting***

OOCEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2008. As indicated in the following table, 20 sub consultants were used by the general consulting firms for a total cost of $3.7 million in FY 2008.

***Compliance with Bond Covenants***

OOCEA issued $499 million in Variable Rate Refunding Revenue Bonds, Series 2008B, in May 2008. Bonds are payable from and secured by a pledge of net revenues from the operation of the Expressway System. Bond proceeds were used to refund the Series 2005 Bonds. As of June 30, 2008, bonds in the principal amount of approximately $2.2 billion remain outstanding. The following areas were noted to be in compliance with bond covenants:

- Annual financial information and operating data were filed with the Securities and Exchange Commission (SEC) pursuant to Rule 15c2-12.
- An annual financial statement audit was performed.
- OOCEA utilizes a nationally recognized General Engineering Consultant (PBS&J).
- OOCEA utilizes a nationally recognized Traffic and Revenue Consultant (HNTB).

**Table 14**
**Orlando-Orange County Expressway Authority**
**Summary of General Consultant Sub Consultant Activity**
**FY 2008**

| *Consulting Contract* | *Description* | *Sub Consultants >$25 K ($000)* |
|---|---|---|
| **PBS&J** | **General Engineering Consultant** | |
| Ardaman & Associates, Inc. | Geotechnical | $50 |
| Nadic Engineering Service | Geotechnical | $50 |
| Civil Works Design | Signing and Pavement Marking | $50 |
| Metha & Associates | Surveying | $75 |
| GMB Engineers & Planners | Traffic Counts | $51 |
| KCS System, Inc. | Intelligent Transportation Systems | $50 |
| Joel Leisch | Highway Design | $25 |
| **HNTB Corporation** | **Traffic and Revenue Consultant** | |
| Stantec Consulting, Inc. | Bond Issue Support/Traffic Survey | $84 |
| **PB Americas, Inc.** | **Construction Management Consultant** | |
| Quest Corporation | Public Relations | $660 |
| **PB Americas, Inc.** | **Miscellaneous CEI Services** | |
| Metric Engineering, Inc. | CEI Inspection | $88 |
| C&M Environmental | CEI Inspection | $447 |
| Metha & Associates | Material Testing | $844 |
| Page One | Material Testing | $402 |
| KTA | Material Testing | $176 |
| **VMS** | **Maintenance Management - SR 429** | |
| Charlies's Lawn Maintenance | Lawn Services | $186 |
| Commercial Lighting & Electrical | Electrical Services | $46 |
| Consermaq Services | Plumbing Repairs | $102 |
| Florida Youth Conservation Corp. | Light Highway Maintenance & Construction Repairs | $26 |
| JSM Services Bartow | Landscape Services | $135 |
| **GCI Inc.** | **Maintenance Management Consultant** | |
| Page One | Material Testing and Inspection Services | $148 |
| Total Sub consultants > $25 K | | $3,695 |

- Debt service coverage ratio exceeds bond requirements (FY 2008 and FY 2007 verified).

***Other***

During FY 2008, the insurer on the OOCEA Series 2005, Variable Rate Revenue Bonds, AMBAC, was downgraded from AAA to AA by Fitch Ratings and put on credit watch by Standard and Poors and Moody's, the other two major rating agencies. This caused a dislocation in the weekly reset rates incurred by the Authority causing interest costs to exceed budget. OOCEA secured letter of credit providers and ultimately exercised its option to redeem the Series 2005 bonds by issuing the Series 2008B Variable Rate Refunding Revenue Bonds in the same par amount. The 2008B Bonds are backed by letters of credit rather than insurance. Although several bond insurers have been downgraded in the past year, including some that provide insurance and/or surety policies for OOCEA, bond covenants do not require any action on the Authority's part beyond disclosure.

- OOCEA issued $499 million in Variable Rate Refunding Revenue Bonds, Series 2008B, in May 2008, that are backed by letters of credit rather than insurance.

## Summary

The Florida Transportation Commission review of OOCEA was conducted with the cooperation and assistance of the Authority and relied heavily on documentation and assertions provided by Authority management.

OOCEA met or exceeded 14 of the 17 management objectives established for performance measures. The three performance measure objectives not met include: electronic toll collection (transactions); annual operating, maintenance and administrative forecast variance; and, debt service coverage (bonded/commercial debt).

Operating indicator trend analysis showed that renewal and replacement costs significantly decreased in FY 2008 primarily due to the completion of the SR 417 resurfacing project in FY 2007 and the SR 528 resurfacing project in FY 2008. FY 2008 revenue grew by 1.1 percent over FY 2007 levels as compared to 5.5 percent growth in FY 2007. OOCEA reported that the decline in FY 2008 revenue growth was attributed to Central Florida's rising unemployment rate, decreases in OIA enplanements and a general downturn in the economy. Actual revenue for the first six months of FY 2009 is approximately eight percent below FY 2008 revenue for the same period.

In the area of governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. One recommendation provided in the Auditor's Management Letter will be implemented by OOCEA when plaza interface enhancements have been fully implemented. As detailed in last year's Florida Transportation Commission Monitoring and Oversight Report, the Orange County Comptroller's Office conducted an independent audit of the Authority and issued a report in October 2007. Commission staff followed up again with OOCEA to assess progress made in implementing the 81 recommendations contained in the report. OOCEA provided an Action Plan that outlined the current implementation status of audit findings and recommendations. As reported by the Authority, 64 of the recommendations have been completed, 11 are either partially complete or underway, and no action has been taken on 6 recommendations on which the Authority did not fully concur. Additionally, an OOCEA Internal Audit Report was issued in November 2008 that was critical of the General Engineering Consultant and Authority Management for inaccuracies presented to the Board regarding lease or build options for the new OOCEA Headquarters that

centralized operations and administration. Based on recommendations included in the internal audit report, the Audit Committee authorized proceeding with a Board Governance Assessment that will review Board governance processes and make recommendations to improve accountability and transparency.

Based on the Commission's limited review of Board meeting minutes, OOCEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission.

The Commission recognizes OOCEA for its ongoing efforts to address the operational findings of the Orange County Comptroller's Audit of the Authority. The Commission encourages OOCEA to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission acknowledges, with appreciation, the assistance of the OOCEA Board and staff in providing the resources necessary to conduct this review and to complete this report.

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# SANTA ROSA BAY BRIDGE AUTHORITY (SRBBA)

## Background

The Santa Rosa Bay Bridge Authority (SRBBA) is an agency of the state of Florida, created in 1984 under Chapter 348, Part IX, Florida Statutes for the purposes of and having the power to acquire, hold, construct, improve, maintain, operate, own and lease the Santa Rosa Bay Bridge System. The Authority may also fix, alter, change, establish and collect tolls, rates, fees, rentals and other charges for the services and facilities of such system and is further authorized to issue bonds.

### Highlights

- SRBBA is in technical default on its bonds.
- Even with programmed toll increases, revenue is projected to be insufficient to make debt service payments.
- Continued draws on the debt service reserve fund are projected to deplete the fund in FY 2012.
- SRBBA bonds are considered "non-investment grade."
- The SRBBA Board did not meet for one year because of no current funding for administration.
- A Lease-Purchase Agreement Amendment, whereby the Department would provide SRBBA funding for administration, is pending approval.
- FY 2008 traffic decreased 13.6 percent due to the economic slowdown, decline in the housing market and rising fuel prices.
- An independent financial statement audit was not performed.
- The required annual financial report and audit report were not filed with the Department of Financial Services.

SRBBA is reported as an Independent Special District of the state of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989) and other applicable Florida Statutes. The fiscal year for SRBBA, as reported herein, runs from July 1 to June 30, corresponding to the Florida Department of Transportation's (Department) fiscal year (FY) and the Authority's bond year for debt service payments.

The governing body of SRBBA consists of seven members. Three members are appointed by the Governor, three members are appointed by the Board of County Commissioners (BOCC). The District Three Secretary of the Florida Department of Transportation is an ex-officio member of the Board. Except for the District Three Secretary, all members are required to be permanent residents of Santa Rosa County at all times during their term of office.

**Table 15**
**Santa Rosa Bay Bridge Authority**
**Current Board Members**

| *Name* | *Appointment* | *Position* |
|---|---|---|
| Garnett Breeding | Santa Rosa County BOCC | Chairperson |
| R.S. (Steve) Burch | Santa Rosa County BOCC | Vice-Chair |
| A. Morgan Lamb | Governor | Secretary-Treasurer |
| Pamela E. Langham | Governor | Board Member |
| Shannon M. Jeffries | Santa Rosa County BOCC | Board Member |
| Vacant | Governor | Board Member |
| Larry F. Kelley, P.E. | District Three Secretary | Ex-Officio |

SRBBA owns the Garcon Point Bridge, a 3.5-mile bridge that spans Pensacola/East Bay between Garcon Point (south of Milton) and Redfish Point (between Gulf Breeze and Navarre) in southwest Santa Rosa County. The bridge and roadway segments that comprise this facility are designated as SR 281 and provide access to the Gulf Breeze peninsula from areas north and east of Pensacola Bay. On the south side of the bay, the road continues as a one-mile, two-lane highway that connects to US 98. On the north side of the bay, SR 281 connects to I-10 approximately 7.5 miles north of the toll plaza. Overall, the distance between US 98 and I-10 is 12 miles.

SRBBA oversaw the financing and construction of the Garcon Point Bridge. Construction of this two-lane facility was financed by Series 1996 Revenue Bonds. A portion of the cost of the project was also funded by a $7.5 million loan from the Department's Toll Facilities Revolving Trust Fund (TFRTF). The bridge opened to traffic on May 14, 1999.

SRBBA entered into a lease-purchase agreement with the Department, whereby the Department maintains and operates the bridge and remits all tolls collected to the Authority as lease payments. The term of the lease runs concurrently with the bonds and matures in 2028. At that time, the Department will own the bridge, assuming the bonds are fully paid. Should any bonds be outstanding in 2028, the lease term will be extended through the payoff date of the outstanding bonds.

- The Authority has a Lease-Purchase Agreement with the Department.
- District Three provides maintenance for Garcon Point Bridge.
- Florida's Turnpike Enterprise provides toll operations.
- O&M costs are deferred until revenues are sufficient to pay debt service and TFRTF loan.

Toll operations of SRBBA are provided by Florida's Turnpike Enterprise (Enterprise), and maintenance functions are performed by the Department's District Three. Costs of operations and maintenance are currently being recorded as a debt owed to the Department because toll revenues are insufficient to pay both the debt service on the bonds and operations and maintenance expenses. In addition, the TFRTF loan (including interest) is to be repaid once revenues are sufficient to pay the debt service on the bonds and prior to any repayment of operations and maintenance subsidies. The balance of this liability on June 30, 2008 was $20.7 million.

## Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to authorities, the Commission conducts periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and Generally Accepted Accounting Principles (GAAP). Consequently, the Commission, in concert with the authorities, developed performance measures and management objectives that establish best practices across the industry to improve the overall delivery of services to the traveling and freight moving communities that are critical to the overall economic well-being and quality of life in Florida. FY 2008 results, as reported by the Department for SRBBA, are provided in the following table. Results for the last five fiscal years are included in Appendix B.

**Table 16**
**Santa Rosa Bay Bridge Authority**
**Long-term Debt Payable to the Department (in millions)**
**Year Ended June 30, 2008**

| *Transaction* | *(millions)* |
|---|---|
| Advances for Operating, Maintenance and R&R Expenses | $12.8 |
| Loan from Toll Facilities Revolving Trust Fund | $7.9 |
| Total Due the Department | $20.7 |

Source: Florida Department of Transportation's Office of the Comptroller and Financial Planning Office.

**Table 17**
**Santa Rosa Bay Bridge Authority**
**Summary of Performance Measures**
**FY 2008**

| *Performance Measure* | *Detail* | *Objective* | *Actual Results* | *Meets Objective* |
|---|---|---|---|---|
| **Operations** | | | | |
| SHS Roadway Maintenance Condition Rating | Condition rating of at least 90 | 90 | N/A | N/A |
| Pavement Condition Rating | % SHS lane miles rated "excellent or good" | > 85% | 100.0% | ✓ |
| Bridge Condition - Rating | % bridge structures rated "excellent or good" | > 95% | 100.0% | ✓ |
| Bridge Condition - Weight Restrictions | % SHS bridge structures with posted limit | 0% | 0.0% | ✓ |
| Electronic Toll Collection (ETC) - Transactions | Number of ETC transactions as % of total transactions | > 75% by 12/31/08 | 35.4% | X |
| Revenue Variance | Variance from indicated revenue (without fines) | < 4% | 4.1% | X |
| Safety[1] | Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg (.50) | 0.0 | ✓ |
| Customer Service | % customers satisfied with level of service | > 90% | 95.4% | ✓ |
| **Operations and Budget** | | | | |
| Consultant Contract Management | Final cost % increase above original award | < 5% | N/A | N/A |
| Construction Contract Adjustments - Time | % contracts completed within 20% above original contract time | ≥ 80% | N/A | N/A |
| Construction Contract Adjustments - Cost | % projects completed within 10% above original contract amount | ≥ 90% | N/A | N/A |
| Cost to Collect a Toll Transaction | Total toll collection cost/number of transactions (net of exclusions) | < $0.16 | $0.71 | X |
| Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance | Actual OM&A to annual budget | +/- 10% | 3.3% | ✓ |
| **Applicable Laws** | | | | |
| Minority Participation | M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target) | > 90% | N/A | N/A |
| **Revenue Management and Bond Proceeds** | | | | |
| Debt Service Coverage - Bonded/Commercial Debt | [(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense | > 1.5 | 0.59 | X |
| Debt Service Coverage - Comprehensive Debt | [(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense | > 1.2 | 0.59 | X |
| Debt Service Coverage - Compliance with Bond Covenants | Debt service coverage meets or exceeds minimum Bond Covenant requirements | Yes | No | X |

[1] Safety objective based on five year average of fatalities per 100 million VMT for the four established authorities. Actual results based on CY 2007 data.

Of the 17 performance measures established by the Commission, only 12 are currently applicable to SRBBA. Of these 12 measures, SRBBA met or exceeded 6 of the performance measure objectives. The State Highway System (SHS) Maintenance Rating is only applicable to roadways and is, therefore, not pertinent to this authority. SRBBA has not undertaken any additional projects since the opening of the bridge in 1999, therefore, the consultant cost and construction time and cost measures, as well as the minority participation measure, are not applicable at this time. The six performance measure objectives the Authority did not meet are described below and include trend data, explanations and any action plans that SRBBA has developed to assist in meeting the measures.

***Electronic Toll Collection - Transactions***

For the Authorities, the Commission adopted the Department's Electronic Toll Collection (ETC) performance measure objective established for Florida's Turnpike Enterprise. ETC transactions for SRBBA constituted 35.4 percent of total transactions during FY 2008. This is significantly lower than the established objective due to the large number of tourists and seasonal residents using the bridge. Actual monthly ETC transactions subsequent to FY 2008 (July through December), did not exceed 40 percent. As such, SRBBA did not meet the objective of 75 percent ETC participation by December 31, 2008. The Department's ETC performance measure objective for FY 2009 has been referred to the Performance Measures Working Group in order to establish a new objective.

ETC users are provided a retroactive 50 percent toll discount after reaching 30 transactions per month on the Garcon Point Bridge. This discount totaled $383 thousand in FY 2008 and provides an incentive for increased ETC participation by commuters and frequent travelers. *SunPass* participation peaks during the winter months due to a lower percentage of tourists.

***Revenue Variance***

Actual FY 2008 revenue variance for SRBBA is 4.1 percent, almost meeting the objective of less than 4 percent. The Enterprise provides cash and electronic toll collection on the facility, violation enforcement, and traffic and revenue reporting.

***Cost to Collect a Toll Transaction***

The cost to collect a toll transaction far exceeds the objective established by the Commission. Operations of Garcon Point Bridge require a significant amount of fixed costs relative to the number of motorists using the facility. Due to the low percentage of ETC customers, staffing of "manned" lanes to accommodate cash customers creates a high fixed cost. Because this is a bridge facility in a coastal region of the state, much of the cost of operation is due to the high cost of insuring the facility against damage and lost toll revenue in the event of closure of the facility. Bond covenants require such insurance to protect investors while bonds are outstanding.

***Debt Service Coverage***

The Authority did not meet any of the three performance measure objectives for debt service coverage.

SRBBA is in technical default on its bonds by failing to meet toll covenants set forth in Section 5.02(c) of the bond resolution relating to debt service coverage and reserve account requirements. One of the four coverage tests requires that adjusted gross revenue be sufficient to provide 1.2 times debt service requirements for all senior bonds outstanding for the current fiscal year. Because adjusted gross toll revenues were not sufficient to pay FY 2008 debt service of approximately $6 million, SRBBA withdrew approximately $1 million from the Debt Service Reserve Account to make required debt service payments.

The SRBBA Board previously recognized projected revenue shortfalls and adopted a program to increase toll rates every three years beginning in FY 2002, as recommended by the traffic and revenue consultants. As previously noted, even with the toll rate increase on July 1, 2007 (FY 2008), revenues were not sufficient to fully pay principal and interest on the bonds in FY 2008.

Based on current revenue projections and escalating debt service requirements, it is forecasted that SRBBA revenues will be insufficient to make required debt service payments for the next 11 years (forecast period). Based on these projections, continued draws on the Debt Service Reserve Fund are projected to deplete the fund in FY 2012.

**Table 18**
**Santa Rosa Bay Bridge Authority**
**Debt Service Analysis**

| *Fiscal Year* | *Toll Revenue & Interest Earnings* [1] | *Debt Service Requirement* [2] | *Debt Service Shortfall* | *Debt Service Reserve Balance* [3] |
|---|---|---|---|---|
| 2008[4] | $5,047,005 | $6,039,375 | -$992,370 | $5,709,862 |
| 2009 | $4,818,378 | $6,344,375 | -$1,525,997 | $4,183,865 |
| 2010 | $5,091,978 | $6,664,375 | -$1,572,397 | $2,611,468 |
| 2011 | $5,338,605 | $7,369,375 | -$2,030,770 | $580,698 |
| 2012 | $5,462,098 | $7,734,375 | -$2,272,277 | -$1,691,579 |
| 2013 | $5,571,714 | $8,124,375 | -$2,552,661 | -$4,244,240 |
| 2014 | $5,929,000 | $8,869,375 | -$2,940,375 | -$7,184,615 |
| 2015 | $6,194,000 | $9,349,375 | -$3,155,375 | -$10,339,990 |
| 2016 | $6,462,000 | $9,834,375 | -$3,372,375 | -$13,712,365 |
| 2017 | $6,835,000 | $10,699,375 | -$3,864,375 | -$17,576,740 |
| 2018 | $7,120,000 | $11,204,375 | -$4,084,375 | -$21,661,115 |
| 2019 | $7,413,000 | $11,704,375 | -$4,291,375 | -$25,952,490 |

[1] FY 2008 based on actual amounts. FY 2009 through FY 2019 based on toll revenue and interest forecasts.
[2] Debt service amounts as provided in the SRBBA, Series 1996, Official Statement.
[3] Proceeds from the Series 1996 Bond Issue originally funded the debt service reserve at $9.2 million.
[4] FY 2008 debt service shortfall and Reserve Fund balance based on actual amounts reported by Trustee.

### *Customer Service*

SRBBA exceeded the Customer Service objective with 95 percent of customers satisfied with the level of service. Results from the Florida Turnpike Enterprise Annual Customer Satisfaction Survey were used for reporting SRBBA Customer Service performance. The Enterprise mailed approximately 1.7 million surveys to active *SunPass* account holders statewide, and approximately 129 thousand surveys were completed and returned.

## Operating Indicators

The Commission, in concert with the authorities, developed operating indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various authorities have unique characteristics. FY 2008 operating indicators are provided in the following table. Also, to assist in trend analysis, FY 2006 and FY 2007 operating results are provided. Results for the last five fiscal years are included in Appendix B.

Some data related to SRBBA are not currently available. SRBBA operates on a federal fiscal year (October 1 - September 30); therefore, balance sheet data for 2008 are not available. SRBBA dedicates all of its revenue to the payment of debt service on outstanding bonds and has no funds available to provide for administrative expenses, including the preparation of financial statements and engagement of an independent auditor. The Florida Department of Transportation Inspector General's Office completes an annual Accountant's Compilation Report, which is limited in presentation and does not include disclosures required by GAAP (notes to the financial statements). The 2008 Compilation Report should be completed during 2009.

It is important to note FY 2008 operating indicators that significantly differ from prior year trends.

### *Annual Revenue Growth (Toll and Operating Revenue)*

FY 2008 toll transactions decreased by 13.6 percent, while toll revenue decreased by 0.5 percent from FY 2007. The decrease in traffic and revenue can primarily be attributed to the economic slowdown, general decline in the housing market and rising fuel prices. The toll rate increase implemented on July 1, 2007 (FY 2008) to help meet debt service requirements helped to mitigate the decline in toll revenue. Revenue growth in FY 2006 was positively impacted by the closure and rerouting of traffic from the I-10 Bridge across Pensacola Bay that was damaged by Hurricane Ivan.

***Operating Efficiency (Toll Collection Expense as Percent of Total Operating Expense)***

As previously mentioned under performance measures, the cost to collect a toll transaction for SRBBA far exceeds the objective established by the Commission. A significant portion of toll collection costs are fixed relative to the number of motorists using the facility. Due to the low percentage of ETC customers, staffing of "manned" lanes to accommodate cash customers creates a high toll collection cost. Additionally, the high cost of insuring the Garcon Point Bridge, located in a coastal region of the state, further increases toll collection costs.

***Operating Efficiency (Administrative Expense as Percent of Total Operating Expense)***

SRBBA has no current funding available to pay for administrative expenses because all revenue is used to pay debt service on outstanding bonds. The "flow of funds," as detailed in the SRBBA Revenue Bonds, Series 1996, provides that toll revenues first fund debt service, debt service reserve, administrative

**Table 19**
**Santa Rosa Bay Bridge Authority**
**Summary of Operating Indicators (in millions)**
**FY 2006 through FY 2008**

| *Indicator* | *Detail* | *Actual 06 Results (millions)* | *Actual 07 Results (millions)* | *Actual 08 Results (millions)* |
|---|---|---|---|---|
| | **Operations** | | | |
| Growth in Value of Transportation Assets | Land Acquisition | N/A | N/A | N/A |
| | Infrastructure Assets | $106.3 | $106.3 | N/A |
| | Construction in Progress | N/A | N/A | N/A |
| | Total Value of Transportation Assets | $106.3 | $106.3 | N/A |
| Preservation of Transportation Assets | Renewal & Replacement of Infrastructure | N/A | N/A | N/A |
| | Routine Maintenance of Infrastructure | $0.1 | $0.1 | $0.1 |
| | Total Preservation Costs | $0.1 | $0.1 | $0.1 |
| Toll Collection Transactions | Revenue from Electronic Transactions | 27.6% | 29.2% | 32.2% |
| Annual Revenue Growth | Toll and Operating Revenue | 8.6% | -4.1% | -0.5% |
| | **Operations and Budget** | | | |
| Operating Efficiency | Toll Collection Expense as % of Operating Expense | 88.4% | 86.2% | 80.6% |
| | Routine Maintenance Expense as % of Operating Expense | 9.2% | 10.0% | 9.5% |
| | Administrative Expense as % of Operating Expense | 0.0% | 0.0% | 0.0% |
| | Operating Expense as % of Operating Revenue | 19.6% | 24.7% | 27.3% |
| Rating Agency Performance | Toll Operations and Maintenance Expense as % of Operating Revenue | 19.1% | 23.8% | 24.6% |
| | **Property Acquisition** | | | |
| Right-of-Way | Agency Appraisals | N/A | N/A | N/A |
| | Initial Offers | N/A | N/A | N/A |
| | Owners Appraisals | N/A | N/A | N/A |
| | Final Settlements | N/A | N/A | N/A |
| | **Revenue Management and Bond Proceeds** | | | |
| Underlying Bond Ratings (Uninsured) | Standard & Poor's Bond Rating | B- | B- | B- |
| | Moody's Bond Rating | B1 | B2 | B2 |
| | Fitch Bond Rating | BB- | BB- | BB- |

Note: Amounts in table may not sum exactly due to rounding.

expenses, TFRTF Loans and lastly State Transportation Trust Fund (STTF)-Department funded items (operating, maintenance, renewal and replacement, *SunPass* and other improvements).

***Underlying Bond Ratings (Uninsured)***

Standard & Poors and Fitch assigned "investment grade" municipal bond ratings of BBB- and BBB, respectively, to the SRBBA Series 1996 Bonds when originally issued. Subsequently, the rating agencies assigned significantly lower bond ratings based primarily on poor traffic and revenue performance relative to original forecasts and draws on the Debt Service Reserve to make required debt service payments. SRBBA ratings are currently not investment grade (below BBB- or Baa3 for Moody's). Moody's downgraded the bonds from B1 to B2 in FY 2007. In February 2008 (FY 2008), Fitch placed the underlying BB- rating on Rating Watch Negative.

- The toll rate increase implemented July 2007 (FY 2008) helped to mitigate the decline in toll revenue.
- The Authority has no funding for administrative expenses—all revenue is used to pay debt service on bonds.

## Governance

In addition to establishing performance measures and operating indicators for transportation authorities, the Commission developed "governance" criteria for assessing each authority's adherence to statutes, policies and procedures. To that end, the Commission monitored compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

***General Governance and Compliance Issues***

The SRBBA Board is the governing body responsible for oversight of the Authority. The Authority does not have funding for administrative expenses because all revenue is used to pay debt service on outstanding bonds. As such, the Board did not meet for approximately one year (the Board met in January 2008 and then in January 2009).

The Authority does not have an executive director, secretary or any staff. Funds are not available to pay for essential organizational needs, including Board travel expenses, fees for posting public meeting notices, office expenses, attorney fees, accounting fees, audit fees, Special District fees, website maintenance, and other administrative expenses.

During FY 2008, the Board met only three times; August 2007, October 2007 and January 2008. Although not required, the Florida Department of Transportation District Three provided SRBBA with limited administrative assistance for concerns of vital interest until January 2008. Assistance included funding for essential organizational needs and provision of a Department employee who performed administrative duties including posting public meeting notices, preparing Board agendas and meeting minutes, posting accounting entries and providing financial reports and updating the Authority website. The Department also provided facilities to conduct Board meetings at the Department's Operations Center in Milton. Due to economic conditions and legal considerations, the Department significantly scaled back administrative support for SRBBA and stopped providing administrative funding and an employee to assist with administrative duties. After pursuing legal options, and in consultation with the Authority, the Department developed an amendment to the Lease-Purchase Agreement. The SRBBA Board met in January 2009 and adopted the Amendment whereby the Florida Department of Transportation would provide funding for administrative expenses, as approved by the Department at its sole discretion. The Authority would be required to reimburse the Department in the same manner and priority as operating and maintenance expenses (after debt service payments). Currently the Amendment is pending review and approval by the Department.

There are specific requirements contained in the Lease-Purchase Agreement and Continuing Disclosure Agreement that SRBBA must meet. As a result of the Board not meeting, the following Authority noncompliance issues were noted during the Commission review.

- Pursuant to Section 7.19 of the bond resolution, SRBBA covenants to diligently enforce all provisions of the Lease-Purchase Agreement relating to the Department's obligations in connection with the System. During the Commission staff review, no instances of Florida Department of Transportation noncompliance with terms of the Lease-Purchase Agreement were noted. However, absent SRBBA Board review of the Department's compliance, interests of the Authority are not adequately protected. The following are Lease-Purchase Agreement provisions with which the Department complied:
  - ◊ The Department prepared annual budgets for operations, maintenance and renewal and replacements.
  - ◊ The Department conducted required bridge and roadway inspections.
- SRBBA is unable to comply with Section 5 of the Continuing Disclosure Agreement requiring a Material Event Notice be filed with the Trustee for any unscheduled draw on the Debt Service Reserve Account reflecting financial difficulties.

As noted above, because the SRBBA Board is not meeting, Commission staff finds there is inadequate governance of the Authority. If the Lease-Purchase Agreement Amendment that would provide for SRBBA administrative funding by the Department is not approved, The Commission recommends that the Authority seek limited administrative assistance from Santa Rosa County to enable the Board to meet for concerns of vital interests. The Garcon Point Bridge serves a public purpose in providing for the movement of people and goods, and helps provide for the economic prosperity of the county.

- Limited administrative assistance was provided by the Department for concerns of vital interest until January 2008.
- Due to economic conditions and legal considerations, the Department stopped providing funding and an employee to assist in administrative duties.
- The Authority did not oversee the Department's obligations under the Lease-Purchase Agreement.

***Ethics***

SRBBA has adopted the provisions of Chapter 112, Florida Statutes, related to ethics. The Commission reviewed Board meeting minutes and, from that limited review, it appears that the Board has been operating in compliance with the State's ethics laws.

***Conflict of Interest***

SRBBA has adopted the provisions of Chapter 112, Florida Statutes, related to conflicts of interest. The Commission reviewed Board meeting minutes and, from that limited review, it appears that the Board has been operating in compliance with the State's conflict of interest laws.

***Audit***

Pursuant to Section 7.11 of the bond resolution, SRBBA covenants that it will file with the Trustee quarterly financial statements, signed by the Chairman and prepared in accordance with GAAP as well as an annual independent financial statement audit. For several years, the Authority has not had an annual audit performed, and is not currently submitting quarterly financial statements to the Trustee because funding is not available for administrative expenses. All revenue of the Garcon Point Bridge is used to pay debt service on outstanding bonds. As noted earlier, the Florida Department of Transportation Inspector General's Office completes an Annual Accountant's Compilation Report, which is limited in presentation, but is in accordance with the requirements for "Statements for Accounting and Review Services" issued by the American Institute of Certified Public Accountants. However, this report does not include all disclosures required by GAAP and, therefore, does not meet the requirement established by the Commission or bond resolution.

In addition, during the Commission review, it was noted that SRBBA has not filed an annual financial report or audit report with the Department of Financial Services (DFS) for FY 2007 as required by Section 218.32, Florida Statutes.

### *Public Records and Open Meetings*

SRBBA adopted a formal procedure enacting the provisions of Chapter 120, Florida Statutes, related to public records. The procedure includes a provision that records of SRBBA will be kept in compliance with Chapter 119, Florida Statutes. The Commission reviewed agendas, meeting minutes and public meeting notices provided by SRBBA. From this limited review, the Commission determined that SRBBA has been operating within procedure and statute; however, a review of the SRBBA website (www.garconpointbridge.com) indicated that no notices or minutes of meetings have been posted. Due to lack of administrative funding, updating of the website is limited to posting of monthly revenue and transactions.

### *Procurement*

As noted earlier, SRBBA does not have a source of funds to provide for administrative or project related costs and, therefore, does not enter into contracts for commodities or services.

### *Consultant Contract Reporting*

This area is not applicable since SRBBA has no source of funds to acquire consultant staff.

### *Compliance with Bond Covenants*

SRBBA bond covenants require a Determination Resolution (relating to debt service coverage deficiencies) and the Continuing Disclosure Agreement requires a Material Event Notice (relating to debt service reserve account draws) to be filed with the Trustee. The required Determination Resolution and Material Event Notice for July 2008 was not properly filed. In addition, the Board did not review the July 2008 Traffic Consultant's recommendations for revisions to the toll schedule to enable the Authority to comply with Section 5.02(c) of the Bond Resolution.

Although SRBBA has not had a required financial statement audit performed, the Authority provides the Trustee with an Annual Accountant's Compilation Report, prepared by Florida Department of Transportation's Inspector General's Office. The Enterprise prepares a Traffic Engineer's Annual Report for Enterprise Toll Operations that is provided to the Trustee and rating agencies. Included in the report is traffic and revenue information for the four Department-owned and three Department-operated facilities, one of which is the Garcon Point Bridge. This report provides information required under SEC Rule 15c2-12. Additionally, the Department provides for disclosure by making available on its website (www.dot.state.fl.us) both the Annual Accountant's Compilation Report and the Traffic Engineer's Annual Report for Enterprise Toll Operations.

- The Authority did not review the Traffic Consultant's recommendations for revisions to the toll schedule or properly file a Determination Resolution or Material Events Notice.
- Florida Department of Transportation's Inspector General's Office prepares an Accountants Compilation Report.
- The Enterprise produces a Traffic Engineer's Annual Report for Enterprise Toll Operations containing Garcon Point Bridge data to help satisfy SEC Rule 15c2-12.

## Summary

The Florida Transportation Commission review of SRBBA was conducted with the cooperation and assistance of the Authority and the Department and relied heavily on documentation and assertions provided.

The SRBBA Board is the governing body responsible for oversight of the Authority. The Authority does not have funding for administrative expenses because all revenue is used to pay debt service on outstanding bonds. As such, the Board did not meet for approximately one year (the Board met in January 2008 and then in January 2009). Although not required, the Department provided SRBBA with limited administrative assistance for concerns of vital interest until January 2008. Due to economic conditions and legal considerations, the Department significantly scaled back administrative support for SRBBA and stopped providing administrative funding and an employee to assist with administrative duties. After pursuing legal options and in consultation with the Authority, the Department developed an amendment to the Lease-Purchase Agreement. The SRBBA Board met in January 2009 and adopted the Amendment whereby the Department would provide funding for administrative expenses, as approved by the Department at its sole discretion. The Authority would be required to reimburse the Department in the same manner and priority as operating and maintenance expenses (after debt service payments). Currently the Amendment is pending review and approval by the Department.

SRBBA met or exceeded 6 of the 12 applicable management objectives established for performance measures. The six performance measure objectives not met include: electronic toll collection transactions; revenue variance; cost to collect a toll transaction and the three objectives established for debt service coverage. The Authority is in technical default on its bonds, and it is forecasted that SRBBA revenue will continue to be insufficient to make required debt service payments. Based on current revenue forecasts, continued draws on the debt service reserve fund are projected to deplete the fund in FY 2012.

Operating indicator trend analysis showed that FY 2008 transactions on the Garcon Point Bridge decreased by 13.6 percent, while toll revenue decreased by 0.5 percent. The decrease in traffic and revenue can primarily be attributed to the economic slowdown, general decline in the housing market and rising fuel prices. The toll rate increase implemented on July 1, 2007 (FY 2008) to help meet debt service requirements helped to mitigate the decline in toll revenue. As previously noted, there are no administrative expenses reported for SRBBA because all revenue is used to pay debt service on outstanding bonds. Finally, the underlying bond ratings for SRBBA bonds are considered “non-investment grade.” The ratings assigned to the bonds when originally issued were subsequently lowered due primarily to poor traffic and revenue performance relative to the original forecasts and draws on the debt service reserve to make required debt service payments.

In the area of governance, SRBBA has not had a required independent financial statement audit performed for several years and is not currently submitting quarterly financial statements to the Trustee. Also, the Authority has not filed a required annual financial report or audit report with the Department of Financial Services for FY 2007. As a result of the SRBBA Board not meeting, the Authority did not enforce provisions of the Lease-Purchase Agreement relating to the Department’s obligations in connection with the system. However, during the Commission’s review, no instances of Florida Department of Transportation noncompliance were noted. In addition, SRBBA bond covenants require a Determination Resolution and the Continuing Disclosure Agreement requires a Material Event Notice to be filed with the Trustee. The required Determination Resolution and Material Event Notice for July 2008 was not properly filed. Also, the Board did not review the July 2008 Traffic Consultant’s recommendations for revisions to the toll schedule to enable the Authority to comply with Section 5.02(c) of the bond resolution.

Based on the Commission's limited review of Board meeting minutes, SRBBA policies and procedures, Florida Statutes, Accountant's Compilation Report, Bond Covenants, and other documentation provided by the Authority and the Department, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission, except for those instances noted above.

Because the SRBBA Board is not meeting, Commission staff finds there is inadequate governance of the Authority. If the Lease-Purchase Agreement Amendment that would provide for SRBBA administrative funding by the Department is not approved, the Commission recommends that the Authority seek limited administrative assistance from Santa Rosa County to enable the Board to meet for concerns of vital interests. The Commission will continue to monitor SRBBA and the operations of the Garcon Point Bridge and coordinate with the Department on any issues that arise. The Commission would like to acknowledge with appreciation the assistance of the Department and the SRBBA in providing information necessary for completion of this report.

## Subsequent Action

Following the presentation of the Transportation Authority Monitoring and Oversight, FY 2008 Report to the Commission at the March 3, 2009 public workshop, the Department notified Commission staff that the Lease-Purchase Agreement Amendment that will provide Department funding for administration was approved. The report, as presented, was unanimously adopted by the Commission at the regular public meeting held later in the day with one modification noted. The Commission recognized the serious financial condition of SRBBA, where the Authority's bonds are in technical default and the debt service fund is projected to be depleted in FY 2012. The Commission tasked the Department to examine available options to address the financial condition of the Authority. The Department agreed to provide the Commission with a written report, within 30 days, that describes various alternatives and provides recommendations. The Commission will review the report and provide specific recommendations regarding SRBBA to the Governor and Legislature under separate cover.

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# TAMPA-HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY (THEA)

## Background

The Tampa-Hillsborough County Expressway Authority (THEA) is an agency of the state of Florida and was created in 1963 under Chapter 348, Part IV, Florida Statutes, for the purposes of and having the power to construct, reconstruct, improve, extend, repair, maintain and operate the expressway system within Hillsborough County, Florida. THEA is reported as an Independent Special District of the state of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989) and other applicable Florida Statutes. The Authority is also authorized to issue revenue bonds through the Division of Bond Finance (DFB) of the State Board of Administration (SBA).

The governing body of THEA consists of seven members. Four members are appointed by the Governor and serve four year terms. Serving as ex-officio members are: the Mayor of the City of Tampa, or the mayor's designate, who is chair of the City Council; one member of the Board of County Commissioners of Hillsborough County, selected by such board; and, the District Seven Secretary of the Florida Department of Transportation (Department).

**Table 20**
**Tampa-Hillsborough Expressway Authority**
**Current Board Members**

| *Name* | *Affiliation* | *Position* |
|---|---|---|
| James T. Hargrett, Jr. | Bay Area Concessions | Chairman |
| Donald Phillips | Phillips Development & Realty | Vice Chairman |
| Greg Truax | Tampa Bay Publishing | Secretary |
| Stephen Diaco | Adams & Diaco, P.A. | Board Member |
| Thomas Scott | Tampa City Council Chairperson | Board Member |
| Don Skelton | District Seven Secretary | Board Member |
| Kevin White | Hillsborough County Commissioner | Board Member |

**Highlights**

- THEA opened Reversible Express Lanes in August 2006 (FY 2007) as an Open Road Tolling Project.
- THEA plans to implement ORT on all THEA facilities by 2010.
- THEA met 7 of 14 applicable performance measure objectives. The seven measures not met were Roadway Maintenance Condition Rating, Bridge Condition Rating, ETC Transactions, Revenue Variance, Cost to Collect a Toll Transaction and Debt Service Coverage—Bonded and Comprehensive Debt (Bond Covenant Compliance was met).
- THEA modified the Lease-Purchase Agreement with the Department and secured a contractor to provide routine maintenance on all facilities beginning January 2009. The Maintenance Condition Rating requirement increased to 90 with cost savings projected.
- The Authority is currently evaluating technical proposals for toll collection services on all THEA facilities.
- Although FY 2008 transactions decreased three percent, FY 2008 revenues increased 11 percent as a result of a full year of higher tolls from the FY 2007 toll rate increase.
- The FY 2008 independent financial statement audit reflected an unqualified opinion.
- The Auditor General Follow-up Operational Audit Report concluded that THEA corrected 10 findings, partially corrected 2 findings (written policies and severance pay) and did not correct 1 finding (lobbying services).

THEA owns the Selmon Expressway (formerly called the Lee Roy Selmon Crosstown Expressway), a 15-mile, four-lane, limited-access toll road that crosses the city of Tampa from Gandy Boulevard in south Tampa, through downtown Tampa and east to I-75 and Brandon. A combination of 15 full and partial interchanges are spaced at varying intervals along the facility. The Selmon Expressway connects St.

Petersburg (via the Gandy Bridge and a short segment of Gandy Boulevard) with Tampa and Brandon.

Construction of Reversible Express Lanes (REL) within the Selmon Expressway corridor between Meridian Street in the Tampa Central Business District and I-75 (Reversible Express Lanes Project) and between I-75 and Town Center Boulevard (Brandon Parkway) started in January 2002 and opened in both directions to traffic in August 2006. These projects total approximately 10 miles in length and added approximately 45 lane-miles to the Expressway, an increase of 75 percent in total lane-miles. The RELs between Meridian Street and Town Center Boulevard are slightly more than eight miles in length and the Brandon Parkway comprises the balance of the project. The Reversible Lanes, constructed in the median of the existing Selmon Expressway, comprise three concrete segmental bridges (5.3 miles total length) with two at-grade portions to accommodate the future I-4 Crosstown Connector project and to provide five slip ramps to allow traffic to enter/exit the RELs from the "local lanes." The Brandon Parkway is a four-lane urban arterial system which provides access to Adamo Drive (SR 60) and Lumsden Road, a major east-west roadway south of Adamo Drive. The express lanes operate in the peak travel direction with tolls being collected electronically (no cash is accepted).

THEA reported toll revenue of approximately $41 million in fiscal year (FY) 2008 based on 33 million transactions. Significant projects in the 5-Year Work Program include replacement of decks on various bridges, development of the I-4 Connector Project that will connect I-4 to the existing Expressway and toll system conversion to all electronic tolling. These projects are being completed in partnership with the Department and Florida's Turnpike Enterprise (Enterprise) and are funded either from the State Transportation Trust Fund (STTF) or Bond Proceeds.

As previously noted, the Reversible Express Lanes currently utilize Open Road Tolling (ORT) whereby the toll is collected electronically through an overhead gantry allowing for an open road with no toll plaza (no cash is accepted). Tolls are collected through the use of either *SunPass* or Video Toll Collection (VTC) that utilize cameras to record license plate images whereby the vehicle owner is billed. In 2010, the Authority plans to employ ORT on all THEA facilities, potentially making it the first toll authority in Florida to go entirely cashless.

Under the requirements of a Lease-Purchase Agreement between THEA and the Department, the Department advances funds for the costs of operations, routine maintenance and renewals and replacements on the facility. Beginning in FY 2001, the Authority reimburses the Department for its annual operating and routine maintenance expenses pursuant to the adopted budget. Only operating and maintenance expenses in excess of the adopted budget and renewal and replacement costs continue to be deferred. THEA is required to repay these Department advances from net toll revenues after all other obligations have been met. In addition, THEA has received funding through Department loans (STTF, Toll Facilities Revolving Trust Fund (TFRTF) and State Infrastructure Bank (SIB)) with specified repayment schedules. These loans are scheduled for repayment in installments over the next 11 to 18 years. The following table indicates that approximately $200 million in long-term debt is owed to the Department for these operating, maintenance and renewal and replacement expense advances, and other Department advances and loans.

**Table 21**
**Tampa-Hillsborough Expressway Authority**
**Long-Term Debt Payable to the Department (in millions)**
**Year Ended June 30, 2008**

| *Transaction* | *(millions)* |
|---|---|
| Advances for Operating, Maintenance and R&R Expenses | $116.7 |
| State Transportation Trust Fund Loans | $13.8 |
| Loans from Toll Facilities Revolving Trust Fund | $16.6 |
| Loans from State Infrastructure Bank | $53.1 |
| Total Due Department | $200.2 |

Source: THEA Notes to Audited Financial Statements.

## Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to specified authorities, the Commission conducts periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and Generally Accepted Accounting Principles (GAAP). Consequently, the Commission, in concert with the authorities, developed performance measures and management objectives that establish best practices across the industry to improve the overall delivery of services to the traveling and freight moving communities that are critical to the overall economic well-being and quality of life in Florida. FY 2008 results, as reported by THEA, are provided in the following table. Results for the last five fiscal years are included in Appendix B.

THEA met or exceeded 7 of the 14 applicable performance measure objectives. The consultant cost and construction time and cost measures are not applicable because no specified contracts were closed out during FY 2008. The seven performance measures the Authority did not meet are described below and include trend data, explanations and any action plans that THEA has developed to assist in meeting the measures. Explanations are based on input from THEA management.

### *State Highway System Roadway Maintenance Condition Rating*

For FY 2008, the objective of 90 was not met (actual result was 87.7). The Department conducts the maintenance inspection of THEA facilities and utilizes the Maintenance Rating Program to evaluate routine maintenance in five areas: roadway, roadside, vegetation and aesthetics, traffic services and drainage. THEA has met or exceeded this measure for two of the last five fiscal years, as indicated by data included in Appendix B of this report. THEA indicated that the maintenance condition rating of the existing Selmon Expressway roadway and roadside decreased in FY 2007 due to construction of the REL project but subsequently increased after the project was completed. Pursuant to the Lease-Purchase Agreement, the Department is responsible for maintenance of the Selmon Expressway in accordance with Department standards promulgated for the operation and maintenance of roadway and roadside facilities. As such, the Department only budgets to provide a minimum maintenance condition rating of 80 (Department standard). THEA oversees separate maintenance contracts for the Brandon

**Table 22**
**Tampa-Hillsborough Expressway Authority**
**Summary of Performance Measures**
**FY 2008**

| *Performance Measure* | *Detail* | *Objective* | *Actual Results* | *Meets Objective* |
|---|---|---|---|---|
| **Operations** | | | | |
| SHS Roadway Maintenance Condition Rating | Condition rating of at least 90 | 90 | 87.7 | X |
| Pavement Condition Rating | % SHS lane miles rated "excellent or good" | > 85% | 100.0% | ✓ |
| Bridge Condition - Rating | % bridge structures rated "excellent or good" | > 95% | 86.2% | X |
| Bridge Condition - Weight Restrictions | % SHS bridge structures with posted limit | 0% | 0.0% | ✓ |
| Electronic Toll Collection (ETC) - Transactions | Number of ETC transactions as % of total transactions | > 75% by 12/31/08 | 68.8% | X |
| Revenue Variance | Variance from indicated revenue (without fines) | < 4% | 4.8% | X |
| Safety[1] | Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg (.50) | 0.00 | ✓ |
| Customer Service | % customers satisfied with level of service | > 90% | 95.4% | ✓ |
| **Operations and Budget** | | | | |
| Consultant Contract Management | Final cost % increase above original award | < 5% | N/A | N/A |
| Construction Contract Adjustments - Time | % contracts completed within 20% above original contract time | ≥ 80% | N/A | N/A |
| Construction Contract Adjustments - Cost | % projects completed within 10% above original contract amount | ≥ 90% | N/A | N/A |
| Cost to Collect a Toll Transaction | Total toll collection cost/number of transactions (net of exclusions) | < $0.16 | $0.20 | X |
| Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance | Actual OM&A to annual budget | +/- 10% | -7.5% | ✓ |
| **Applicable Laws** | | | | |
| Minority Participation | M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target) | > 90% | 93.5% | ✓ |
| **Revenue Management and Bond Proceeds** | | | | |
| Debt Service Coverage - Bonded/Commercial Debt | [(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense | > 1.5 | 1.28 | X |
| Debt Service Coverage - Comprehensive Debt | [(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense | > 1.2 | 1.13 | X |
| Debt Service Coverage - Compliance with Bond Covenants | Debt service coverage meets or exceeds minimum Bond Covenant requirements | Yes | Yes | ✓ |

[1] Safety objective based on five year average of fatalities per 100 million VMT for the four established authorities. Actual results based on CY 2007 data.

feeder roads and Meridian Street improvements that are not maintained by the Department.

THEA prepared a request for proposals for an asset maintenance contractor that would be responsible for maintaining all THEA roadway and roadside assets at a maintenance condition rating of 90. On November 10, 2008, the Board authorized staff to execute a contract with Transfield Services North America, Inc. (formerly VMS) for routine maintenance services on the Selmon Expressway and the Reversible Express Lanes. The Board further authorized a Memorandum of Understanding with the Department to modify terms of the Lease-Purchase Agreement relating to maintenance responsibilities of the Selmon Expressway. The new contractor started providing routine maintenance services on THEA facilities on January 9, 2009 (FY 2009). THEA estimates cost savings of approximately $1.4 million over a period of 4.5 years by consolidating all roadway and roadside asset management under one contract, while increasing the roadway maintenance condition rating standard to 90. The Department continues to conduct bridge inspections for the Authority.

***Bridge Condition Rating***

THEA has not met the objective of greater than 95 percent of bridge structures rated excellent or good during the five-year reporting period. Results for FY 2006 through FY 2008 are identical at 86.2 percent. THEA indicated that the Department's 5-Year Work Program includes approximately $74 million for bridge deck panel repair and replacement projects. These projects are currently underway or programmed in the Department Work Program and will improve bridge condition ratings when completed.

***Electronic Toll Collection - Transactions***

For the authorities, the Commission adopted the Florida Department of Transportation Electronic Toll Collection (ETC) performance measure objective established for Florida's Turnpike Enterprise (Enterprise). ETC transactions for THEA constituted 68.8 percent of total transactions during FY 2008. Actual monthly ETC transactions subsequent to FY 2008 (July through December) did not exceed 72 percent. As such, THEA did not meet the objective of 75 percent ETC participation by December 31, 2008. The Department's ETC performance measure objective for FY 2009 has been referred to the Performance Measures Working Group in order to establish a new objective.

- The Authority has a Lease-Purchase Agreement with the Department.
- District Seven provided maintenance for THEA during FY 2008.
- Florida's Turnpike Enterprise provides toll operations.
- The Authority is coordinating a Toll Enforcement Program to reduce toll violations and associated revenue loss.

***Revenue Variance***

Actual THEA revenue variance of 4.8 percent in FY 2008 increased over the 4.1 percent reported in FY 2007 and exceeded the objective of less than 4 percent. The Enterprise provides cash and electronic toll collection on the facility, violation enforcement and traffic and revenue reporting. Generally, as the percentage of electronic toll transactions increases, revenue variance increases due to a higher number of toll violators. Electronic toll transactions on the facility increased from 64 percent in FY 2007 to 69 percent in FY 2008.

THEA is currently coordinating a Toll Enforcement Program aimed at reducing toll violations and associated revenue loss. Florida's Turnpike Enterprise provided site-specific training to the Tampa Police Department and the Florida Department of Transportation Motor Carrier Compliance Office in November 2008 for both Open Road Tolling as well as off-ramps.

Actual toll enforcement activities commenced on December 30, 2008, when off-duty Motor Carrier Compliance Officers targeted high volume toll violators specific to THEA facilities. Seven of the most flagrant toll violators were caught by the officers. Beginning in February 2009, off-duty Tampa police officers will also begin enforcement. THEA will conduct a public relations campaign notifying the public as to violation enforcement activities in general. However, some of the specific enforcement activities will not be advertised.

***Cost to Collect a Toll Transaction***

For FY 2008, the actual cost to collect a toll transaction for THEA was $0.20, compared to the objective of less than $0.16. Toll collection costs for FY 2008 increased by approximately four percent over FY 2007 levels, while transactions decreased by approximately three percent. The increase in toll collection costs is primarily attributed to increases in insurance premiums, credit card fees and toll equipment repair costs. Florida's Turnpike Enterprise performs toll collection services for THEA facilities. As such, the Authority has limited ability to control toll collection costs. The decline in transactions can primarily be attributed to the economic slowdown and rising fuel prices.

Recognizing the high toll collection costs, the THEA Board authorized THEA to partner with MDX in the MDX request for proposal process to evaluate and possibly contract for private sector toll collection services. The Board further authorized a Joint Participation Agreement (JPA) with MDX to develop a request for proposal for procurement, implementation and operation of an Account Management/Toll Enforcement Center (AMTEC). THEA has received and is currently evaluating technical proposals for toll collection services.

***Debt Service Coverage - (Bonded/Commercial Debt and Comprehensive Debt)***

Although THEA debt service coverage was in compliance with bond covenants, THEA did not meet the performance measure objectives for Debt Service Coverage established by the Commission. Debt service coverage ratios, as standardized in the Commission performance measure calculations, differ significantly from the debt service coverage calculations required in THEA bond resolutions and related documents. THEA's Revenue Sufficiency Certification letter, prepared by Wilbur Smith Associates and adopted by resolution of the Board on January 26, 2009, provides actual and projected debt service coverage pursuant to bond resolutions. For FY 2008, bond covenants require "gross" debt service coverage of 1.30 and actual was reported as 1.73. Correspondingly, the FY 2008 "net" debt service coverage requirement is 1.00 and actual was reported as 1.14. THEA includes all revenue generated from the system (i.e., lease and investment revenue) when calculating debt service ratios.

- Although THEA debt service coverage complied with bond covenants, THEA did not meet objectives established by the Commission.

THEA did meet the following performance measure objective. An explanation is provided to clarify the methodology utilized by the Authority.

***Minority Participation***

All firms doing business with THEA are required to have a non-discrimination policy and to provide a list of anticipated Small Business Enterprise (SBE) firms with their proposals indicating the dollar amount or percentage of the total contract price committed to SBEs. The Authority encourages all proposers to actively pursue obtaining bids and quotes from SBEs. Each proposer of a construction and/or design project is required to submit an SBE Outreach Action Plan to the Authority evidencing documented efforts to seek and obtain SBE participation. THEA provided a list of consultant contracts that included total amounts and SBE amounts expended for FY 2008, the consultants' SBE "goal" provided in project proposals, and amounts expended on other services provided by SBE designated companies. Based on total SBE expenditures, THEA achieved 93.5 percent of its SBE goal, exceeding the Commission's performance measure objective of 90 percent.

## Operating Indicators

The Commission, in concert with the authorities, developed operating indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various authorities have unique characteristics. FY 2008 operating indicators, as reported by THEA, are provided in the following table. Also, to assist in trend analysis, FY 2006 and FY 2007 operating results are provided. Results for the last five fiscal years are included in Appendix B.

It is important to note FY 2008 operating indicators that significantly differ from prior year trends.

***Growth in Value of Transportation Assets***

Land, infrastructure and construction in progress change from year to year as new capital projects (road widening, new alignments, new interchanges, bridges, etc.) are built and completed. A project starts off as "construction in progress" and is reclassified to "infrastructure" when the project is complete. For example, as a result of the completion of the Reversible Express Lanes in FY 2007, construction in progress significantly decreased and infrastructure assets significantly increased. Amounts reported for FY 2008 are similar to those reported in FY 2007.

***Preservation of Transportation Assets (Routine Maintenance of Infrastructure)***

Costs for FY 2008 are reported at $3.5 million. THEA indicated that this increase of $1.4 million over FY 2007 is primarily attributed to the Reversible Express Lanes which added 75 percent more lane-miles to the Selmon Expressway. As a result, costs increased for Intelligent Transportation System (ITS) maintenance and support, hardscape and landscape on Brandon Parkway and Meridian Street, and bridge inspections.

***Toll Collection Transactions (Revenue from Electronic Toll Transactions)***

As previously reported in the Performance Measures section of this chapter, the percentage of electronic toll collection transactions increased from approximately 64 percent in FY 2007 to 69 percent in FY 2008. There is a direct correlation between electronic transactions and revenue associated with these transactions. The pricing preferential for ETC customers and the recent opening of the Reversible Express Lanes project continue to positively impact growth in electronic tolling.

***Annual Revenue Growth (Toll and Operating Revenue)***

FY 2007 revenue grew by approximately 27 percent over FY 2006 levels primarily due to a toll rate increase implemented on the Selmon Expressway on January 1, 2007. Although FY 2008 transactions decreased by approximately 3 percent over FY 2007, revenues increased by 11 percent primarily as a result of a full year of higher tolls from the FY 2007 toll rate increase (i.e., partial year of toll rate increase in FY 2007).

**Table 23**
**Tampa-Hillsborough Expressway Authority**
**Summary of Operating Indicators (in millions)**
**FY 2006 through FY 2008**

| *Indicator* | *Detail* | *Actual 06 Results (millions)* | *Actual 07 Results (millions)* | *Actual 08 Results (millions)* |
|---|---|---|---|---|
| **Operations** | | | | |
| Growth in Value of Transportation Assets | Land Acquisition | $91.0 | $91.0 | $91.0 |
| | Infrastructure Assets | $137.4 | $571.9 | $576.0 |
| | Construction in Progress | $436.7 | $7.8 | $7.7 |
| | Total Value of Transportation Assets | $665.1 | $670.7 | $674.8 |
| Preservation of Transportation Assets | Renewal & Replacement of Infrastructure | $0.2 | $0.3 | $0.0 |
| | Routine Maintenance of Infrastructure | $1.3 | $2.1 | $3.5 |
| | Total Preservation Costs | $1.5 | $2.3 | $3.5 |
| Toll Collection Transactions | Revenue from Electronic Transactions | 55.5% | 64.7% | 70.1% |
| Annual Revenue Growth | Toll and Operating Revenue | 5.5% | 27.2% | 11.1% |
| **Operations and Budget** | | | | |
| Operating Efficiency | Toll Collection Expense as % of Operating Expense | 56.8% | 46.2% | 38.2% |
| | Routine Maintenance Expense as % of Operating Expense | 14.2% | 15.1% | 20.6% |
| | Administrative Expense as % of Operating Expense | 13.0% | 14.1% | 16.0% |
| | Operating Expense as % of Operating Revenue | 32.4% | 37.0% | 41.3% |
| Rating Agency Performance | Toll Operations and Maintenance Expense as % of Operating Revenue | 23.0% | 22.7% | 24.3% |
| **Property Acquisition** | | | | |
| Right-of-Way | Agency Appraisals | $0.0 | $0.0 | $0.0 |
| | Initial Offers | $0.0 | $0.0 | $0.0 |
| | Owners Appraisals | $0.0 | $0.0 | $0.0 |
| | Final Settlements | $0.0 | $0.0 | $0.0 |
| **Revenue Management and Bond Proceeds** | | | | |
| Underlying Bond Ratings (Uninsured) | Standard & Poor's Bond Rating | A- | A- | A- |
| | Moody's Bond Rating | A3 | A3 | A3 |
| | Fitch Bond Rating | A- | A- | A- |

Note: Amounts in table may not sum exactly due to rounding.

### *Operating Efficiency*

In order to better understand fluctuations in the Operating Efficiency indicators, the following table provides a comparison of FY 2007 and FY 2008 operating expenses for THEA.

FY 2008 total operating expenses increased by $3.3 million, or 24 percent, over FY 2007. Conversely, operating revenues increased by $4.1 million, or 11 percent over FY 2007. All expense categories, except renewal and replacement, showed increases. As previously noted, FY 2008 routine maintenance expenses increased primarily due to the Reversible Express Lanes which added 75 percent more lane-miles to the Selmon Expressway. FY 2008 administration expenses increased primarily due to new positions created as a result of recommendations contained in the Auditor General's

**Table 24**
**Tampa-Hillsborough Expressway Authority**
**Operating Expense Comparisons**
**FY 2007 versus FY 2008**

| *Category* | *FY 2007 ($000)* | *FY 2008 ($000)* | *$ Difference* | *% Difference* |
|---|---|---|---|---|
| Toll Collection | $6,378 | $6,541 | $163 | 3% |
| Routine Maintenance | 2,085 | 3,530 | 1,445 | 69% |
| Renewal and Replacement | 262 | 0 | -262 | -100% |
| Administration | 1,941 | 2,743 | 802 | 41% |
| Depreciation | 3,075 | 4,252 | 1,177 | 38% |
| Other | 21 | 45 | 24 | 114% |
| Total Operating Expenses [1] | $13,791 | $17,111 | $3,320 | 24% |

[1] Amounts do not sum exactly due to rounding and immaterial differences in the Authority's classification.

Operational Audit of THEA (General Counsel and Communications Manager) and maintenance and toll collection request for proposal development costs.

In lieu of reporting depreciation on infrastructure (roads, bridges and other highway improvements), THEA reports costs associated with maintaining the existing roadway system as preservation expense. However, depreciation is charged on furniture and equipment, toll equipment, toll facilities and buildings. In FY 2008, depreciation expense increased by $1.2 million, or 38 percent over FY 2007 primarily due to additional depreciation expense related to equipment placed in service during FY 2007.

***Rating Agency Performance - (Toll Operations and Maintenance Expense as % of Total Operating Revenue)***

This operating indicator increased from 22.7 percent in FY 2007 to 24.3 percent in FY 2008 as a result of expenses increasing at a greater rate than revenues. The 19 percent (or $1.6 million) increase in FY 2008 toll operations and maintenance expenses exceeded the 11 percent (or $4.1 million) increase in operating revenue.

***Right-of-Way***

THEA has not acquired right-of-way in the past four fiscal years. The Authority has no new alignments, interchanges or other projects currently in the Work Program that require right-of-way acquisition.

***Underlying Bond Ratings***

THEA reported that there have been no changes to their basic underlying (uninsured) bond ratings during the reporting period from the three major bond rating agencies.

## Governance

In addition to establishing performance measures and operating indicators for transportation authorities, the Commission developed "governance" criteria for assessing each authority's adherence to statutes and policies and procedures. To that end, the Commission monitored compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

***Ethics and Conflicts of Interest***

THEA provided a copy of its Code of Ethics and Conflict of Interests Policy that was last amended and adopted by the Board on March 26, 2007. THEA policy recognizes that the provisions of Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) apply to Board members as well as certain Authority employees and also makes those provisions applicable to all Authority employees. In the event of conflict between the Authority policy and the provisions of Chapter 112, Florida Statutes, the more restrictive provisions shall control. The policy appears to be comprehensive and includes areas such as purpose and scope of the policy, standards of conduct, conflicts of interest, voting conflicts of interest, financial disclosures and political activities. According to THEA, no ethics or conflict of interest violations were reported or investigated in the last 12 months (calendar year 2008). Commission staff conducted a limited review of the Authority's Board minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations. The meeting minutes did disclose instances where Board members abstained from voting on consent agenda items due to voting conflicts.

As outlined in Section 140.06 of THEA “Code of Ethics and Conflict of Interest” Policy and Procedures, Board members and employees must disclose any outside relationship, employment or contractual relationship which creates a prohibited conflict of interest. Such a disclosure must be in writing, on a form provided and maintained by the General Counsel. THEA provided and Commission staff reviewed 23 of these forms (THEA Conflict Disclosure Circular). Each disclosure form, submitted by Board members and key employees, indicated a review by THEA in-house General Counsel and no conflict of interest determinations were noted. The General Counsel recommended a Board member abstain from participation in any action by the Board involving payment or contract terms with a certain firm. The Board member subsequently filed a Memorandum of Voting Conflict declaring the potential conflict of interest that was incorporated in the THEA July 23, 2007 Board minutes.

***Audits***

To maintain management’s accountability to the Board of Directors, THEA established a Budget and Finance Committee. The Authority indicated that this committee is made up of one Board member, senior management staff and the Executive Director. The Budget and Finance Committee oversees the development of the fiscal year administration, and operation and maintenance budget; monitors the finances of the authority; and, provides input and discussion of future financing alternatives.

Due to the composition of the Budget and Finance Committee, and given the current staffing levels of the Authority, the Budget and Finance Committee also serves as the Audit Committee. The Audit Committee selects the independent auditor; monitors the progress and evaluates the results of the financial statement audit; ensures that identified weaknesses in control or legal compliance violations are promptly and effectively remedied; and, serves as a direct communication link between the Board and the auditor.

An annual independent audit of THEA’s financial statements for the fiscal years ended June 30, 2008 and 2007 was performed. The Independent Auditor’s Report indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor’s Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor’s Report on Compliance and Internal Control over Compliance Applicable to each Major State Project did not identify any deficiencies in internal control over compliance that were considered material weaknesses, and the Authority complied, in all material respects, with the requirements applicable to each of its major state financial

assistance projects. In the Independent Auditor's Management Letter, the auditors had no findings or recommendations regarding the Authority's management, accounting procedures, internal controls or other matters required to be disclosed.

As detailed in last year's Florida Transportation Commission Monitoring and Oversight Report, the Florida Auditor General conducted an independent operational audit of THEA and issued Audit Report No. 2007-074 in December 2006 (FY 2007). Pursuant to Florida Statutes, within 18 months the Auditor General must perform follow-up procedures to determine THEA's progress in addressing the findings and recommendations contained in the report. As such, the Auditor General issued Audit Report No. 2009-027 in October 2008 as a follow-up to the Operational Audit. The audit reports are available at the Auditor General's website: ([www.myflorida.com/audgen/](www.myflorida.com/audgen/)). As indicated in the following table, the Auditor General determined that the Authority corrected 10 findings, partially corrected 2 findings and did not correct 1 finding.

**Table 25**
**Tampa-Hillsborough Expressway Authority**
**Status of Audit Findings and Recommendations**
**Auditor General's Follow-up on Operational Audit**

| | ***Findings and Recommendations*** | ***Status*** |
|---|---|---|
| 1 | Administrative Expenses | Corrected |
| 2 | Interim Financial Reports | Corrected |
| 3 | Internal Controls | Corrected |
| 4 | Written Policies and Procedures | Partially Corrected |
| 5 | Employment Practices | Corrected |
| 6 | Severance Pay | Partially Corrected |
| 7 | Educational Leave With Pay | Corrected |
| 8 | Acquisition of General Counsel Services | Corrected |
| 9 | Legal Services Contract | Corrected |
| 10 | Requests for Proposal | Corrected |
| 11 | Lobbying Services | Not Corrected |
| 12 | Outsourcing | Corrected |
| 13 | Conflict of Interest | Corrected |

The following is a more detailed description of the two findings that the Auditor General reported as being partially corrected and the one finding that was reported as not corrected by the Authority:

- Written Policies and Procedures (Partially Corrected) - The Auditor General reported that THEA had revised several of its written policies and procedures that addressed noncompliance and control deficiencies noted in the Operational Audit. The Authority is continuing to revise and update additional policies and procedures to ensure consistency with current practices, applicable laws, and other guidelines. While significant progress has been made, the extended timeline reflects THEA's limited staff resources available for the task.

- Severance Pay (Partially Corrected) - The Auditor General reported that THEA replaced all existing employment contracts with position descriptions and adopted a Severance Pay Policy (Section 210.19) that enumerates the public purpose served for providing for severance pay to certain employees. Additionally, THEA policy continued to provide for severance pay for 11 employees and lacked provisions that require finite employment terms and a cost savings requirement to the Authority as a prerequisite to paying severance upon early termination. THEA indicated that the cessation of the existing written contracts with employees would not have terminated their entitlement to severance pay under those contracts. In light of the follow-up audit recommendation, the THEA Board adopted changes to the Severance Pay Policy on September 29, 2008 that are not reflected in the Auditor General Follow-up Report. These changes provide that as a precondition to severance pay, a Separation Agreement will be entered into with the employee which will incorporate: a) a covenant not to sue; b) a cooperation clause requiring the employee to act as an independent contractor providing a reasonable amount of time to the Authority during the severance period; and, c) a clause that the wages are in lieu of notice.

- Lobbying Services (Not Corrected) - The Auditor General recommended that THEA immediately discontinue its relationship with contracted lobbyists based on a review of Attorney General

Opinions that prohibit public funds from being expended by statutory entities for lobbying purposes unless expressly and specifically authorized by State law. If THEA deemed lobbying a necessary service, then to comply with the requirements of law, THEA would need to assign the statutorily prescribed activities to an employee. The Auditor General reported that THEA discontinued its relationship with the previously contracted lobbyist in January 2007. In November 2007, the Authority contracted with a different firm to provide lobbying services. Although THEA established a Government Relations Manager position, the position has not been filled. Due to the current economic downturn, recruitment for the position has been suspended by the Executive Director but has not been abandoned. The cost-benefit analysis conducted by THEA indicated that the cost for contracting for outside services was approximately one half the cost of an in-house position.

In response to the findings of the Auditor General, THEA's interim and current General Counsel issued opinions that cite statutory provisions authorizing THEA to outsource any service that the Authority may perform on its own. THEA has taken the position that government relations is one such service, and it has the same legislative authority that allows other transportation authorities to contract for lobbying services.

The Commission will continue to monitor the implementation of audit recommendations and will update the status in the next annual performance report.

***Public Records and Open Meetings***

THEA provided a copy of its Public Records Policy and Procedures. The policy provides that all records, unless otherwise deemed exempt or confidential as permitted by law, are open for personal inspection and copying by any person during normal business hours at its administrative offices. A reasonable charge for such copying may be made as provided in Chapter 119, Florida Statutes (Public Records). Pursuant to policy, the Chief Administrative Officer is responsible for receiving and processing all public records requests.

THEA is subject to the provisions of Section 189.417, Florida Statutes, Chapter 286, Florida Statutes and THEA Meeting Policy for open meetings. A review of agendas and Board meeting minutes, as posted on the Authority's website (www.tampa-xway.com), showed that the agendas and minutes appear to be in compliance with statute and policy. Commission staff also reviewed a "Public Notice of 2008 Meeting Schedule" published in the St. Petersburg Times and it appears that required notice of public meetings is in compliance with THEA policy and Florida Statutes. Pursuant to THEA policy, General Counsel conducted a public workshop to update THEA employees and Board members on Florida's Public Records and Sunshine Laws on April 4, 2008.

***Procurement***

THEA Procurement Policy was amended on March 26, 2007, to include a process for determining cost efficiency and public purpose of proposed expenditures, as recommended in the December 2006 Auditor General audit report. The Executive Director may approve and execute change orders for construction projects up to $150 thousand without Board approval. Such change orders must be consistent with the contract scope of work and within the approved budget. These change orders are presented to the Board of Directors as an informational item. Project change orders greater than $150 thousand require the signature of the Chairman of the Board of Directors and Board approval. In both situations, the Chief Financial Officer must certify that there are sufficient funds in the existing project budget and General Counsel must review as to legal sufficiency. Any change order, no matter the amount, that would cause the project budget to be exceeded, or is outside the scope of work, must be approved by the Board of Directors.

Board approval is required for all purchases exceeding $15 thousand (Purchase Orders, Letters of Contract and Written Agreements) that are not construction project related.

### *Consultant Contract Reporting*

THEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2008. As indicated in the table, five sub consultants were used by the general consulting firms for a total cost of $308 thousand in FY 2008.

### *Compliance with Bond Covenants*

THEA last issued $327 million in Revenue Bonds, Series 2005, in August 2005. Bonds are payable from and secured by a pledge of gross revenues of the Expressway System. Bond proceeds were used to refund the Series 1997 bonds, pay off the principal of STTF loans, and finance a portion of the Reversible Express Lanes Project. As of June 30, 2008, bonds in the principal amount of approximately $394.6 million remain outstanding. The following areas were noted to be in compliance with bond covenants:

- Annual financial information and operating data were filed with the Securities and Exchange Commission, through the State Board of Administration (SBA), pursuant to Rule 15c2-12.
- An annual financial statement audit was performed.
- THEA utilizes a nationally recognized General Engineering Consultant (HNTB). An independent inspection and report concerning the condition of the Selmon Expressway system is required at least every two years. In 2007, HNTB completed the biennial inspection report.
- THEA utilizes a nationally recognized Traffic Engineering firm (Wilbur Smith Associates) as required by bond covenants. The Traffic Engineers are required to provide an annual Traffic and Revenue Report to the Authority. The Traffic Engineer's Annual Report for FY 2007 was completed in September 2008. The FY 2008 report is currently being prepared.
- Section 5.08(E) of the bond covenants requires THEA to review its financial condition and determine whether pledged funds are sufficient to comply with bond covenants specified in Section 5.08(B) and, by resolution, make a determination with respect thereto and file with the State Board

**Table 26**
**Tampa-Hillsborough Expressway Authority**
**Summary of General Consultant Sub Consultant Activity**
**FY 2008**

| ***Consulting Contract*** | ***Description*** | ***Sub Consultants >$25 K ($000)*** |
|---|---|---|
| **HNTB Corporation** | **General Engineering Consultant** | |
| AIM Engineering & Surveying | Construction Surveying & Pier Monitoring | $47 |
| Bayside Engineering | Engineering for Contraflow | $36 |
| Construction Engineering Consultants Corp. | Contracting and Constructability Reviews | $28 |
| Scheda Ecological Associates | Mitigation Maintenance & Monitoring | $38 |
| US Cost, Inc. | Claims Review | $159 |
| **URS Corporation** | **GEC - Administrative & Project Services** | |
| **Wilbur Smith Associates** | **Traffic and Revenue Consultant** | |
| Total Sub consultants > $25 K | | $308 |

of Administration. The Determination Resolution was adopted by the Board on January 26, 2009.

## Summary

The Florida Transportation Commission review of THEA was conducted with the cooperation and assistance of the Authority and relied heavily on documentation and assertions provided by Authority management.

THEA met or exceeded 7 of the 14 applicable management objectives established for performance measures. The seven performance measure objectives not met include: state highway system roadway maintenance condition rating; bridge condition rating; electronic toll collection (transactions); revenue variance; cost to collect a toll transaction; debt service coverage - bonded/ commercial debt; and, debt service coverage - comprehensive debt. Several performance measure objectives not met in the areas of finance, operations and maintenance result from finance and business rules as defined in the existing Lease-Purchase Agreement and are not entirely under the Authority's control.

Operating indicator trend analysis showed that routine maintenance expenses increased in FY 2008 due to the addition of the Reversible Express Lanes, which added 75 percent more lane-miles to the Selmon Expressway. As a result, costs increased for ITS maintenance and support, hardscape and landscape and bridge inspections. Although FY 2008 transactions decreased by approximately 3 percent over FY 2007, revenues increased by 11 percent as a result of a full year of higher tolls from the FY 2007 toll rate increase. Additionally, as reported by THEA, FY 2008 total operating expenses increased by $3.3 million, or 24 percent, over FY 2007 primarily due to increases in routine maintenance (previously noted), administration and depreciation.

In the area of governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. In October 2008, the Auditor General issued a follow-up audit report on THEA's progress in addressing the findings and recommendations in the December 2006 operational audit. The Auditor General determined that the Authority corrected 10 findings, partially corrected 2 findings (written policies and procedures and severance pay) and did not correct 1 finding (lobbying services). Regarding lobbying services (government relations), THEA's interim and current General Counsel issued opinions that cite statutory provisions authorizing THEA to outsource any service that the Authority may perform on their own. THEA has taken the position that government relations is one such service, and it has the same legislative authority that allows other transportation authorities to contract for lobbying services.

Based on the Commission's limited review of Board meeting minutes, THEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission except for those instances noted above.

The Commission recognizes THEA's efforts in securing an Asset Maintenance Contractor to begin (January 2009) maintaining the system at a maintenance condition rating of 90, at a reduced cost. The Commission further commends THEA for pursuing request for proposals for toll collection services in order to evaluate possible contracting options for private toll collection services in order to reduce costs. The Commission further recognizes THEA for its ongoing efforts to address the Auditor General's operational findings. The Commission encourages THEA to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission acknowledges with appreciation the assistance of the THEA Board and staff in providing the resources necessary to conduct this review and to complete this report.

TAMPA-HILLSBOROUGH EXPRESSWAY AUTHORITY

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March 9, 2009

Mr. Marcos R. Marchena, Chairman
Florida Transportation Commission
605 Suwannee Street, MS-9
Tallahassee, Florida 32399-0450

Subject: Transportation Authority Monitoring and Oversight Report, for Fiscal Year 2008

Dear Chairman Marchena:

The Tampa-Hillsborough County Expressway Authority (THEA) is benefiting from the Florida Transportation Commission's (Commission) role in monitoring the performance of transportation authorities. The performance measures provide a reasonable set of criteria to evaluate the management and operation of Florida's toll authorities. At the same time, the measures provide this agency with points-of-reference which support efforts to pursue enhanced maintenance, operation, and finance goals.

THEA met or exceeded 7 of 14 applicable management objectives in the Transportation Authority Monitoring and Oversight Report for Fiscal Year 2008. The following is a review of the 7 objectives not met by THEA, and efforts underway to achieve those higher performance standards.

**Physical Condition Performance Objectives**

- **<u>SHS Roadway Maintenance Condition Rating</u>**
  **Objective: >90 ~ Actual for Fiscal Year 2008: 87.7**

  THEA's recent effort to procure a new asset maintenance contractor for the Selmon Expressway was largely motivated by the desire to achieve the higher condition rating established by the Commission. Other objectives included direct administrative control of the service provider, and consolidation of maintenance functions.

  In January of 2009 THEA executed a contract with Transfield Services for asset maintenance of the Selmon Expressway. This contract includes a base performance requirement for Transfield to maintain the Selmon Expressway at a SHS Roadway Maintenance Condition Rating of 90, or higher. The contract provides the agency with the means to achieve all of the objectives noted above. Additionally, the new contract is expected to save THEA $1.5 million over the next 4-years.

  **The new service provider is currently working to upgrade various maintenance items of the Selmon Expressway that were "adequate"**

**under the previous FDOT provider. This will take about 5-months. An inspection is scheduled for July 2009 at which time this agency expects the SHS Roadway Maintenance Condition Rating on the Selmon Expressway to be 90, or higher.**

- **<u>Bridge Condition Rating</u>**
  **Objective: >95% ~ Actual for Fiscal Year 2008: 86.2%**

  THEA has a large section of viaduct, about one-mile of bridge deck 2-lanes in each direction, which must be replaced. The initial construction used a FDOT approved design that has achieved less than one-half of its anticipated life expectancy.

  **FDOT has programmed over $70 million in its current work program to accomplish this work. Construction is scheduled to start in fiscal year 2010. The construction will take 2 to 3-years to complete.**

**Toll Performance Objectives**

The Reversible Express Lane (REL) project (a highway within a highway) was first opened for use in July of 2006. The Florida Turnpike Enterprise (Enterprise) collects tolls on this facility using a combination of SunPass and "Toll-by-Plate" technology which is a video tolling application. Toll-by-Plate was the pilot effort by THEA and the Enterprise for video tolling technology, effectively making the REL the first all electronic toll facility in Florida.

Design is underway to convert the remaining Selmon Expressway toll systems to all electronic technology. Preliminary engineering for this effort is complete. THEA is working with the Enterprise to refine the schedule and funds for final design and installation by July of 2010.

Conversion to all electronic tolling will dramatically enhance THEA efforts to address the toll related performance objectives. In the mean time, THEA and the Enterprise strive to meet the performance objectives with current systems and practices.

- **<u>Electronic Toll Collection - Transactions</u>**
  **Objective: >75% ~ Actual for Fiscal Year 2008: 68.8%**

  THEA has developed a budget and is spending its own funds to promote SunPass technology in our service area. Pursuit of this objective in Fiscal Year 2009 includes on-site sales of SunPass with a major employer, a radio campaign, and promotional handouts to cash customers at our toll plazas (providing limited offers for free Sun Pass mini-transponders.) Recent monthly counts have shown that electronic transactions on the Selmon Expressway are now exceeding 71%.

  **While the fiscal year 2008 performance objective is past, THEA is intent on achieving a 75% or higher electronic transaction target before conversion to all electronic tolling in July of 2010.**

- **Revenue Variance**
  **Objective: <4.0% ~ Actual for Fiscal Year 2008: 4.8%**

Today, toll collections on the non-REL portion of the Selmon Expressway use combinations of toll-collectors, coin machines, and SunPass technology. A limitation in managing our revenue variance is that our nine toll ramp plazas are not equipped with video enforcement technology. Only a few of these ramps are "manned" by toll-collectors on weekdays, and even those are manned only for a portion of the day. The majority of the time these toll-points rely on the honor system. The all electronic toll system will replace existing systems with improved SunPass
technology, and state-of-the-art video tolling technology. This will greatly enhance our ability to pursue toll violators.

**THEA is not waiting for all electronic toll conversion to address this objective. Fiscal year 2009 saw THEA initiate the Selmon Expressway's first "police on the road" toll enforcement effort. Motor Carrier Compliance Officer's (MCCO) and City of Tampa Police are performing this service for our facility, after receiving special toll enforcement training. In January of 2009 an MCCO effort focused on habitual violators caught 8 toll evaders who, as a group, were responsible for over 500 violations. More generalized enforcement efforts, that will be publicly noticed, are scheduled for the Spring of 2009.**

- **Cost to Collect a Toll Transaction**
  **Objective: <16-cents ~ Actual for Fiscal Year 2008: 20-cents**

THEA is participating in a Miami-Dade County Expressway Authority (MDX) solicitation of proposals from the private sector to perform toll collection and enforcement. Proposals have been received and are currently under evaluation. This process will give THEA several options from which to choose our future toll operations and enforcement service provider(s).

A common factor for all THEA proposals was that the Selmon Expressway would be converted to all electronic tolling starting in July of 2010. The "start date" for the successful proposal will be matched to the "implementation date" of the new all electronic toll system.

The Florida Turnpike Enterprise has been provided copies of the THEA specific proposals, and they have been requested to provide an estimate costs to provide the same service(s). The Enterprise costs will be used a "public agency comparator." This will serve as a baseline from which to evaluate the solicited proposals.

The combination of new toll technology, and competitive biding on toll operation service and toll enforcement are expected to significantly reduce THEA's transaction costs. THEA's plan to implement an all electronic toll system on the Selmon Expressway by July of 2010 (beginning of fiscal year 2011) is a "critical path" factor in achieving these savings.

**A decision by THEA to shift to a direct relationship with a private vendor for toll services vs. staying with the Enterprise will require FDOT approval.**

**Debt Service Coverage Performance Factors**

Many of the quantitative measures used in the report serve to highlight the different operating models used by toll authorities in Florida. An authority's ability to meet those measures may be
constrained by the business model under which it operates. This is especially true for THEA benchmarks related to debt service coverage.

- **Debt Service Coverage - Bonded Commercial Debt**
  **FTC Objective: 1.5 ~ Actual for Fiscal Year 2008: 1.28**

  THEA Bonded Commercial Debt "Gross" Coverage Objective: 1.3
  Actual for Fiscal Year 2008: 1.73

- **Debt Service Coverage - Comprehensive Debt**
  **Objective: 1.2 ~ Actual for Fiscal Year 2008: 1.13**

  THEA "Net" Debt Coverage Objective: 1.0
  Actual for Fiscal Year 2008: 1.14

  **THEA met all debt service coverage requirements for fiscal year 2008, as prescribed in its bond covenants and Lease Purchase Agreement. We thank the Commission for acknowledging these differences.**

**Governance**

A requirement common among all authorities is good governance. While governance not subject to quantitative measurement the Commission made clear that it was a priority in the preparation of the "Transportation Authority Monitoring and Oversight Report." THEA takes special pride in meeting all of the good governance practices for fiscal year 2008.

**Summary**

As noted above, THEA is pursuing options to enhance its performance through means outside of its traditional business model. The Commission's annual report provides this agency with points-of-reference to compare effectiveness and develop new solutions.

The structures and levels of autonomy under which Florida's toll authorities operate is diverse. Many of these differences were revealed in the Commission's first annual report. Consequently, THEA engaged the services of CUTR to perform a "Comparison and Analysis of Florida Toll Authorities." Our intent was to better understand the differences and identify options that could help THEA better serve our region and the state. A final version of the report is currently being prepared and will be sent to you and your staff in the near future.

The staff of THEA enjoyed a positive relationship with Commission staff in developing the fiscal year 2008 annual report. We look forward to our future efforts.

Sincerely,

Joe Waggoner
Executive Director

cc: Dave Tassinari, Manager of Finance & Performance Monitoring
Rick Gallant, Special Projects Coordinator

# TRANSIT AUTHORITIES

## Introduction

Of the nine active transportation authorities that are covered under the 2007 law requiring Florida Transportation Commission (Commission) oversight, two are transit authorities, formally known as Central Florida Regional Transportation Authority (CFRTA) and the South Florida Regional Transportation Authority (SFRTA). CFRTA and SFRTA were both created under Chapter 343 of Florida Statute.

The transit authorities now subject to monitoring and oversight by the Commission represent only 2 of the 28 that provide fixed route transit service in one of Florida's urbanized areas. The one other transit authority created in Florida Statute is the Jacksonville Transportation Authority (JTA), an entity charged with the provision of public transportation service within the Jacksonville region. JTA is created under Chapter 349 of the Florida Statute and, therefore, not subject to the provisions of the law enacted through the passage of House Bill (HB) 985.

The Central Florida Regional Transportation Authority, better known as LYNX, and the South Florida Regional Transportation Authority, commonly referred to as Tri-Rail, are the operating transit authorities included for Commission oversight and a part of this report. Other authorities subject to monitoring by the Commission may ultimately operate public transit systems, but because of their stage of development are covered later in the "Emerging Authorities" section of this report.

While governance areas for toll, transit and emerging authorities are identical, performance measures and operating indicators were developed specifically with and for the transit authorities. Reporting for transit authorities is presented in the following format that includes:

- Background of the authority
- Performance measures results for FY 2008
- Operating indicators for FY 2006 though FY 2008
- Governance assessment
- Summary

**Table 27**
**Florida Transportation Commission**
**Transit Authority Performance Measures**
**FY 2008**

| *Performance Measure* | *Detail* |
|---|---|
| Average Headway | Average headway of all routes |
| Operating Expense per Revenue Mile | Operating expenses divided by revenue miles |
| Operating Expense per Revenue Hour[1] | Operating expenses divided by revenue hours |
| Operating Revenue per Operating Expense | Revenue generated through operation of the transit authority divided by operating expenses |
| Operating Expense per Passenger Trip | Operating expenses divided by annual ridership |
| Operating Expense per Passenger Mile | Operating expenses divided by passenger miles |
| Revenue Miles Between Safety Incidents[1] | Revenue miles divided by safety incidents |
| Major Incidents[2] | FRA reportable incidents |
| Revenue Miles Between Failures | Revenue miles divided by revenue vehicles system failures[3] |
| Revenue Miles versus Vehicle Miles | Revenue miles divided by vehicle miles[4] |
| Customer Service | Average time from complaint to response |
| Customer Service | Customer complaints divided by boardings |
| On-time Performance | % of trips end to end on time |

[1] Performance measures specific to CFRTA.
[2] Performance measure specific to SFRTA.
[3] A failure is classified as breakdown of a major or minor element of a revenue vehicle's mechanical system.
[4] Vehicle miles include: deadhead miles, miles from end of service to yard or garage, driver training, and other miscellaneous miles not considered to be in direct revenue service.

As with the toll authorities, the transit performance measures attempt to set standards for efficient and effective operation, maintenance and management of the transit systems and the respective organizations.

In addition to performance measures, the Commission established a set of operating indicators reported by each authority for the last five fiscal years. As with the performance measures, a summary is included in each authority's section of the report, with a full five-year accounting included in Appendix B. The 26 Operating Indicators for transit authorities that were adopted by the Commission are presented in the following table.

The Commission established seven broad areas of governance that are monitored in order to provide an assessment of the on-going management of all of the organizations covered by the current law. Governance areas are detailed in each authority's section of this report.

The individual reports for the two Transit Authorities are presented after Table 28, beginning with the Central Florida Regional Transportation Authority (CFRTA, dba LYNX).

**Table 28**
**Florida Transportation Commission**
**Transit Authority Operating Indicators**
**FY 2008**

| ***Operating Indicator*** | ***Detail*** |
|---|---|
| Operating Expense per Capita (Potential Customer) | Annual operating budget divided by the service area population. |
| Farebox Recovery Ratio | Ratio of passenger fares to total operating expenses. |
| Service Area Population | Approximation of overall market size for comparison of relative spending and service levels among communities in the absence of actual service area population. |
| Service Area Population Density | Persons per square mile based on the service area population and service area size reported in the National Transit Database (NTD). |
| Operating Expense | Reported total spending on operations, including administration, maintenance, and operation of service vehicles. |
| Operating Revenue | All revenue generated through the operation of the transit authority. |
| Total Annual Revenue Miles | Number of annual miles of vehicle operation while in active service. |
| Total Annual Revenue Hours | Total hours of operation by revenue service vehicles in active revenue service. |
| Total Revenue Vehicles | Number of vehicles available for use by the transit authority to meet the annual maximum service requirement. |
| Operating Expense per Revenue Hour[1] | Cost of operating an hour of revenue service. |
| Peak Vehicles | Number of vehicles operated in maximum (peak) service. Represents the number of revenue vehicles operated to meet the annual maximum service requirements. |
| Ratio of Revenue Vehicles to Peak Vehicles (spare ratio) | Total revenue vehicles, including spares, out-of-service vehicles, and vehicles in or awaiting maintenance, divided by the number of vehicles operated in maximum service. |
| Annual Passenger Trips | Annual number of passenger boardings on the transit vehicles. |
| Average Trip Length | A number typically derived based on sampling and represents the average length of a passenger trip. |
| Annual Passenger Miles | Number of annual passenger miles multiplied by the system's average trip length (in miles). |
| Weekday Span of Service (hours) | Number of hours that transit service is provided on a representative weekday from first service to last service for all modes. |
| Average Fare | Passenger fare revenues divided by the total number of passenger trips. |
| Passenger Trips per Revenue Mile | The ratio of annual passenger trips to total annual revenue miles of service. |
| Passenger Trips per Revenue Hour | Ratio of annual passenger trips to total annual revenue hours of operation. |
| Passenger Trips per Capita | Passenger trips per capita. |
| Average Age of Fleet in Years | Age of fleet (years) average for bus and years since rebuild for rail. |
| Unrestricted Cash Balance | End of year cash balance from financial statement. |
| Weekday Ridership | Average weekday ridership. |
| Capital Commitment to System Preservation | % of capital spent on system preservation. |
| Capital Commitment to System Expansion | % of capital spent on system expansion. |
| Intermodal Connectivity | Number of intermodal transfer points available. |

[1]Operating indicator specific to SFRTA.

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# CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (CFRTA, dba LYNX)

## Background

The Central Florida Regional Transportation Authority (CFRTA) (doing business as (dba) LYNX) is an agency of the state of Florida, created in 1989 by Chapter 343.63, Florida Statutes. Amended legislation in 1993 enabled CFRTA to assume the former Central Florida Commuter Rail Authority's operations and provided an opportunity for a merger with the Orange-Seminole-Osceola Transportation Authority (OSOTA), commonly known as LYNX. The CFRTA/OSOTA merger became effective in October 1994 after the two agencies ratified the merger through formal action in March 1994. CFRTA chose to continue the use of the "LYNX" name in its business operations.

CFRTA is authorized to "own, operate, maintain, and manage a public transportation system in the area of Seminole, Orange, and Osceola Counties." CFRTA is empowered to formulate the manner in which the public transportation system and facilities are developed through construction, purchase, lease or another type of acquisition in addition to development of policies necessary for the operation and promotion of the public transportation system and adoption of rules necessary to govern operation of the public transportation system and facilities.

**Highlights**

- CFRTA annual passenger boardings increased by 1.1 million additional boardings (a 4.4% increase over the previous year).
- In FY 2008, the newly constructed LYNX Operations Center became fully functional.
- LYNX was successful in achieving 6 of the 12 objectives for performance measures.
- FY 2008 revenue miles between revenue vehicle system failures represents a 41.7 percent improvement over FY 2007.
- LYNX achieved the performance measure objective of timely response to customer complaints within two weeks of receipt of the complaint and actually cut response time in half.

By law, CFRTA must develop and adopt a plan for the development of the Central Florida Commuter Rail that includes CFRTA's plan for the development of public and private revenue sources, funding of capital and operating costs, the service to be provided, and the extent to which counties within the area of operation of the Authority are to be served. The plan must be reviewed and updated annually. A copy of the plan that was updated and distributed in the summer of 2008 is available at the following website: (www.cfrail.com/Files/Brochures/Brochure_QualityTime.pdf). CFRTA is authorized to issue revenue bonds through the Division of Bond Finance of the State Board of Administration.

CFRTA is an Independent Special District of the state of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989) and other applicable Florida Statutes.

CFRTA, the governing body of LYNX, consists of five voting members. The chairs of the county commissions of Seminole, Orange, and Osceola Counties, or another member of the commission designated by the county chair, shall each serve as a representative on the board for the full extent of his or her term. The mayor of the City of Orlando, or a member of the Orlando City Council designated by the mayor, shall serve as a representative on the board for the full extent of his or her term. The Secretary of the Florida Department of Transportation (Department) shall appoint the District Secretary, or his or her designee, for the district within which the area served by LYNX is located, and this member shall be a voting member. A vacancy during a term must be filled in the same manner as the original appointment and only for the balance of the unexpired term.

**Table 29**
**Central Florida Regional Transportation Authority**
**Current Board Members**

| Name | Appointment | Position |
|---|---|---|
| Carlton Henley | Commissioner, Seminole County Commission | Chairman |
| Brandon Arrington | Commissioner, Osceola County Commission | Vice-Chairman |
| Buddy Dyer | Mayor of Orlando | Secretary |
| Richard Crotty | Orange County Mayor | Board Member |
| Noranne Downs, P.E. | District Five Secretary | Board Member |

The Board of Directors generally meets on a monthly basis on the fourth Thursday of each month to conduct Authority business. Responsibility for managing day-to-day operations rests with the Chief Executive Officer (CEO).

LYNX provides public transportation services to the general public in the Orlando metropolitan area and throughout Orange, Seminole, and Osceola counties in the form of fixed route bus service, paratransit service, and carpools/vanpools. LYNX also provides morning and afternoon express bus service from Lake and Volusia counties. LYNX operates within a service area of 2,500 square miles that is home to more than 1.8 million residents. The fiscal year (FY) 2008 annual operating budget exceeded $113 million, an increase of 5.5 percent over the previous year, while annual passenger boardings rose to 26.4 million, representing an increase of 1.1 million additional boardings, a 4.4 percent increase over the previous year. Peak service vehicles totaled 238.

LYNX receives significant financial support from its funding partners. For FY 2008, the Orange County Commission approved $37.8 million for LYNX (a 0.7% decrease versus FY 2007), the Seminole County Commission approved $4.4 million (a 12.5% decrease), and the Osceola County Commission approved $4.7 million (a 0.5% increase). LYNX's net capital assets grew from $111.2 million in FY 2007 to $133.5 million in FY 2008, an increase of 20.1 percent.

In FY 2008, LYNX purchased 43 transit coaches and 20 vans in support of the service plan. Design began for the construction of the Kissimmee Intermodal Center. A total of 114 new bus stops were installed, 922 stops were repaired or replaced, and 40 new shelters were installed as part of a $1.6 million program to provide comfort and safety to awaiting customers. The newly constructed LYNX Operations Center became fully functional. While no funds were programmed for the construction of Park & Ride facilities, LYNX continued to identify appropriate locations for future lots. Development and integration of "smart" systems technology to improve customer satisfaction, communications, and fare collection systems moved forward. LYNX participated in the federal Job Access Reverse Commute (JARC) program.

Planned improvements going forward, as outlined in the Transportation Development Plan (TDP) and the CFRTA Strategic Plan, include service expansion and improvement of fixed route service, paratransit service, and commuter services provided through the LYNX Mobility Assistance Program (MAP). The aggressive marketing and communications program that is already in place will continue to focus on educating the community about available services.

On July 1, 2008, the Board of Directors adopted the Transit Development Plan (TDP) update containing capital and service improvements necessary to meet projected demands for public transportation throughout Central Florida from FY 2009 through 2018. The final draft FY 2009 through 2018 TDP is currently posted on the Authority's website (www.golynx.com).

## Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to authorities, the Commission conducts periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and Generally Accepted Accounting Principles (GAAP). Consequently, the Commission, in concert with the authorities, developed performance measures and management objectives that establish best practices across the industry to improve the overall delivery of services to the traveling and freight moving communities that are critical to the overall economic well-being and quality of life in Florida. FY 2008 results, as reported by LYNX, are provided in the following table. Results for the last five fiscal years are included in Appendix B.

LYNX was an active participant in the development of performance measures and in establishing objectives to measure its performance. Every attempt was made to ensure that the objectives that were selected would be a true measure of each of the authority's effectiveness and efficiency in various areas. The LYNX performance data used for this report actually represent information collected during FY 2008, which spans from October 1, 2007 through September 30, 2008 (LYNX reports on a Federal Fiscal Year). FY 2008 data used throughout this report represent unaudited data. The LYNX Governing Board is scheduled to review the FY 2008 Comprehensive Annual Financial Report (CAFR) at its March 2009 meeting. LYNX was successful in achieving 6 of the 12 objectives for performance, as indicated in the following table.

**Table 30**
**Central Florida Regional Transportation Authority**
**Summary of Performance Measures**
**FY 2008[1]**

| *Performance Measure* | *Detail* | *Objective* | *Actual Results* | *Meets Objective* |
|---|---|---|---|---|
| Average Headway | Average headway of all routes | <60 minutes | 60 | X |
| Operating Expense per Revenue Mile | Operating expenses divided by revenue miles | <$5.30 | $5.82 | X |
| Operating Expense per Revenue Hour | Operating expenses divided by revenue hours | <$75 | $80.81 | X |
| Operating Revenue per Operating Expense | Revenue generated through operation of the transit authority divided by operating expenses | >30% | 47.3% | ✓ |
| Operating Expense per Passenger Trip | Operating expenses divided by annual ridership | <$3 | $3.30 | X |
| Operating Expense per Passenger Mile | Operating expenses divided by passenger miles | <$0.47 | $0.55 | X |
| Revenue Miles between Safety Incidents | Annual revenue miles divided by safety incidents | >99,702 | 118,001 | ✓ |
| Revenue Miles between Failures | Revenue miles divided by revenue vehicle system failures[2] | >10,500 | 11,396 | ✓ |
| Revenue Miles versus Vehicle Miles | Revenue miles divided by vehicle miles[3] | >.90 | 0.90 | X |
| Customer Service | Average time from complaint to response | 14 days | 7 days | ✓ |
| Customer Service | Customer complaints divided by boardings | <1 per 5,000 boardings | 0.6 | ✓ |
| On-time Performance | % trips end to end on time "less than 5 minutes late" | 80% | 85% | ✓ |

[1] Fiscal Year 2008 represents 12 months of unaudited data from October 1, 2007 through September 30, 2008.

[2] A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system.

[3] Total annual vehicle miles include: deadhead miles, vehicle miles from the end of service to the garage, driver training and other miscellaneous miles not considered to be in direct revenue service.

Each measure is discussed in terms of achievement of the objective, prevailing trends, and future corrective action.

***Average Headway***

LYNX has typically adhered to an average headway of 60 minutes for their fixed-route service for at least the past five years. The goal of the stated objective of less than 60 minutes translates into slightly more frequent service for customers. After failing to meet this objective in FY 2007, LYNX management indicated that the reduction of the average headway to less than 60 minutes would require a significant financial investment on the part of the Authority, which currently operates in the absence of a dedicated funding source. LYNX has been focusing its efforts on working with local elected officials, State Legislators, local business leaders and grassroots groups to educate the public regarding transit and the need for dedicated funding. Operating 10 to 15 minute headways on major corridors with small vehicles circulating through neighborhoods and feeding into workforce routes was identified as a long-term goal.


LYNX once again failed to achieve the performance objective of an average headway of less than 60 minutes; nonetheless, a review of the existing 68 "links" operated by LYNX shows that 30 of the current links (44%) operate with a headway of 30 minutes or less on weekdays, 24 links (35%) operate with a headway of 30 minutes or less on Saturday, and 9 links (13%) operate with a headway of 30 minutes or less on Sundays and holidays.

***Operating Expense per Revenue Mile***

An evaluation of the relationship between operating expenses and revenue miles provides a measure of the general cost efficiency of the service provided over distance. LYNX's operating costs per revenue mile of $5.82 exceeded the objective of $5.30 by $0.52 (9.7%). Operating costs per revenue mile have grown by $1.00 at LYNX since 2003, an increase of almost 21 percent. In order to achieve the $5.30 operating costs per revenue mile objective in FY 2008, LYNX needed to reduce FY 2007 operating costs per revenue mile by 2.8 percent rather than the reported 6.7 percent increase.

LYNX failed to achieve this performance objective, along with two other operating expense-related objectives (per revenue hour and per passenger trip) in FY 2007. LYNX management indicated that some specific expenses that negatively impact total expenses remain outside of the control of the Authority, such as fuel and healthcare costs; other expenses occur one-time or are short-term temporary costs, such as moving costs or leasing a temporary facility due to construction delays; and, certain higher than average costs will be reduced in the future, such as high mileage buses that generate excessive maintenance costs and greater than anticipated overtime. LYNX identified the following activities to reduce operating costs moving forward:

- Improving wellness program to reduce health care costs
- Restructuring service to eliminate low productive service
- Leasing out office space in the LYNX administration building to increase revenue
- Raising fares in January 2008 to increase revenue
- Increasing recruitment efforts for bus operators and mechanics to reduce overtime costs
- Replacing 35 high mileage transit buses during FY 2008 to reduce maintenance costs
- Continually reviewing fuel prices to consider locking in a long-term contract to reduce expenses

In FY 2008, LYNX established a wellness committee that was charged with establishing a wellness program that would set priorities for improving health throughout the organization. Since the inception of the committee, senior staff has met regularly with a contracted healthcare consultant to understand impacts of insurance utilization. As a result of these meetings, the committee has formulated initiatives to educate employees on better utilization of the healthcare plan, i.e., use of urgent care facilities versus emergency rooms and proper use of the prescription plan by using generic medication. Additionally, the committee has implemented quarterly wellness/health fairs with the first fair encouraging staff to participate in health screenings.

LYNX implemented steps to increase its on-time performance by eliminating inefficient services throughout the service area. This effort included reducing the number of interlining between routes and placing additional buses along routes that were deficient in meeting their on-time performance. Additionally, LYNX took steps to improve system performance by focusing on thirteen corridors to provide better service.

Since the last reporting year, LYNX has leased approximately 10,000 square feet of office space to three tenants. The tenants are primarily governmental entities.

- LYNX has leased approximately 10,000 square feet of office space to three tenants.
- LYNX achieved a 47 percent ratio of revenue to operating expenses. This exceeds the 30 percent objective by over 17 percent.

Increased expenses are primarily related to rising costs for personnel, fuel and healthcare. Fuel costs increased by 58 percent, and healthcare costs increased by 5 percent. Personnel costs, which increased by 2.3 percent, are tied to a union contract that had been previously negotiated and included a 4 percent increase across the board, plus step increases for employees not at the top of their grade. The contract expires this September and new provisions will be negotiated for salary and wages to control costs.

***Operating Expense per Revenue Hour***

An evaluation of the relationship between operating expenses and revenue hours also provides a measure of the general cost efficiency of the service provided over time. LYNX operating cost per revenue hour of $80.81 exceeded the objective of less than $75.00 per hour by $5.81 (7.7%). Operating costs per revenue hour have grown by almost $14.00 at LYNX since 2003. In order to achieve the less than $75.00 operating costs per revenue hour in FY 2008, LYNX would have had to reduce FY 2007 operating costs per revenue hour by 2 percent rather than the reported 5.6 percent increase.

***Operating Revenue per Operating Expense***

The relationship between operating revenue and operating expense provides a measure of the effective use of income. Unlike the two previous objectives, where the goal was to achieve lower costs per revenue mile or revenue hour, the target for this objective is to increase the percentage of revenue derived from fares and other revenue sources. LYNX achieved this performance measure objective with a 47 percent ratio of revenue to operating expenses. This exceeds the 30 percent objective by more than 17 percent. Growth in FY 2008 was slightly below the FY 2007 audited rate of 52.3 percent, but well above previous rates. Containment of operating expenses will be critical for LYNX moving forward.

In January 2008, LYNX increased its fare structure and raised the full fare rate by $0.25 (16.7%) to $1.75. As a result of the fare increase, LYNX anticipated a net revenue gain of $1.3 million dollars for fixed route and paratransit activities. Additionally, LYNX again increased its fare structure in January 2009 and raised the full fare rate by $0.25 (14%) to $2.00 for full fare. This was expected to raise an additional $1 million in FY 2009.

Prior to implementing the new fare structure, LYNX conducted a fare elasticity study to measure the impact a fare increase would have on future ridership. Actual ridership increased by 6 to 7 percent for approximately 3 months and ended the year with a 4.4 percent increase in FY 2008. Rising fuel costs appeared to be the driver for increased ridership. Since the January 2008 fare increase, LYNX has realized a 12 percent increase in ridership, and a 9 percent increase in revenue.

***Operating Expense per Passenger Trip***

An evaluation of the relationship between operating expenses and passenger trips provides a measure of the general cost efficiency of the service provided. LYNX's operating costs per passenger trip of $3.30 exceeded the objective of less than $3.00 by $0.30 (9.9%). In order to achieve the $3.00 operating cost per passenger trip objective in FY 2008, LYNX needed to reduce FY 2007 operating expense per passenger trip to less than 1 percent rather than the reported 9 percent increase. Cost efficiency can be improved by decreasing operating expenses or increasing ridership.

***Operating Expense per Passenger Mile***

An evaluation of the relationship between operating expenses and passenger miles also provides a measure of the general cost efficiency of the service provided. LYNX operating costs per passenger mile of $0.55 exceeded the objective of less than $0.47 by $0.08 (16.9%). Operating costs per passenger mile have fluctuated at LYNX since 2003; nonetheless, LYNX did achieve an operating cost of less than $0.47 per passenger mile in FY 2005.

LYNX also failed to achieve this performance objective in FY 2007 and indicated that improvement in performance for this objective would be difficult based on operating costs associated with long distance travel that is required to maintain system connectivity for a widely dispersed passenger base within a service area of 2,500 square miles. Nonetheless, LYNX's efforts to eliminate inefficient services throughout the service area by reducing the number of interlining between routes, placing additional buses along routes that were deficient in meeting their on-time performance and focusing on primary corridors should positively impact this area of performance moving forward.

***Revenue Miles between Safety Incidents***

The span of revenue miles between incidents is a measure of safe customer service. Significant revenue miles between safety incidents results in infrequent exposure of customers to safety hazards. In FY 2007, LYNX easily achieved the performance measure objective of greater than 141,000 revenue miles between major incidents (by 565%). Given the historic performance in this area, it appeared that this objective was well below actual performance and should be adjusted moving forward. In early 2008, measures and objectives established in 2007 were reviewed with the authorities to incorporate adjustments and/or modifications identified during the first year review process. The Commission, with the assistance of the authorities, formally adopted a modified performance measure for LYNX that changed the safety performance measure from "revenue miles between major safety incidents" to "revenue miles between safety incidents" to conform to the reporting requirements of the national transit database. The new performance objective was defined as 10 percent above the average of the last 5 years. LYNX reported the following performance data for FY 2003 through FY 2007.

The new objective for revenue miles between safety incidents was established at 99,702 miles. LYNX achieved the new objective with 118,001 revenue miles between safety incidents.

**Table 31**
**Revenue Miles Between Safety Incidents**
**FY 2008 Performance Objective**

| *Fiscal Year* | *Revenue Miles* | *Safety Incidents* | *Revenue Miles Between Incidents* |
|---|---|---|---|
| 2003 | 12,986,576 | 135 | 96,197 |
| 2004 | 13,006,713 | 154 | 84,459 |
| 2005 | 13,398,280 | 143 | 93,694 |
| 2006 | 13,593,266 | 143 | 95,058 |
| 2007 | 14,072,186 | 109 | 129,103 |
| Average | | | 99,702 |

***Revenue Miles between Revenue Vehicle System Failures***

The span of revenue miles between revenue vehicle system failures (defined as the breakdown of either a major or minor element of the revenue vehicle's mechanical system) is a measure of maintenance effectiveness in keeping the fleet in good condition. A significant number of revenue miles between revenue vehicle system failures reinforces customer confidence in on-time bus performance. LYNX achieved the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures by 8.5 percent. LYNX had shown a gradual decline from 15,779 revenue miles between vehicle system failures in FY 2003 to the FY 2007 level of 8,041 revenue miles between vehicle system failures. FY 2008 revenue miles between revenue vehicle system failures represents a 41.7 percent improvement over FY 2007 performance.


LYNX management indicated that failure to achieve this performance objective in FY 2007 was due to an aging bus fleet, some initial failures resulting from new emissions equipment, and a lack of manpower. In addition, the maintenance facility was relocated twice during the year, and throughout most of the year, maintenance was completed in temporary facilities that lacked adequate repair bays and equipment. LYNX was working closely with the engine manufacturer to address the problems associated with the new low emissions equipment and planned to replace 35 of the aging buses during FY 2008. Additionally, LYNX permanently moved into the new LYNX Operations Center that provides appropriate facilities for conducting maintenance. It appears that efforts on the part of LYNX to improve performance in this area were successful.

***Revenue Miles versus Vehicle Miles***

The relationship between revenue miles and vehicle miles provides a measure of the effectiveness of fleet assignment given that vehicle miles include non-revenue miles, such as deadhead miles (from operations facility to start of a route and vehicle miles from the end of the route to the operations facility). LYNX failed to achieve the performance measure objective of greater than .90 for FY 2008.

LYNX's ongoing efforts to eliminate inefficient services throughout the service area by reducing the number of interlining between routes, focusing on primary corridors, and optimizing maintenance service locations should provide improvements in this area of performance in the future.

***Customer Service – Average Time from Complaint to Response***

LYNX achieved the performance measure objective of timely response to customer complaints within two weeks of receipt of the complaint and actually cut response time in half. This is a significant improvement in responsiveness to customers.

***Customer Service – Number of Complaints per Boarding***

LYNX also achieved the performance objective of less than one complaint per 5,000 boardings with 0.6 complaints. LYNX has continued to show gradual improvement in the reduction of customer complaints ,since a previous high of one complaint per 5,000 boardings in FY 2005.

***On-time Performance***

LYNX did achieve the on-time performance objective of greater than 80 percent of trips end-to-end on-time with 85 percent on-time performance. On-time is defined as less than five minutes late.

Steps taken by LYNX to improve on-time performance by eliminating inefficient services throughout the area appear to have been quite successful. LYNX's efforts in determining and tracking on-time performance were enhanced as a result of the use of recently installed automatic passenger counters (APC).

- LYNX achieved on-time performance of greater than 80 percent of trips end-to-end on-time with 85 percent on-time in FY 2008 and 83 percent in FY 2007.

## Operating Indicators

The Commission, in concert with the Authorities, developed indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various Authorities have unique characteristics. FY 2008 operating indicators, as reported by LYNX are provided in the following table. In order to observe current trends, operating indicators for FY 2006 and FY 2008 are also provided. Results for the last five fiscal years are included in Appendix B.

LYNX operating indicators appear to be consistent from year to year, and FY 2008 indicators conform to established trend lines. Based on the indicators presented, LYNX has continued to increase weekday ridership (by 1.7%) on expanded miles (a 6.5% increase) and during additional hours (a 7.6% increase) of revenue service with a slightly smaller fleet (2 less vehicles). Operating expenses continued to rise significantly (by 13.7%), but were somewhat offset by a modest increase (2.8%) in operating revenue. Although the increase in operating revenue from FY 2007 to FY 2008 represented slightly more than $1 million, the actual growth in revenue in comparison to FY 2006 exceeded $18.5 million (an 81.6% increase).

LYNX logged over a million more passenger trips and the trips tended to be somewhat longer, which resulted in almost 13 million more passenger miles (8.7% increase). The farebox recovery ratio remained steady at 24.9 percent despite an increase in the average fare of $0.06 (8.5%). Passenger trips within the area increased (by 4.4%) and at a slightly higher cost (from $49.89 to $56.71 per capita) than was previously the case, even though the service area remained static.

The average age of the fleet fell from 5.7 to 3.8 years, and effective use of the fleet improved; improvement in the operating spare ratio from 15.8 to 17.4 (below 20%) allows the Authority additional flexibility in terms of providing expanded service in the future. From a financial perspective, LYNX reduced its unrestricted cash balance by more than $4 million (from $19.7 to $15.2 million) and committed all capital investment to system preservation (100%). LYNX continued to provide five intermodal connections.

## Governance

In addition to establishing performance measures for transportation authorities, the Commission developed "governance" criteria for assessing each authority's adherence to statutes, policies and procedures. To that end, the Commission monitored compliance in the areas of ethics, conflicts of interest, audits, public

**Table 32**
**Central Florida Regional Transportation Authority**
**Summary of Operating Indicators**
**FY 2006 through FY 2008**

| *Operating Indicator* | *Detail* | *Actual 06 Results* | *Actual 07 Results* | *Actual 08 [1] Results* |
|---|---|---|---|---|
| Operating Expense per Capita (Potential Customer) | Annual operating budget divided by service area population | $46.20 | $49.89 | $56.71 |
| Farebox Recovery Ratio | Ratio of passenger fares[2] to total operating expenses | 25.4% | 24.9% | 24.9% |
| Service Area Population | Approximation of overall market size | 1,536,900 | 1,536,900 | 1,536,900 |
| Service Area Population Density | Persons per square mile based on service area population and size | 605.6 | 605.6 | 605.6 |
| Operating Expense | Spending on operations, including administration, maintenance, and operation of service vehicles | $71,006,590 | $76,671,049 | $87,150,449 |
| Operating Revenue[3] | Revenue generated through operations of transit authority | $22,716,943 | $40,130,058 | $41,247,382 |
| Total Annual Revenue Miles | Miles vehicles operated in active service[4] | 13,593,266 | 14,072,186 | 14,986,072 |
| Total Annual Revenue Hours | Hours vehicles operated in active service | 965,844 | 1,001,947 | 1,078,484 |
| Total Revenue Vehicles[5] | Vehicles available to meet annual maximum service requirement | 249 | 285 | 288 |
| Peak Vehicles | Vehicles operated to meet annual maximum (peak) service requirements | 199 | 240 | 238 |
| Ratio of Revenue Vehicles to Peak Vehicles[6] (spare ratio) | Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service | 20.1% | 15.8% | 17.4% |
| Annual Passenger Trips[7] | Passenger boardings on transit vehicles | 24,624,906 | 25,322,312 | 26,427,067 |
| Average Trip Length | Average length of passenger trip, generally derived through sampling | 6.1 | 5.8 | 6.0 |
| Annual Passenger Miles | Passenger trips multiplied by average trip length (in miles) | 150,211,927 | 145,856,517 | 158,562,402 |
| Weekday Span of Service (hours) | Hours of transit service on a representative weekday from first service to last service for all modes | 23.5 | 23.3 | 23.3 |
| Average Fare | Passenger fare revenues divided by passenger trips | $0.73 | $0.76 | $0.82 |
| Passenger Trips per Revenue Mile | Passenger trips divided by revenue miles | 1.81 | 1.80 | 1.76 |
| Passenger Trips per Revenue Hour | Passenger trips divided by revenue hours | 25.5 | 25.3 | 24.5 |
| Passenger Trips per Capita | Passenger trips divided by service area population | 16.0 | 16.5 | 17.2 |
| Average Age of Fleet in Years | Age of fleet (years) average | 5.7 | 5.7 | 3.8 |
| Unrestricted Cash Balance | End of year cash balance from financial statement | $5,620,701 | $19,693,978 | $15,227,585 |
| Weekday Ridership | Average ridership on weekdays | 78,779 | 81,445 | 82,825 |
| Capital Commitment to System Preservation | % of capital spent on system preservation | N/A | 95.0% | 100.0% |
| Capital Commitment to System Expansion | % of capital spent on system expansion | N/A | 5.0% | 0.0% |
| Intermodal Connectivity | Intermodal transfer points available | 5 | 5 | 5 |

[1]FY 2008 data are unaudited.
[2]Passenger fares are revenues generated annually from carrying passengers in regularly scheduled service, including payment from jurisdictions for feeder bus service.
[3]Operating revenue includes passenger fares, special transit fares, school bus service revenues, freight tariffs, charter service revenues, auxiliary transportation revenues, subsidy from other sectors of operations, and non-transportation revenues.
[4]Active service refers to vehicle availability to pick up revenue passengers.
[5]Total revenue vehicles include spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but exclude vehicles awaiting sale and emergency contingency vehicles.
[6]Vehicles awaiting sale and emergency contingency vehicles are not included as revenue vehicles in this calculation.
[7]A passenger trip is counted each time a passenger boards a transit vehicle. If a passenger has to transfer between buses to reach a destination, the passenger is counted as making two passenger trips.
N/A Information is not readily available. Data have not been previously collected in this format.

records, open meetings, procurement, consultant contracts and compliance with bond covenants.

### Ethics and Conflict of Interest

LYNX has adopted a Code of Ethics pursuant to Section 2.11 of LYNX Bylaws. On January 23, 2003, the LYNX Governing Board amended Administrative Rule 2 to establish additional rules and policies pertaining to the conduct of the Authority's members, officers and employees. The Rule Amendment applies to all members, officers and employees pursuant to Part II, Chapter 343, Florida Statutes. The Rule incorporates the Code of Ethics as adopted by the State of Florida and contains provisions related to outside business or employment, former officers and employees, employment of relatives, influencing of votes, coercion, interest in contracts with the Authority, use of Authority assets, bona fide business transactions, and required certification of the Code of Conduct through the use of a Code of Ethics Certification form. The adopted code of ethics also references Section 112, Florida Statute, specifically regarding compliance with the state's conflict of interest law. Members, officers, and employees are required to sign an acknowledgment not only of receipt of a copy of the "Guide to the Sunshine Amendment and Code of Ethics for Public Officers and Employees," generally referred to as the "Ethics Handbook," but also are required to acknowledge compliance with the Code of Conduct set forth in LYNX Bylaws, provisions of the Ethics Manual and the standards and requirements outlined in the certification form. Board member and employee signed certifications are housed in Human Resource files.

At the January 22, 2009 Board of Directors meeting, the Board amended its Administrative Rule #5 governing Ethics and Conflict of Interest by adopting the State Commission on Ethics Form 8B—Memorandum of Voting of Conflict for County, Municipal and Other Local Public Officers.

LYNX reported that no ethics or conflict of interest violations were registered or investigated in FY 2008.

### Audit

LYNX has established an Audit Committee that mirrors the current composition and leadership of the LYNX Board of Directors. The Audit Committee meets approximately one hour prior to each regular monthly board meeting. A 12-month rolling calendar of critical agenda items for future Audit Committee and Board of Director meetings was contained in the December 11, 2008 Audit Committee meeting minutes. The Commission reviewed recent minutes from the Audit Committee meetings, and typical items reviewed by the Audit Committee included proposed amendments to administrative rules, updates on the status of ongoing contracts, consent and agenda items for the next Board of Directors meeting, and proposals regarding fare adjustments and service changes. Detailed minutes of the Audit Committee and the Board of Directors meetings are posted on the LYNX website (www.golynx.com) along with a schedule of future meetings.

An annual independent audit of the Central Florida Regional Transportation Authority was completed for the year ending September 30, 2007. The Independent Auditor's Report, prepared by Cherry, Bekaert & Holland, Certified Public Accountants, issued on March 18, 2008 expressed an unqualified opinion on CFRTA's financial statements. The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards identified no reportable conditions relating to the audit of the financial statements. No instances of noncompliance material to the financial statements were disclosed during the audit. No reportable conditions relating to the audit of major federal or state financial assistance projects were reported in the Independent Auditor's Report on Compliance and Internal Control. The Independent Auditors' Report on Compliance for each Major Federal Awards Program and State Financial Assistance Project expresses an unqualified opinion. There were no audit findings relative to major federal awards programs or state financial assistance projects.

The Federal Transit Administration (FTA) contracted with Calyptus Consulting Group, Inc. to perform a follow-up to the 2006 review of the procurement system used by CFRTA in the expenditure of grant funds. The site visit was conducted on July 8 through 9, 2008. The final review was completed on July 9, 2008, when an exit conference was held to formally present the findings of the review to FTA regional staff


and LYNX management. LYNX was rated deficient in 16 of the elements assessed. The reviewing contractor also made seven suggestions to improve the LYNX procurement system.

Corrective actions were undertaken from November 12, 2008 through January 22, 2009 and included revisions of administrative rules subsequently approved by the Board of Directors, including changes in administrative procedures, training of procurement staff and project managers and updating of internal checklists and revisions to bid and request for proposal templates to ensure internal controls. The corrective measures have been forwarded to FTA for final comment. In addition, LYNX implemented a self inspection program to be conducted on a quarterly basis to ensure the implementation of corrective action and compliance with FTA regulation in LYNX's procurement policies.

The FTA Office of Civil Rights periodically conducts discretionary reviews of grant recipients to determine if they are honoring their commitment, as represented by certification to FTA, to comply with responsibilities under 49 CFR Part 26. FTA conducted a compliance review of CFRTA's "Disadvantage Business Program Plan" to examine LYNX's Disadvantaged Business Enterprise (DBE) Program Plan and its implementation, make recommendations regarding corrective actions deemed necessary and appropriate, and provide technical assistance.

The DBE compliance review was initiated on May 19, 2008, and a written report of findings was issued on September 15, 2008. LYNX was provided with an opportunity to examine the report and respond within 30 days of the date of the report; LYNX's response would then be incorporated into the findings in the final report. Deficiencies were noted in areas including: policy statement, determining/meeting goals, required contract provisions, record keeping and enforcement, and public participation and outreach. LYNX was required to provide a written response within 60 days.

Since the issuance of FTA's final report in October 2008, LYNX has responded to the review acknowledging the recommendations, outlined a plan to correct the deficiencies, and LYNX submitted its corrections to FTA. At this time, LYNX has not received any further comments.

***Public Records and Open Meetings***

On August 24, 2006, LYNX issued Administrative Rule 9 Public Records, pursuant to Article 1, Section 24, Florida Constitution and Chapter 119, Florida Statutes that applied to all officers, managers, employees or agents of the Authority and Members of the Governing Board. The Rule defines public records and outlines provisions related to public access, format of public records, information concerning the public records office, public record requests, including fees and charges, and public record exemptions.

On January 19, 2006, pursuant to Part II, Chapter 343, Florida Statutes, LYNX established Administrative Rule 2, Board Governance (Bylaws). The Rule applies to all officers, managers, employees, or agents of LYNX and Members of the Governing Board. Section 2.1, Adoption of Bylaws, delineates the rules that govern the affairs and conduct of the business of LYNX. Section 2.2, Governing Board, outlines the Authority and composition of the Board as well as the roles and responsibilities of Board Officers and Members. Meetings of the Board are administered in accordance with Robert's Rules of Order. Notice of and public access to all meetings must be given in the manner required by applicable law as well as by LYNX Bylaws. Public notices are posted at the LYNX main administration building and are published on the LYNX website. An agenda must be prepared prior to each meeting. LYNX is also subject to the provisions of Section 189.417, Florida Statutes and Chapter 286, Florida Statutes, for open meetings.

The Commission reviewed agendas, minutes of meetings and notices of public meetings available on the LYNX website. From this limited review, the Commission determined that LYNX is operating within procedure and statute.

***Procurement***

On February 28, 2008, pursuant to Part II, Chapter 343, Florida Statutes, LYNX modified, amended, and re-adopted Administrative Rule 4, Procurement and Contract Administration. The Rule applies to the process by which LYNX contracts for labor, services, goods and materials not only during the normal course of business but also in emergency situations. LYNX established the Rule to centralize the contracting function to enable LYNX to establish policies governing all procurements and contracts; to provide for fair and equitable opportunity for all persons doing business with LYNX; and, to provide safeguards to ensure the structured procurement system was of high quality and had integrity.

Administrative Rule 4 delineates contracting authority for six distinct types of contracts, including major contracts, options for major contracts, minor contracts, bus advertising contracts, emergency purchases, and fuel purchases. Governing Board approval is required for all major contracts, and the Governing Board does have the authority when it approves the contract to delegate authority. If the Governing Board does not specifically authorize staff to exercise options for major contracts, options must go before the Governing Board for approval. Minor contracts are defined as contracts with a value of


$150 thousand or less that are approved in the budget, with a term, including options, of not more than five years. Minor contracts may be approved by the CEO or delegated by the CEO to senior staff (value of $50 thousand or less), the procurement/contracts manager (value of $25 thousand or less), contract administrator/buyer (value of $5 thousand or less), or to other LYNX employees (purchases of $2,500 or less) and must be noticed to the Governing Board as an information item at the next scheduled meeting.

Bus advertising contracts are defined as Level 1, Level 2, and Level 3. Level 1 contracts may be approved by the CEO or Chief Financial Officer (CFO) and include contracts that do not exceed $180 thousand in the aggregate where the term does not exceed 12 months. If the Level 1 contract is less than $150 thousand, the CEO can further delegate authority to approve the contract pursuant to the rules governing minor contracts. Level 2 consists of those contracts that exceed $180 thousand but are less than $300 thousand or have a term greater than 12 months. The CEO may approve Level 2 contracts provided that the contract receives prior approval by the Authority's General Counsel; however, the CEO may not delegate approval authority for Level 2 contracts. Level 3 contracts include all bus advertising contracts that fall outside of Levels 1 and 2. Level 3 contracts must be approved by the Governing Board, reviewed by the General Counsel, and approval authority may not be delegated. In addition, if the bus advertising contract involves a bus trade, which refers to a transaction involving a bus advertising contract where LYNX provides third party advertising in exchange for payment in kind, the bus trade must be approved by the CEO.

Contracts involving emergency purchases must be reported to the Governing Board at its next scheduled meeting as a discussion item. The CEO may approve an emergency purchase of $150 thousand or less without approval of the Governing Board and may delegate approval authority to any senior officer. If the amount exceeds $150 thousand, the CEO shall attempt to contact the Chairman or Vice Chairman for approval and oversight. If the Chairman and Vice Chairman are unavailable, and the situation necessitates immediate action, the CEO will have authority to approve and execute the contract. The CEO may not delegate approval authority for amounts in excess of $150 thousand. Authority for approval is also provided to the Chairman of the Board, or in his absence, the Vice Chairman of the Board. In the absence of the CEO, approval authority may be granted to any senior officer by the Chairman or Vice Chairman.

Governing Board approval is required for any competitive solicitation; however, in said approval, the Governing Board can establish the conditions for approval of that contract by the CEO or other persons to accept fuel bids and execute fuel contracts. If LYNX has an opportunity to acquire fuel at a savings of five percent over its existing fuel contract, and that is permitted under the existing fuel contract, (i.e., the existing fuel contract is not on an exclusive basis) then the CEO would have the ability to acquire such other fuel at such a savings or more and for a term not longer than the term of the other fuel contract, including options. Any fuel purchases under this Rule would be reported to the Governing Board at its next scheduled meeting as an information item. The Governing Board would generally establish guidelines for fuel purchases every two years.

Administrative Rule 4 also mandates that the procurement of certain consultant or professional services shall be conducted in accordance with provisions of law, including Florida Statues 287.055, or any successor provision thereof (the "Consultants Competitive Negotiations Act") or to 40 U.S.C. 541, where applicable.

### *Consultant Contract Reporting*

LYNX provided information on two "General Consulting" contracts as presented in the following table. Earth Tech Consulting Services, an Architectural & Engineering Consulting firm, is the General Engineering Consultant providing expertise and technical skills in developing, designing, and engineering facilities, and related services. The single sub consultant to Earth Tech Consulting Services exceeding $25 thousand in FY 2008 was Buchheit Associates, totaling $31,222. DTS, a general consultant firm, provides transportation and financial planning services to LYNX. Two sub consultants to DTS exceeded $25 thousand in FY 2008. They were Tindale Oliver & Associates, totaling $114,014, and Runways Transportation, totaling $153,290.

**Table 33**
**Central Florida Regional Transportation Authority**
**Summary of General Consultant Sub Consultant Activity**
**FY 2008**

| *Consulting Contract* | *Description* | *Sub Consultants >$25k* |
|---|---|---|
| **Earth Tech Consulting Services** | **Architecture & Engineering** | |
| Buchheit Associates | Construction Site Survey | $31,222 |
| **DTS** | **Transportation & Financial Planning** | |
| Tindale Oliver & Associates | Fare study/Paratransit Data Analysis/Fiscal Services Analysis | $114,014 |
| Runways Transportation | Transit Planning/Runcutting/Service Analysis | $153,290 |
| Total Sub Consultants >$25k | | $298,526 |

### *Compliance with Bond Covenants*

LYNX has no outstanding revenue bonds issued at this time. LYNX does have three outstanding State

Infrastructure Bank Loan Agreements (SIB) with the Florida Department of Transportation (Department). The first SIB agreement (SIB #1) for funds to construct the LYNX Central Station matures in 2011. The next SIB agreement (SIB #2) for funds to construct the new Operating Base Facility matures in 2016. The final SIB agreement (SIB #3) for funds to acquire rolling stock, including paratransit vehicles, matures in 2013. Loans payable activity for FY 2008 is detailed in the following table.

**Table 34**
**Central Florida Regional Transportation Authority**
**Loans Payable**
**September 30, 2008**

| *Loan* | *Beginning Balance* | *Payments* | *Ending Balance* | *Amounts Due Within One Year* |
|---|---|---|---|---|
| SIB #1 | $2,958,991 | $873,143 | $2,085,848 | $916,801 |
| SIB #2 | $7,600,000 | $829,492 | $6,770,508 | $694,082 |
| SIB #3 | $7,140,000 | - | $7,140,000 | $1,470,835 |
| Total | $17,698,991 | $1,702,635 | $15,996,356 | $3,081,718 |

LYNX committed its Federal Transit Administration 5307 grant funds as the source to fund the payment obligations of the loans, pursuant to the SIB Loan Agreement.

## Summary

LYNX is a full service public transportation authority operating within a 2,500 square mile service area in the Orlando metropolitan area and throughout Orange, Seminole, and Osceola counties. LYNX continues to expand its service parameters and relies on fare revenues, federal and state grants, and financial support from its local partners to fund operations, including fixed route bus service, paratransit service, and carpools/vanpools.

LYNX actively participated in and cooperated with the Commission's review, and the Commission relied heavily on documentation and clarifications provided by LYNX management.

LYNX met or exceeded 6 of the 12 applicable objectives established for performance measures. The six measures that require improvement include: average headway, operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, operating expense per passenger mile and revenue miles versus vehicle miles.

LYNX continues to provide more public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. LYNX has continued to increase weekday ridership, expand revenue miles and hours, and enjoy positive customer relationships. In light of continued escalation in operating costs, the Commission encourages LYNX to focus on containing those costs moving forward.

In the area of governance, the FY 2007 independent financial statement audit reflected an unqualified opinion. FTA's July 2008 follow-up to a 2006 procurement review noted 16 deficiencies. LYNX has taken action to correct the deficiencies.

Based on the Commission's limited review of Audit Committee and Board of Directors meeting minutes, LYNX policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by LYNX, no instances of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission were noted.

The Commission encourages LYNX to develop and establish a course of action focused on improving performance to achieve objectives. In addition, the Commission acknowledges with appreciation the cooperation and assistance on the part of LYNX in providing the resources necessary to complete this review.

# South Florida Regional Transportation Authority (SFRTA, Tri-Rail)

SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY

## Background

The South Florida Regional Transportation Authority (SFRTA) is an agency of the state of Florida, created in 2003 by Chapter 343, Florida Statutes, as the successor to the Tri-County Commuter Rail Authority (TCRA). SFRTA inherited all of TCRA's rights, assets, labor agreements, privileges and obligations. SFRTA also assumed operation of the Tri-Rail commuter rail service.

Pursuant to Chapter 343, SFRTA is authorized to own, operate, maintain, and manage a transit system in the tri-county area of Broward, Miami-Dade, and Palm Beach counties. SFRTA was also empowered to "plan, develop, own, purchase, lease or otherwise acquire, demolish, construct, improve, relocate, equip, repair, maintain, operate, and manage a transit system and transit facilities." SFRTA was authorized to adopt rules necessary to govern operation of a transit system and facilities and to "coordinate, develop, and operate a regional transportation system within the area served." Each county served by SFRTA must dedicate and transfer not less than $2.67 million in addition to $1.56 million in operating funds to SFRTA annually before October 31 of each fiscal year (FY). SFRTA must develop and adopt a plan for the operation, maintenance, and expansion of the transit system that is reviewed and updated annually. A copy of the plan, "South Florida Regional Transportation Authority Transit Development Plan, FY 2009-2018, Draft Major Update," was updated and distributed in August 2008 and is available at the following website

### Highlights

- The average headway reduction of more than 5 minutes from FY 2007 to FY 2008 translated into an 11.4 percent improvement for Tri-Rail customers.
- Tri-Rail received ratings above 90 percent for price and value, customer service, on-train announcements, station and train cleanliness, and ticket machines.
- Tri-Rail had unprecedented growth in ridership during the first half of 2008 representing a 21 percent increase, with a 37 percent increase reported during June 2008.
- SFRTA began testing biodiesel fuel as it continued its move toward the use of biodiesel as fuel for locomotives in line with Governor Crist's green initiatives for Florida.

(www.sfrta.fl.gov/docs/planning/TDP_Major_Update_Report_FINAL_8-22-08.pdf). SFRTA is authorized to borrow money as provided by the State Bond Act, and bonds must be authorized by SFRTA resolution after approval of the issuance of bonds at a public hearing.

The governing body of SFRTA consists of nine voting members, including one County Commissioner elected by the County Commission from each of the following counties: Broward, Miami-Dade and Palm Beach (three members), one citizen appointed by each County Commission who is not a member of the County Commission (three members), a Florida Department of Transportation (Department) District Secretary or his or her designee appointed by the Secretary of Transportation (one member), and two citizen appointees from the Governor (two members). The Department appointee and the two citizen appointees must all reside in different counties within the SFRTA service area. Members are appointed to serve four-year staggered terms, except that the terms of the appointees of the Governor must be concurrent. A vacancy during a term is filled by the

**Table 35**
**South Florida Regional Transportation Authority**
**Current Board Members**

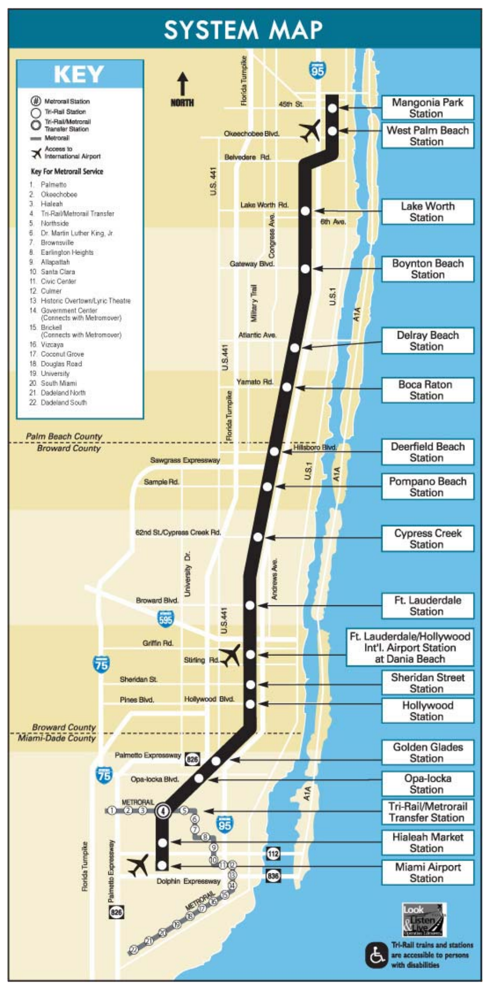
| *Name* | *Appointment* | *Position* |
|---|---|---|
| Josephus Eggelletion, Jr. | Commissioner, Broward County | Chair |
| Jeff Koons | Commissioner, Palm Beach County | Vice Chair |
| Bruno Barreiro | Commissioner, Miami-Dade County | Board Member |
| James A. Cummings | Representative, Broward County | Board Member |
| Marie Horenburger | Representative, Palm Beach County | Board Member |
| Felix M. Lasarte | Representative, Miami-Dade County | Board Member |
| Alice N. Bravo, P.E. | District VI Secretary's Designee | Board Member |
| George Morgan, Jr. | Governor's Appointee | Board Member |
| F. Martin Perry | Governor's Appointee | Board Member |

respective appointing authority in the same manner as the original appointment and only for the balance of the unexpired term.

The Governing Board generally meets on a monthly basis to conduct authority business. An Executive Director is selected by the Board to oversee the daily operations of SFRTA.

- Passenger boardings rose to 3.9 million, a 13.4 percent increase over the previous year, representing more than 450,000 additional boardings.

SFRTA coordinates, develops, and implements a regional transportation system in south Florida that provides commuter rail service (Tri-Rail) and offers a shuttle bus system in Broward County for residents and visitors. Bus connections to Tri-Rail stations in Palm Beach and Miami-Dade counties are provided by Palm Tran and Miami-Dade Transit, respectively, through fixed routes. SFRTA operates service in Broward, Miami-Dade, and Palm Beach counties within a service area of 5,128 square miles that is home to more than 5 million residents. North-south daily service along a 72-mile corridor with 18 stations connects the region's three major downtown areas and three international airports. Weekday service that begins at 4:00 a.m. provides 20-minute headways in each direction during morning and afternoon peak periods and is available until 11:05 p.m. Ten train sets operate service that includes 50 one-way trips each weekday and 16 one-way trips on Saturday and Sunday. SFRTA typically operates three-car trains, but does operate some two-car sets during various parts of the service day. The FY 2008 annual operating budget, as approved by the SFRTA Governing Board, was $61.6 million, an increase of 22.8 percent over the previous year, while annual passenger boardings rose to 3.9 million, a 13.4 percent increase over the previous year that represented more than 450,000 additional boardings. Peak service vehicles fell from a high of 52 in FY 2007 to 34, a 34.6 percent reduction in vehicles during peak service that mirrored levels in FY 2005. SFRTA's customers responded positively to an on-board survey conducted in the spring of 2008 with more than 83 percent of the 1,277 respondents indicating that Tri-Rail service was excellent to good. Tri-Rail received ratings above 90 percent for price and value, customer service, on-train announcements, station and train cleanliness, and ticket machines. A map of the SFRTA system is presented below.




**Tri-Rail System Map**

In FY 2008, SFRTA received significant financial support from its funding partners. Pursuant to an interlocal agreement, operating assistance of $4.3 million was received in FY 2008 from each of the three counties in the Tri-county area and represented an increase of approximately 5 percent per county over the previous year's contribution. State grants from the Florida Department of Transportation (Department) for the operating Joint Participation Agreement (JPA), feeder bus service, and dispatch services increased by approximately $4.9 million (33.3%), primarily due to an increase in train service and the related costs. Federal grants from the Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) for preventive maintenance, planning activities, and traffic mitigation increased approximately $6.5 million (57.7%) as a result of an increase in the use of preventive maintenance grants. SFRTA's FY 2008 operating budget of nearly $62 million was 22.8 percent greater than the FY 2007 operating budget, while operating expenses rose from $41.8 million in FY 2007 to slightly more than $48.7 million in FY 2008 (a 16.6% increase). FY 2008 capital expenditures totaled $23.3 million, 64 percent below FY 2007 spending of $64.8 million, and planned capital expenses from FY 2009 through FY 2013 exceed $132 million.

A major update of the Transit Development Plan (TDP) was completed in August 2008 and outlines accomplishments, updates goals and objectives, describes the regional operating environment, provides an overview of projects and concepts, identifies unmet needs, and presents the financial plan moving forward.

Major accomplishments during FY 2008 included unprecedented growth in ridership that represented a 21 percent increase during the first half of 2008 as compared to 2007 with a 37 percent increase reported during June 2008. On-time performance improved following completion of the double tracking initiative in early 2006 and the New River Bridge in the spring of 2007 that enabled SFRTA to achieve at or near 80 percent on-time performance from November 2007 through June 2008. SFRTA began testing biodiesel fuel as it continued its move toward the use of biodiesel as fuel for locomotives in line with Governor Crist's green initiatives for Florida.

In May 2008, the SFRTA Governing Board endorsed the Strategic Regional Transit Plan, the culmination of efforts intended to determine the viability, benefits and costs of building a regional network of premium transit services, which included completion of the following key technical aspects: development of trip flow patterns, test corridor and network performance, evaluation of land use scenarios, development of cost estimates and examination of funding mechanisms.

SFRTA refined goals and objectives and incorporated input through public outreach efforts that included on-board surveys, "Meet and greet" activities with customers at Tri-Rail stations, a public workshop, and interaction with staff from the local workforce boards for each of the three counties within the service area. Concepts and projects planned for FY 2009 include implementation of universal fare card technology along with a new generation of ticket vending machines. Station improvements are programmed at six different locations, and miscellaneous parking lot improvements and other stations improvements, such as the installation of bike lockers, are programmed.

SFRTA is faced with two major challenges moving forward: transferring dispatch for the south Florida rail corridor from CSX Transportation (CSXT) to SFRTA, and securing a dedicated funding source to support operation and expansion of SFRTA.

## Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to authorities, created under Chapters 343 and 348, the Commission conducts periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and Generally Accepted Accounting Principles (GAAP). Consequently, the Commission, in concert with the authorities, developed performance measures and management objectives that establish best practices across the industry to improve the overall delivery of services to the traveling public and freight moving through communities that are critical to the overall economic well-being and quality of life in Florida.

SFRTA was an active participant not only in the development of performance measures but also in establishing objectives to measure its performance. A series of working sessions was held after distribution of the first performance report to fine tune measures and objectives in order to ensure that they were a true reflection of authority effectiveness and efficiency in a variety of areas. In terms of changes that were made to the original FY 2007 performance measures and objectives, three revisions in SFRTA reporting were made:

- Revenue Miles versus Vehicle Miles (Performance Measure)
  - ◊ Tri-Rail reported .94 in FY 2007, significantly exceeding the objective of .90
  - ◊ The new FY 2008 objective was set at .93
- Operating Expense per Revenue Hour (Performance Measure)
  - ◊ Tri-Rail questioned the use of this factor as a performance measure given the inherent variability of operating costs in comparison to rather static revenue hours
  - ◊ For FY 2008, the measure was re-classified as an operating indicator that will be tracked and results will be documented
- Revenue Miles between Failures (Performance Measure)
  - ◊ Tri-Rail reported 38,057 revenue miles between failures in FY 2007, significantly exceeding the objective of >10,500
  - ◊ The new FY 2009 objective was set at a 10 percent increase over actual FY 2007 performance (41,863 revenue miles between failures)

Transit performance measures and SFRTA performance data used for this report represent information collected during FY 2008, which spans from July 1, 2007 through June 30, 2008. SFRTA was successful in achieving 9 of the 11 objectives for performance. FY 2008 results, as reported by SFRTA, are provided in the following table. Results for the last five fiscal years are included in Appendix B.

Each of the performance measures is discussed in terms of achievement of the objective, prevailing trends, and future corrective action.

***Average Headway***

SFRTA achieved an average headway of 40.4 minutes, well below the 50-minute objective. SFRTA continued to show consistent annual reductions in the average headway, which was reduced from a high of 71.2 minutes in FY 2004 to an all time low of 40.4 minutes in FY 2008. The average headway reduction of more than 5 minutes from FY 2007 to FY 2008 translated into an 11.4 percent improvement for Tri-Rail customers.

***Operating Expense per Revenue Mile***

An evaluation of the relationship between operating expenses and revenue miles provides a measure of the general cost efficiency of the service provided over distance. SFRTA operating cost per revenue mile of $17.06 fell below the objective of less than $18.00 by $0.94 (5.2%), thereby achieving the objective. SFRTA reported that a rise in fuel cost and expansion of train service from 40 to 50 trains in FY 2008 were the primary factors responsible for an increase in operating costs; nonetheless, while operating costs were 16.6 percent greater than FY 2007 costs, a 10.4 percent increase in annual revenue miles helped to reduce the operating cost per revenue mile.

***Operating Revenue per Operating Expense***

The relationship between operating revenue and operating expense provides a measure of the

**Table 36**
**South Florida Regional Transportation Authority**
**Summary of Performance Measures**
**FY 2008[1]**

| *Performance Measure* | *Detail* | *Objective* | *Actual Results* | *Meets Objective* |
|---|---|---|---|---|
| Average Headway | Average headway of all routes | <50 minutes | 40.4 | ✓ |
| Operating Expense[2] per Revenue Mile | Operating expenses divided by revenue miles | <$18.00 | $17.06 | ✓ |
| Operating Revenue per Operating Expense | Revenue generated through operation of the transit authority divided by operating expenses | >25% | 18.8% | X |
| Operating Expense per Passenger Trip | Operating expenses divided by annual ridership | <$15 | $12.61 | ✓ |
| Operating Expense per Passenger Mile | Operating expenses divided by passenger miles | <$0.45 | $0.40 | ✓ |
| Major Incidents | FRA reportable incidents for rail | Zero | 0 | ✓ |
| Revenue Miles between Failures | Revenue miles divided by revenue vehicle system failures[3] | >10,500 | 17,742 | ✓ |
| Revenue Miles versus Vehicle Miles | Revenue miles divided by vehicle miles[4] | >.93 | 0.97 | ✓ |
| Customer Service | Average time from complaint to response | 14 days | 11 days | ✓ |
| Customer Service | Customer complaints divided by boardings | <1 per 5,000 boardings | 0.3 | ✓ |
| On-time Performance | % trips end to end on time "less than 6 minutes late" | 80% | 78% | X |

[1] Fiscal Year 2008 represents 12 months from July 1, 2007 through June 30, 2008.
[2] Operating expenses do not include the cost of feeder bus service or capital planning.
[3] A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system.
[4] Total annual vehicle miles include: deadhead miles, vehicle miles from the end of service to the yard, driver training and other miscellaneous miles not considered to be in direct revenue service.

effective use of income. Unlike the previous objective, where the goal was to achieve lower costs per revenue mile, the target for this objective is to increase the percentage of revenue derived from fares and other revenue sources. SFRTA failed to achieve this performance measure objective with an 18.8 percent ratio of revenue to operating expenses. While the ratio continued to fall below the greater than 25 percent objective, there was improvement in this area compared to the past two years. SFRTA previously indicated that farebox recovery dipped below the 25 percent mark soon after initiation of the double tracking project, when SFRTA experienced a decrease in ridership during a time of increased operating costs, which were not offset by an increase in fares. SFRTA has indicated that based on direction from the Governing Board, fares have not been increased due to economic hardships. Nonetheless, the Board has directed staff to perform a Tariff Policy Study, which includes a review of the fare structure, that is currently underway.

***Operating Expense per Passenger Trip***

An evaluation of the relationship between operating expenses and passenger trips provides a measure of the general cost efficiency of the service provided. SFRTA operating costs per passenger trip of $12.61 fell below the objective of less than $15.00 by $2.39 (15.9%), thereby achieving the objective. Significant increases in operating costs of over $6.4 million in FY 2007 and more than $6.9 million in FY 2008 were somewhat offset by corresponding growth in passenger trips of almost one million since FY 2006.

***Operating Expense per Passenger Mile***


An evaluation of the relationship between operating expenses and passenger miles also provides a measure of the general cost efficiency of the service provided. SFRTA achieved the objective of operating costs per passenger mile of less than $0.45 by $0.05 (11.1%). While operating costs per passenger mile have gradually increased since 2003 (an average annual increase of 7.1%), SFRTA was able to reduce the FY 2007 operating cost per passenger mile of $0.43 by $0.03 (a 7.5% reduction). Increases in operating costs were somewhat offset by longer passenger trips that grew on average from 28.5 to 31.7 miles along with 455,000 additional trips that translated into 25 million more passenger miles logged in FY 2008 than in FY 2007.

***Major Incidents***

The span of revenue miles between major incidents is a measure of safe customer service. Significant revenue miles between major incidents results in infrequent exposure of customers to safety hazards. SFRTA achieved the objective of zero Federal Railroad Administration (FRA) reportable incidents.

A question arose regarding the definition of an FRA reportable incident and was discussed in detail with SFRTA staff during a site visit of SFRTA by Commission staff conducted on January 15, 2009. SFRTA staff indicated that “FRA reportable incidents” focus primarily on property damage and do not necessarily include fatalities that occur within the SFRTA system. Fatalities can result from pedestrians crossing the track at an approved or unapproved location or through a vehicle crossing in violation of train traffic control signals and gates. During 2008, SFRTA reported a total of 11 incidents. Eight of the incidents involved SFRTA, resulting in a total of five fatalities and three injuries. Amtrak reported two fatalities and three injuries from three Amtrak incidents. SFRTA expressed its commitment to making safety a priority for Tri-Rail passengers and the public in general. Toward that end, staff provided the following account of outreach initiatives SFRTA has undertaken to promote train safety awareness in the community. In addition, SFRTA staff recommended that, moving forward, the Commission entertain the creation of a new operating indicator for Tri-Rail focused on public safety. The addition of this proposed operating indicator can be addressed during performance review working sessions later this year.

**Table 37**
**South Florida Regional Transportation Authority**
**Safety Initiatives**

| ***Initiative*** | |
|---|---|
| West Palm Beach Safety Fair | Presented in cooperation with West Palm Beach Police and Fire Rescue, Mayor's Office of the City of West Palm Beach, Northwood Heights Community Association, and Boys and Girls Club of West Palm Beach. |
| Quantum Foundation | Grant application to install safety enhancements to a particularly impacted area between West Palm Beach and Mangonia Park Stations (pending). |
| Onboard | SFRTA includes a safety message in each issue of the SFRTA Newsletter. |
| Operation Lifesaver | SFRTA staff members have been certified to give presentations and train presenters. |
| Train Safety Awareness Week (TSAW) | SFRTA actively supports TSAW through staffing at crossings and stations along with an aggressive media campaign. |
| Trespasser Reduction Committee | SFRTA formed this committee, which includes first responders, community activists, representatives of West Palm Beach Mayor's Office, railroad police, residents, and family members of those lost to train incidents, to promote safe conduct on and around the tracks. FRA has embraced this effort as a pilot program, which could be implemented nationally. |
| Media Outreach | SFRTA marketing staff work with local print and electronic media to promote train safety awareness on an ongoing basis. |

***Revenue Miles between Revenue Vehicle System Failures***

The span of revenue miles between revenue vehicle system failures (defined as the breakdown of either a major or minor element of the revenue vehicle's mechanical system) is a measure of maintenance effectiveness in keeping the fleet in good condition. A significant number of revenue miles between revenue vehicle system failures reinforces customer confidence in on-time train performance. SFRTA continued to exceed the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures (by 69%) with 17,742 miles between failures. In FY 2007, SFRTA achieved 38,057 revenue miles between revenue vehicle system failures, exceeding the greater than 10,500 objective by more than 262 percent. During a subsequent review of performance measure objectives, the Commission and SFRTA agreed to increase the FY 2009 objective for revenue miles between revenue vehicle system failures from ">10,500" to "actual FY 2007 (38,057) + 10 percent," resulting in a new objective of 41,863 miles between failures. SFRTA anticipated that FY 2008 levels would fall below the level achieved in FY 2007, but staff was confident that changes implemented during FY 2008 would enhance performance moving forward and considered the new FY 2009 objective of 41,863 to be an appropriate challenge.

***Revenue Miles versus Vehicle Miles***

The relationship between revenue miles and vehicle miles provides a measure of the effectiveness of fleet assignment given that vehicle miles include non-revenue miles, such as deadhead miles (from yard to start of a route and vehicle miles from the end of the route to the yard). This objective was raised from "greater than .90" to "greater than .93" based on SFRTA's past performance along with a review of the performance of SFRTA's peers. SFRTA had routinely met or exceeded this objective during the past five years. SFRTA exceeded the performance measure objective of greater than 0.93 for FY 2008 with a 0.97, indicating highly effective use of the fleet.

***Customer Service – Average Time from Complaint to Response***

SFRTA achieved the performance measure objective of timely response to customer complaints and reduced response time from receipt of the complaint from 14 days to 11 days.

***Customer Service – Number of Complaints per Boarding***

SFRTA also achieved the performance objective of less than one complaint per 5,000 boardings with 0.3 complaints. In FY 2007, SFRTA was in the midst of a major construction project throughout the reporting period and anticipated improved performance in this area moving forward. FY 2008 represents a 69 percent reduction in the number of customer complaints posted in FY 2007.

- SFRTA reduced response time to complaints from 14 days to 11 days.
- SFRTA achieved less than one complaint per 5,000 boardings.

***On-time Performance***

SFRTA fell short of achieving the on-time performance objective of greater than 80 percent of trips end-to-end on-time. On-time is defined as less than six minutes late. SFRTA on-time performance did improve to 78 percent from 70 percent reported in FY 2007, and SFRTA has shown marked improvement in on-time performance in the past three years. SFRTA recently established a dispatch system within SFRTA's headquarters after assuming responsibility for the dispatch of trains exclusively for the New River Bridge. All other dispatch activities are currently provided by CSXT. SFRTA found that relocation of the dispatching system for the New River Bridge to SFRTA headquarters not only enhanced train accessibility for dispatching staff, but also improved project management and quality assurance initiatives. SFRTA indicated that improving on-time performance is a challenge unless SFRTA is able to gain control of dispatch duties along the entire corridor. SFRTA is actively working to accomplish a transfer of dispatch duties. This performance measure objective does appear to provide SFRTA with an appropriate target for improved performance as the authority moves forward.

## Operating Indicators

The Commission, in concert with the authorities, developed indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various authorities have unique characteristics. FY 2008 operating indicators, as reported by SFRTA, are provided in the following table. In order to observe current trends, operating indicators for FY 2006 and

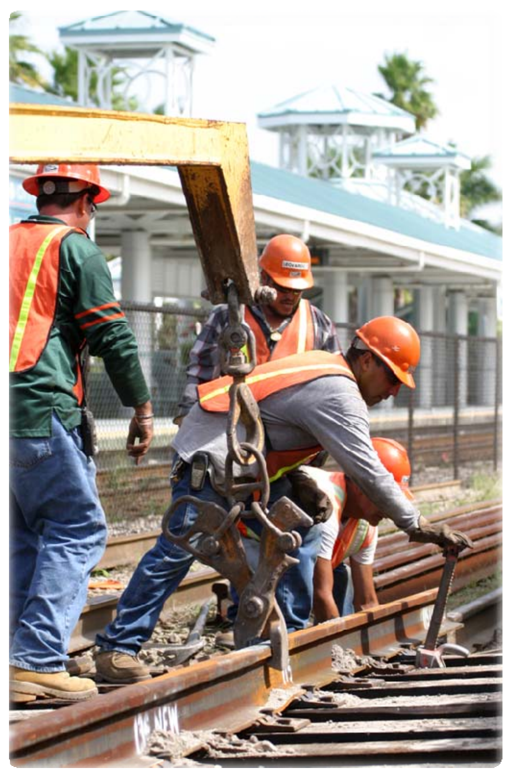


**Table 38**
**South Florida Regional Transportation Authority**
**Summary of Operating Indicators**
**FY 2006 through FY 2008**

| *Operating Indicator* | *Detail* | *Actual 06 Results* | *Actual 07 Results* | *Actual 08 Results* |
|---|---|---|---|---|
| Operating Expense per Capita (Potential Customer) | Annual operating budget divided by service area population | $6.45 | $7.54 | $8.94 |
| Farebox Recovery Ratio | Ratio of passenger fares[1] to total operating expenses | 16.7% | 17.4% | 17.9% |
| Service Area Population | Approximation of overall market size | 5,477,831 | 5,541,080 | 5,448,962 |
| Service Area Population Density | Persons per square mile based on service area population and size | 1,068 | 1,081 | 1,063 |
| Operating Expense | Spending on operations, including administration, maintenance, and operation of service vehicles | $35,358,863 | $41,794,730 | $48,726,979 |
| Operating Revenue[2] | Revenue generated through operations of transit authority | $6,147,108 | $7,412,341 | $9,155,673 |
| Total Annual Revenue Miles | Miles vehicles operated in active service[3] | 2,277,313 | 2,587,883 | 2,856,470 |
| Total Annual Revenue Hours | Hours vehicles operated in active service | 88,467 | 100,481 | 76,620 |
| Total Revenue Vehicles[4] | Vehicles available to meet annual maximum service requirement | 48 | 63 | 47 |
| Operating Expense per Revenue Hour | Cost of operating an hour of revenue service | $399.68 | $415.95 | $635.96 |
| Peak Vehicles | Vehicles operated to meet annual maximum (peak) service requirements | 43 | 52 | 34 |
| Ratio of Revenue Vehicles to Peak Vehicles[5] (spare ratio) | Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service | 10.4% | 17.5% | 27.7% |
| Annual Passenger Trips[6] | Passenger boardings on transit vehicles | 2,908,420 | 3,408,486 | 3,863,684 |
| Average Trip Length | Average length of passenger trip, generally derived through sampling | 29.4 | 28.5 | 31.7 |
| Annual Passenger Miles | Passenger trips multiplied by average trip length (in miles) | 85,507,548 | 97,141,851 | 122,478,783 |
| Weekday Span of Service (hours) | Hours of transit service on a representative weekday from first service to last service for all modes | 18 | 19 | 19 |
| Average Fare | Passenger fare revenues divided by passenger trips | $2.03 | $2.13 | $2.25 |
| Passenger Trips per Revenue Mile | Passenger trips divided by revenue miles | 1.28 | 1.32 | 1.35 |
| Passenger Trips per Revenue Hour | Passenger trips divided by revenue hours | 32.9 | 33.9 | 50.4 |
| Passenger Trips per Capita | Passenger trips divided by service area population | 0.53 | 0.62 | 0.71 |
| Average Age Since Last Rebuild | Average years since last rebuild for locomotives (9 years) | 2.9 | 5.2 | 6.2 |
| Average Age Since Last Rebuild | Average years since last rebuild for coaches (12 years) | 8.0 | 6.2 | 7.2 |
| Unrestricted Cash Balance | End of year cash balance from financial statement | $413,212 | $7,400,122 | $9,043,899 |
| Weekday Ridership | Average ridership on weekdays | 10,281 | 11,545 | 13,228 |
| Capital Commitment to System Preservation | % of capital spent on system preservation | 0% | 0% | 0% |
| Capital Commitment to System Expansion | % of capital spent on system expansion | 100% | 100% | 100% |
| Intermodal Connectivity | Intermodal transfer points available | 18 | 18 | 18 |

[1] Passenger fares are revenues generated annually from carrying passengers in regularly scheduled service.
[2] Operating revenue includes passenger fares, special transit fares, freight tariffs, auxiliary transportation revenues, subsidy from other sectors of operations and non-transportation revenues.
[3] Active service refers to vehicle availability to pick up revenue passengers.
[4] Total revenue vehicles include spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but exclude vehicles awaiting sale and emergency contingency vehicles.
[5] Vehicles awaiting sale and emergency contingency vehicles are not included as revenue vehicles in this calculation.
[6] A passenger trip is counted each time a passenger boards the train.

FY 2007 are also provided. Results for the last five fiscal years are included in Appendix B.

SFRTA operating indicators appear to be highly consistent from year to year with FY 2008 indicators conforming to established trend lines. Based on the indicators presented, SFRTA has continued to increase weekday ridership (by 14.6%) on expanded revenue miles (a 10.4% increase) during the same span of revenue service as FY 2007 with a slightly smaller fleet (16 fewer revenue vehicles). Operating expenses continued to rise (by 16.6%), but were partially offset by a significant increase (23.5%) in operating revenue. SFRTA logged more passenger trips (a 13.4% increase), and because the average trip was 3.2 miles longer (an 11.2% increase) than the average trip in FY 2007, passenger miles increased significantly (by 26.1%). The farebox recovery ratio increased (0.5%) as did the average fare, which grew from $2.13 to $2.25 (a 5.7% increase). The service area population showed some shrinkage (loss of 1.7%), while passenger trips per capita increased (by 15.3%) at a higher cost (from $7.54 to $8.94 per capita) than was previously the case.

The average years since the last rebuild was 6.2 years for locomotives and 7.2 years for coaches, below the required rebuilds of 9 years and 12 years, respectively. Effective use of the fleet was reported to have risen from 17.5 percent in FY 2007 to 27.7 percent in FY 2008. SFRTA's current operating spare ratio of 27.7 (above 20%) positions the authority for future service expansion. From a financial perspective, SFRTA continued to grow its unrestricted cash balance and committed all of its capital investment to system expansion (100%). SFRTA continued to provide 18 intermodal connections.

## Governance

In addition to establishing performance measures for transportation authorities, the Commission developed "governance" criteria for assessing each authority's adherence to statutes, policies and procedures. To that end, the Commission monitored compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

***Ethics and Conflict of Interest***

SFRTA follows the "Code of Ethics for Public Officers and Employees" that is found in Chapter 112, Part III, Florida Statutes. SFRTA subscribes to the following Standards of Conduct and Conflict of Interest Policies, and reported no ethics violations or conflicts of interest during the past year.

- SFRTA Board members and staff of SFRTA shall be governed by the policy of the State of Florida set forth in Section 112.311, Florida Statutes.
- SFRTA Board members and staff of SFRTA shall be governed by the appropriate standards of conduct set forth in Section 112.313, Florida Statutes.
- SFRTA Board members shall be governed by the appropriate provisions of Section 112.3143, Florida Statutes governing voting conflicts.
- SFRTA Board members and staff of SFRTA shall be governed by the appropriate provisions of Section 112.3144, Florida Statutes governing full and public disclosure of financial interests.
- SFRTA Board members and staff of SFRTA shall be governed by the appropriate provisions of Section 112.3148, Florida Statutes governing reporting and prohibited receipt of certain gifts by procurement employees.
- Staff of SFRTA shall be governed by the appropriate provisions of Section 112.3185 concerning contractual services.
- SFRTA Board members and staff of SFRTA shall be governed by the penalty provisions of Section 112.317, Florida Statutes for any violation of the statutory provisions listed above.

***Audit***

The Rules of the Auditor General (Section 10.554(1)(h)3), require any findings and recommendations to improve financial management, accounting procedures, and internal control be addressed in the management letter. Pursuant to an audit conducted by TCBA Watson Rice LLP, an independent certified public accounting firm, for the fiscal year that ended June 30, 2007, TCBA Watson Price LLP issued a management letter to SFRTA on November 30, 2007 that contained three recommendations that included: documentation of the review and approval of journal entries, changes to the payroll approval process, and the absence of a dedicated information technology area. SFRTA acknowledged the recommendations and provided a plan to comply with each of the recommendations moving forward.

For the year ending June 30, 2008, an annual independent audit of the South Florida Regional Transportation Authority was completed by TCBA Watson Rice LLP, an independent certified public accounting firm. TCBA Watson Rice LLP rendered an unqualified opinion on SFRTA's financial statements and reported on November 12, 2008 that "in all material respects, the financial position of SFRTA as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United State of America." As a recipient of federal, state, and county financial assistance, SFRTA is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The Independent Auditor conducted a SFRTA audit of compliance in accordance with "auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*;* and Chapter 10.550, Rules of the Auditor General. TCBA Watson Rice LLP rendered an unqualified opinion on SFRTA's federal and state programs and reported on November 12, 2008 that "SFRTA complied, in all material respects, with requirements applicable to each of its major Federal programs and State projects for the year ended June 30, 2008."

SFRTA and the department have resolved the SFRTA Project Management Advisory Memorandum 07T-1102 and Attestation Report 06T-1201 CSX Transportation Segment 5 – Tri-Rail Double Track Project Costs, referenced in the FY 2007 performance review. SFRTA and the Department have agreed that reimbursement from CSXT for overcharges to the Segment 5 Double Tracking Project totals $25,532.63. SFRTA and the department have co-authored a letter requesting reimbursement from CSXT.

It was noted that the Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SFRTA for the FY 2007 Comprehensive Annual Financial Report (CAFR). SFRTA also received this prestigious award for its FY 2006 CAFR.

***Public Records and Open Meetings***

Consistent with the requirements of Section 286.011, Florida Statutes, SFRTA complies with Article IV of the SFRTA Bylaws, as amended on February 23, 2007, in the conduct of all meetings. Notice of and public access to all meetings must be given in the manner required by applicable law as well as SFRTA Bylaws. Regular meetings are generally held on the fourth Friday of each month at a time convenient for the Board. A copy of the regular meeting agenda must be posted on the SFRTA website not less than four calendar days prior to the Board meeting. SFRTA is also required to publish notice of its Board meetings or workshops in the Florida Administrative Weekly, the SFRTA website, at least one local newspaper of general circulation throughout some or all of SFRTA service area, and in the office of SFRTA not less than seven days before the meeting. SFRTA provided a copy of the Florida Administrative Weekly, Volume 34, Number 44, October 31, 2008 that contained a notice regarding a workshop to be held on November 19, 2008 by SFRTA to which all persons were invited. SFRTA also provided Proof of Publication, dated October 14, 2008, from the Palm Beach Post and the Miami Herald, which served as notice for the October 24, 2008 SFRTA Board Meeting.

Article VII of the SFRTA Bylaws requires that under the supervision of the Secretary, SFRTA maintain such books and records as required under applicable law and comply with all applicable law governing access to public records. Public records requests can be made by submitting a completed Public Records Request Form to the Public Records Department via mail, e-mail, telephone, facsimile or hand delivery. Individuals seeking public records will be contacted once the request has been received. The requested information will be provided in a reasonable period of time under normal conditions and in accordance with applicable law, unless such information is considered under the law to be confidential or exempt from public records disclosure. If the requested documents are exempt from public records disclosure, the requestor will be notified promptly. If time constraints prevent the replication and distribution of the requested material within the specified time frame, the requestor will be contacted and informed of the progress of the request.

The Commission reviewed agendas, minutes of meetings and notices of public meetings available on the SFRTA website (www.sfrta.fl.gov). In addition to information regarding upcoming meetings and records of past meetings, the SFRTA website provides a statement of SFRTA's mission, goals, and objectives; presents workshop materials for review; outlines the SFRTA legislative act; links to the South Florida Regional Planning Council; and, posts copies of the 2007 and 2008 CAFRs. Planning and capital development are also referenced on the website and include information on the existing transit system, an overview of planning projects, detailed capital development and land-use information along with an overview of current legislative activity. From this

limited review, the Commission determined that SFRTA is operating within procedure and statute.

***Procurement***

SFRTA currently subscribes to the procurement rules and regulations promulgated and approved by the Board of the TCRA, cited as the "Procurement Code of the Tri-County Commuter Rail Authority." The Procurement Code provides a unified purchasing system with centralized responsibility that allows for processing of some work by delegation. Principles of law and equity supplement the provisions of the code, which requires all parties involved in the negotiation, development, performance, or administration of contracts to act in good faith. Open competition is required, and the Procurement Code applies to every procurement, irrespective of funding source, except as otherwise specified. JPAs with the Department and previously reported standards of conduct and conflict of interest policies are delineated. All rights, powers, duties and authorities relating to the procurement of supplies, services, and construction are vested in the Board. Approval authority for procurement actions and contracts are outlined in the following table.

**Table 39**
**South Florida Regional Transportation Authority**
**Procurement Actions and Contracts Approval Authority**

| *Contracts, Task Orders, and Work Orders* | *Single Change Orders* | *Additional Change Orders* |
|---|---|---|
| | **Board Approval Required** | |
| Engineering/construction contracts >$100,000 | >$100,000 or over 10% of the value of Board approved contract, whichever is less | Accumulation >$100,000 or over 10% of the value of Board approved contract, whichever is less |
| | >$10,000 of contract approved by Executive Director | Accumulation >$10,000 of contracts approved by the Executive Director |
| All other contracts, task orders, and work orders >$25,000 | >$25,000 or over 10% of the value of the Board approved contract, whichever is less | Accumulation >$25,000 or over 10% of the value of the Board approved contract, whichever is less |
| | >$2,500 of contract approved by Executive Director | Accumulation >$2,500 of contracts approved by Executive Director |
| | **Executive Director Approval Required** | |
| Engineering or construction services contracts ≤ $100,000 | Up to $100,000 or up to 10% of the value of the Board approved contract, whichever is less | Accumulation up to $100,000 or up to 10% of the value of the Board approved contract, whichever is less |
| | Up to $10,000 of contracts approved by the Executive Director | Accumulation up to $10,000 of contracts approved by the Executive Director |
| >$10,000 and less than or equal to $25,000 | Up to $25,000 or up to 10% of the value of the Board approved contract, whichever is less | Accumulation up to $25,000 or up to 10% of the value of the Board approved contract, whichever is less |
| | Up to $2,500 of contracts approved by the Executive Director | Accumulation up to $2,500 to contracts approved by the Executive Director |
| | >10% of the value of contracts approved by the Director Procurement | Accumulation >10% of the value of contracts approved by the Director of Procurement |
| Professional services and for the purchase of computer, communications and electronic equipment of $25,000 or less | | |
| | **Director of Procurement** | |
| $10,000 or less and all Micro-purchases | 10% or less of the value of contracts approved by the Director of Procurement | |

Except as otherwise provided in the Procurement Code, all rights, powers, duties and authorities relating to the procurement of supplies, services and construction vested in the Board are delegated to the Executive Director, who is specifically authorized to delegate the approval authority as outlined in the aforementioned table to the Deputy Executive Director and to the Director of Procurement. The Director of Procurement serves as the Principal Contracting Officer and may delegate this authority only with the written approval of the Executive Director. The General Counsel is required to review all contracts to be approved by the Board or Executive Director before such documents are executed.

***Consultant Contract Reporting***

SFRTA awarded General Engineering and Consulting Service contracts to four firms on June 24, 2005. Each contract was awarded for a three-year term with two one-year renewal option periods in the maximum not to exceed $5 million. The contracts are work-order based where individual assignments are negotiated on an as-needed basis. Funds are encumbered separately for each individual work order. Due to the multitude of disciplines required in the Scope of Services, consulting firms were encouraged to establish a team comprising a prime consultant and a number of sub consultants to provide all disciplines required in the solicitation. Sub consultant contracts greater than $25 thousand are presented in the following table.

***Compliance with Bond Covenants***

SFRTA has no outstanding revenue bonds. An interest-free State Infrastructure Bank (SIB) loan of $10 million was awarded to SFRTA in FY 2004. SFRTA received $7.5 million of the loan in FY 2005 and the remaining $2.5 million in FY 2006. Repayment of the loan was scheduled to occur in two installments of $5 million each. SFRTA repaid $5 million of the loan on October 1, 2006 and paid the final installment of $5 million on October 1, 2007.

## Summary

SFRTA is a full-service public transportation authority operating within a 5,128-square-mile service area throughout Broward, Miami-Dade, and Palm Beach counties. SFRTA continues to expand its service

**Table 40**
**South Florida Regional Transportation Authority**
**Summary of General Consultant Sub Consultant Activity**
**FY 2008**

| *Consulting Contract* | *Description* | *Sub Consultants >$25 K* |
|---|---|---|
| **Bergmann Associates** | **Engineering and Architectural Design** | |
| Booz Allen Hamilton | Rolling stock procurement support and project management oversight | $441,243 |
| Booz Allen Hamilton | Procurement management and oversight - design and construction of temporary parking lot | $159,222 |
| **Parson Transportation Group** | **Management, Engineering, and Construction** | |
| Booz Allen Hamilton | Continued development of regional business rule framework for fare collection | $35,449 |
| **HDR Engineering** | **Architectural and Engineering Consultant** | |
| DMJM + Harris | Commuter rail track & signal support services | $246,409 |
| PBS&J | Quarterly groundwater sampling at SFRTA parcels | $25,932 |
| DMJM + Harris | Construction plans and specifications for West Palm Beach Station parking lot improvements | $106,003 |
| **PB Americas, Inc.** | **Construction Management Consultant** | |
| Total Sub Consultants >$25k | | $1,014,258 |

parameters and relies on fare revenues, federal and state grants, and significant financial support from its local partners to fund commuter rail operations.

SFRTA actively participated in and cooperated with the Commission's review, and the Commission relied heavily on documentation and clarifications provided by SFRTA management. SFRTA staff met with Commission staff at SFRTA headquarters to discuss performance reporting and challenges facing SFRTA in the course of their day-to-day operations. SFRTA staff provided a tour of SFRTA headquarters along with a train ride and station stop.

SFRTA met or exceeded 9 of the 11 applicable objectives established for performance measures. The two measures that require improvement include: operating revenue per operating expense and on-time performance.

SFRTA continues to provide more public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. SFRTA has continued to increase weekday ridership, expand revenue miles and hours, and enhance service frequency. In light of less than acceptable operating revenue per operating expense, the Commission encourages SFRTA to focus on containing operating costs. In addition, the Commission suggests that SFRTA continue its positive trend in improving on-time performance.

In the area of Governance, the FY 2008 independent audit reflected an unqualified opinion of SFRTA's financial statements and on compliance in internal control over financial reporting and internal control over major federal and state programs.

In the Independent Auditor's Management Letter, the auditors provided three recommendations that included documentation of the review and approval of journal entries, changes to the payroll approval process, and the absence of a dedicated information technology area. SFRTA acknowledged the recommendations and provided a plan to comply with each of the recommendations moving forward.

Based on the Commission's limited review of Governing Board Directors meeting minutes, SFRTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by SFRTA, no instances of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission were noted.

The Commission encourages SFRTA to develop and establish a course of action focused on improving performance to achieve objectives. In addition, the Commission acknowledges with appreciation the cooperation and assistance on the part of the SFRTA Board and staff in providing the resources necessary to complete this review.

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# "EMERGING" AUTHORITIES

## NORTHWEST FLORIDA TRANSPORTATION CORRIDOR AUTHORITY (NFTCA)

### Background

The Florida Legislature created the Northwest Florida Transportation Corridor Authority (NFTCA) in 2005 under Part IV, Section 343.80 Florida Statutes (Laws of Florida, Section 8, Chapter 2005-281). "The primary purpose of NFTCA is to improve mobility on the U.S. 98 corridor in Northwest Florida, to enhance traveler safety, identify and develop hurricane evacuation routes, promote economic development along the corridor, and implement transportation projects to alleviate current or anticipated traffic congestion."

The governing body of NFTCA consists of eight voting members: one each from Escambia, Santa Rosa, Walton, Okaloosa, Bay, Gulf, Franklin and Wakulla counties, appointed by the Governor to serve four-year terms. The District Secretary of the Florida Department of Transportation (Department) covering Northwest Florida (District Three) serves as an ex-officio, non-voting member. There have been no changes to the Board's composition since it was established. Current Board membership is presented in the following table.

**Table 41**
**Northwest Florida Transportation Corridor Authority**
**Current Board Members**

| *Name* | *Representing* | *Position* |
|---|---|---|
| Mr. Randall A. McElheney | Bay County | Chairman |
| Mr. Jay A. Odom | Okaloosa County | Vice Chairman |
| Mr. Robert B. Montgomery | Santa Rosa County | Secretary Treasurer |
| Mr. Eddie C. Dixon | Escambia County | Board Member |
| Mr. James F. Anders, II | Walton County | Board Member |
| Mr. Stephen K. Norris | Gulf County | Board Member |
| Honorable Cheryl K. Sanders | Franklin County | Board Member |
| Mr. T.W. Maurice Langston | Wakulla County | Board Member |
| Mr. Larry F. Kelley | District Three | Ex-Officio |

NFTCA is authorized to construct any feeder roads, reliever roads, connector roads, bypasses, or appurtenant facilities that are intended to improve mobility along the U.S. 98 corridor. The transportation improvement projects may also include all necessary approaches, roads, bridges, and avenues of access that are desirable and proper, with the concurrence, where applicable, of the Department when the project is to be part of the State Highway System (SHS), or the respective county or municipal governing boards. Any transportation facilities constructed by NFTCA may be tolled.

#### *Statutory Requirements*

Legislation requires NFTCA to conduct specific activities within prescribed deadlines. These requirements range from conducting public meetings to developing a Corridor Master Plan. The following table lists those requirements, as provided in Florida Statutes, and indicates whether those requirements have been met.

In addition to the above requirements, NFTCA may also enter into Public-Private Partnerships for the construction of transportation facilities, may sell bonds to finance the construction of transportation facilities, and may enter into lease-purchase agreements with the Department for the operation of the U.S. 98 Corridor System. Certain statutory

**Highlights**

- NFTCA has not adopted a formal budget.
- NFTCA does not have funds to conduct a required financial audit.
- NFTCA has not made required presentations on the updated Master Plan.
- NFTCA has participated in perceived lobbying activities.
- NFTCA needs to improve its public communications.

**Table 42**
**Northwest Florida Transportation Corridor Authority**
**Statutory Requirements**

| *Subject Area* | *Requirement* | *Status* |
|---|---|---|
| Public Meetings | Shall meet at least quarterly; should alternate locations (s. 343.81 (3)). | Board has met at least quarterly, and more frequently as needed, since September 2005 and has met at least once in each county represented. |
| Corridor Master Plan | Shall develop and adopt a Corridor Master Plan no later than July 1, 2007 and update annually before July 1 of each year (s. 343.82 (3)(a)). | Completed the Corridor Master Plan and adopted the plan in April 2007. First update was completed July 1, 2008. |
| Master Plan Presentations | Shall present the original master plan and updates to the governing bodies of the counties within the corridor and legislative delegation members within 90 days after adoption of master plan (s. 343.82 (3)(c)). | Master Plan was developed and presented as required. Updates to the plan were made but have not been presented as required by statute. |

requirements must be met if NFTCA were to perform the above activities. Currently, NFTCA has not entered into any such agreements or sold bonds to construct projects. NFTCA is currently in the Preliminary Design and Environmental (PD&E) phase of some of the projects in its master plan. The Florida Transportation Commission (Commission) will continue to monitor NFTCA's progress towards developing transportation facilities and will report on compliance with other related statutory provisions as they are met.

***Current Activities***

As mentioned previously, NFTCA adopted the Corridor Master Plan in April 2007. NFTCA has made many updates to the original Master Plan and formally adopted the revisions in July 2008. NFTCA has not conducted mandatory presentations to the governing bodies and legislative delegation members, as required by Section 343.82 (3), Florida Statutes.

The Master Plan is intended to guide the development of a multimodal, intrastate transportation system that will serve the mobility needs of people and freight across northwest coastal Florida, minimize travel time for emergency evacuations and foster economic growth and desired development in the region. The Master Plan identified 82 potential projects that would improve existing facilities or create new facilities.

Since adoption of the Master Plan, NFTCA has begun work on two of the projects identified. These are:

- A PD&E study for the Fort Walton Beach (FWB)/ Eglin Southern Beltway ("Eglin Bypass") from SR 87 to US 331 creating a new 4 lane limited access highway. This study (Department FM #418947-1-28-01) was funded utilizing the balance of $3 million in State (DI) funds allocated to NFTCA for the development of the Corridor Master Plan.

- A PD&E study (Department FM #422447-1-28-01) is underway on improvements to or alternatives to US 98 in Franklin County. This project is being funded by over $2.5 million of Transportation Regional Incentive Program (TRIP) funds.

NFTCA is coordinating efforts with the local District Three office headquartered in Chipley. There are numerous construction projects in the Department's five-year work program for the northwest Florida area that require close coordination in order to eliminate duplication, cost inefficiencies and conflicting priorities.

## Governance

In addition to establishing performance measures for transportation authorities, the Commission developed "governance" criteria for assessing each authority's adherence to statutes and policies and procedures. To that end, the Commission monitored compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

### *Ethics*

At its January 17, 2008 Board meeting, NFTCA formally adopted a resolution that all Board Members and employees are to follow Part III of Chapter 112, Florida Statutes, where applicable regarding ethical conduct. The Board has reported no ethics violations or investigations, and none are noted in minutes of meetings. The General Counsel for the Authority presented a *Sunshine, Public Records and Ethics Presentation* to the Board at its June, 2008 Board Meeting. The presentation was very detailed and thorough.

Although not necessarily an ethics violation, one incident did occur during 2008 that raises questions regarding the conduct of NFTCA. The U.S. Fish and Wildlife Service (USFWS) conducted a public hearing on the proposed designation of critical habitat for the Reticulated Flatwoods Salamander. The species was already listed as threatened under the Endangered Species Act and the agency was conducting a public hearing as part of the rule making process required by law. The USFWS has been a part of the Eglin Bypass working group which has been attempting to find a solution to the proposed Eglin Bypass alignment that avoids mission impacts that could adversely affect the existence of the salamander, while still meeting the transportation needs of the community. (The meeting by the USWFS was publicly noticed for the purpose of seeking public input on the proposed designation of critical habitat).

NFTCA chose, in response, to politicize this issue at the public meeting held by USFWS. A flyer, which carried the NFTCA logo, characterized the USFWS meeting as being a public meeting on the Bypass Road, citing that the proposed legislation by USFWS was an attempt to block construction of the road. The flyer also provided information as to how the public could contact their local and State congressional representatives. It was also noted that a staff member of the NFTCA's consulting firm, HDR, Inc., was at the USFWS meeting handing out these flyers.

A review of the loan agreements executed with the Department disclosed that "No funds received pursuant to the Agreement may be expended for lobbying the Legislature, the judicial branch or a state agency." NFTCA's conduct in this matter could be construed as "lobbying," and the use of Department funds to pay for such activities could be in violation of the Agreement.

NFTCA should conduct a thorough review of Florida Statutes, Sunshine Laws and Ethics Codes in light of these activities and refrain from either conducting or giving the appearance of conducting any political or lobbying activities.

### *Conflict of Interest*

At its January 17, 2008 Board meeting, NFTCA formally adopted a resolution that all Board members and employees are to follow Part III of Chapter 112, Florida Statutes, where applicable, regarding conflicts of interest. A review of minutes of meetings indicates that where a Board member has a conflict, it is noted in the public meeting, the Board member abstained from voting on that particular item and Form 8B (Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers) has been completed.

### *Audit*

The NFTCA Board has not commissioned an independent audit since it lacks funding to provide for such audit. According to both the Department and NFTCA, funding is only authorized to be spent on specific project related costs and, at this time, cannot be spent to engage a firm to audit its records. The

Florida Department of Transportation's Office of Inspector General completed an annual Accountant's Compilation for calendar years 2006 and 2007, which is limited in presentation but is in accordance with the requirements for "Statements for Accounting and Review Services" issued by the American Institute of Certified Public Accountants. However, this Accountant's Compilation does not include all of the disclosures required by Generally Accepted Accounting Principles (GAAP) and, therefore, does not meet the requirement established by the Commission. It is anticipated that the Office of Inspector General will conduct a similar Compilation for calendar year (CY) 2008. NFTCA has, by Resolution (07-05), established an Audit Committee.

NFTCA has not filed an Annual Financial Report with the Department of Financial Services (DFS) as required by Section 218.39, Florida Statutes. The Commission understands that operational funds have not been provided for such activities, however, a Board officer could be designated to file the required limited information through the on-line reporting mechanism provided by DFS.

***Public Records and Open Meetings***

NFTCA has not formally adopted a policy in regards to Public Records and Open Meetings. A search of the NFTCA website indicates that notices of meetings are posted in advance of the meeting and that the agendas and minutes of meetings are posted in a timely fashion. These efforts appear to comply with the provisions of Section 189.417, Florida Statutes. It is recommended that NFTCA adopt a formal policy that it will comply with the provisions of either Chapter 120 or 189 in regards to Open Meetings. Documentation was received indicating that public notice of meetings is advertised in newspapers of general circulation, as required by Florida Statute.

At the November 20, 2008 Board meeting, the Board attempted to pass a resolution allowing for the attendance at meetings, and subsequent voting on issues via teleconferencing, in order to achieve a quorum. NFTCA allowed a Board member to participate in the meeting via teleconference in order to vote on the proposed resolution. However, the meeting was never noticed as a teleconference nor was the proposed resolution made a part of the agenda for the meeting. A member of the public pointed out the Public Records laws relating to teleconferencing and, as a result, the Board tabled the resolution to a later meeting. NFTCA needs to review public notice requirements to assure that it is operating within Government in the Sunshine laws and guidelines.

There was one instance in which a noticed public meeting location was changed less than 48 hours prior to the meeting. The newly located meeting was subsequently cancelled, and NFTCA only posted the cancellation of the meeting on its website late in the day prior to the scheduled meeting. Commission staff received complaints from the public regarding the late notice of the change in location and the subsequent late notice of cancellation. NFTCA should refrain from last minute changes in venue except in cases of unusual circumstances and should develop a more effective means of notifying the public of changes in location or cancellation of meetings. NFTCA could improve its public outreach efforts by developing an e-mail distribution list from those in attendance at its public meetings.

A review of minutes of meetings and attendance at Board meetings by Commission staff has indicated that the public sometimes questions NFTCA's objectives. NFTCA could dispel much of this public skepticism by using technology to broadcast updated information, publish updated Master Plans on its website, and generally provide more information to the public at-large. NFTCA could also post public comments received as an appendix to its Master Plan rather than requiring the public to request copies of public comments. The posting of public comments would substantially improve communication between NFTCA and the public.

***Procurement***

At its January 17, 2008 Board meeting, NFTCA formally adopted a resolution that all procurements will be by majority vote of the Board and will comply with Florida Statutes, as applicable.

***Consultant Contract Reporting***

NFTCA has only procured services for a General Engineering Consultant and Legal Support. None of these have sub consultants that are required to be reported.

***Compliance with Bond Covenants***

There has been no issuance of bonds by NFTCA, therefore, this section is not applicable.

***Other***

Section 189.418, Florida Statutes, requires Special Districts, including NFTCA, to adopt annual budgets by resolution. The Board has yet to adopt a formal budget or to review the status of its budget on a periodic basis at regular Board meetings. NFTCA has been authorized to receive over $6.7 million for Preliminary Engineering Consultants and Legal representation. Of that amount, NFTCA has expended nearly $4.9 million. The adoption of a formal budget requires that the total amount includes any amounts carried over from prior fiscal years and not just reflect the expenditure of the current year's funding. It is recommended that NFTCA adopt a formal budget in accordance with Chapter 189, Florida Statutes, and in accordance with GAAP.

## Summary

Generally, NFTCA is conducting its business in accordance with requirements of public meetings, open records, and ethics. However, there are areas of concern. There needs to be a review of all pertinent governing statutes by NFTCA to insure that it is operating not only within the law but also within the spirit of the law. NFTCA must conduct its operations in a business-like manner in full compliance with all applicable statutes. Greater compliance with both the letter and spirit of the law and a more open public communication process can potentially diffuse some of the heated public discourse that has been occurring.

The Commission would like to acknowledge the assistance of NFTCA, HDR, Inc. and the Department's District Three in providing the information necessary for the completion of this report.

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# SOUTHWEST FLORIDA EXPRESSWAY AUTHORITY (SWFEA)

## Background

The Southwest Florida Expressway Authority (SWFEA) was created by the Florida Legislature in 2005 under Part X, Section 348.993 Florida Statutes (Laws of Florida, Section 2, Chapter 2005-154). SWFEA's purpose is to acquire, hold, construct, improve, maintain, operate, own, and lease in the capacity of lessor, the Southwest Florida Transportation System, including tolled lanes on Interstate Highway 75 (I-75) or non-tolled facilities. The express intention of SWFEA is to construct, operate, and maintain additional lanes on I-75 (tolled) within Lee and Collier counties.

### Highlights

- SWFEA has met all applicable governance requirements.
- All Board members have met financial disclosure filing requirements.
- SWFEA received an unqualified audit for the second consecutive year.
- The Board has instituted a temporary slowdown in activities due to the downturn in the economy.

SWFEA is also considered an "Independent Special District" as defined in Chapter 189, Florida Statutes. Compliance with governance of SWFEA is being assessed primarily in accordance with Chapters 348 and 189, Florida Statutes, but will include other applicable statutes as well.

The Board of Directors is made up of eight members (seven are voting members) that include one County Commissioner from Lee and Collier counties, one citizen appointee designated by the Lee and Collier County Commissions, and one Lee and Collier County citizen appointed by the Governor, and the Executive Director of the Southwest Florida Regional Planning Council. The Florida Department of Transportation (Department) District One Secretary serves as a non-voting member of the Board. Initial staff services for the Board were provided by the Lee and Collier County Departments of Transportation. Through funding, via loans, made by the Department and the respective counties, staff services for the Board are now independent.

Current Board membership is presented in the following table.

**Table 43**
**Southwest Florida Expressway Authority**
**Current Board Members**

| *Name* | *Representing* | *Position* |
|---|---|---|
| William M. Barton | Collier County | Chair |
| Robert M. Taylor | Lee County | Vice-Chair |
| Katherine C .Green | Lee County | Treasurer |
| Jim Colletta | Collier County | Secretary |
| Tammy Hall | Lee County | Board Member |
| R. Bruce Anderson | Collier County | Board Member |
| Ken Heatherington | Southwest Florida Regional Planning Council | Board Member |
| Stan Cann | District One Secretary | Non-Voting Member |

### *Statutory Requirements*

Legislation does not require SWFEA to conduct any specific activities with prescribed deadlines. Legislation does grant SWFEA the powers to acquire property, enter into lease purchase agreements, establish toll rates, borrow money and issue bonds, and enter into contracts for commodities and services to design, build, finance, operate, maintain and implement the Southwest Florida Transportation System. The legislation does, however, stipulate that the statutory establishment of SWFEA shall expire 12 years after being created, if SWFEA has no outstanding indebtedness, no studies underway, no design underway, no projects under construction and is not operating or maintaining any part of the system it was established to create.

***Current Activities***

SWFEA, during fiscal year (FY) 2008, continued to work to establish its initial project, project limits and to define time frames. SWFEA commissioned traffic and revenue studies by the Florida Turnpike Enterprise (Enterprise) and SWFEA's General Consultant, Wilbur Smith Associates (WSA) that initially concluded that ten lanes would be needed on I-75 to meet southwest Florida's growing traffic demands. During the course of this period, SWFEA looked at options related to tolling or not tolling lanes five and six of I-75, which are being added by the Department's District One under the "IROX" project. Studies concluded that lanes seven through ten would not be financially feasible without toll revenues generated from lanes five and six. Lee County supported tolling lanes five and six; however, Collier County was not in support of tolls on lanes five and six.

A study was conducted to determine if reversible toll lanes in the median of I-75 were an option, however, the directional split (majority of traffic heading in one direction morning or evening) was not apparent and would not support the reversible concept. SWFEA also looked at building only toll lanes seven through ten in Lee County; however, that concept did not prove feasible.

As SWFEA continued to conduct meetings, review traffic and revenue studies, and develop a viable project, the downturn in the economy negatively impacted SWFEA project timeframes for project development. Construction starts have fallen, population growth has slowed, and traffic projections have actually shown that toll lanes seven through ten may not be needed as early as anticipated. Given the current situation, SWFEA, at its November 12, 2008 Board Meeting, adopted Chairman Barton's recommendation that a temporary slowdown in activities be instituted until the economy rebounds and traffic begins growing again. SWFEA will continue to retain professional staff, albeit in a reduced capacity, so that when events warrant, SWFEA will be in a position to quickly resume normal business. Therefore, SWFEA will only meet to fulfill legislative requirements. Administrative and legal activities will continue so that SWFEA continues to conduct its business in the sunshine and meet accounting and reporting requirements. The Florida Transportation Commission (Commission) will continue to monitor SWFEA in accordance with its oversight responsibilities.

## Performance Measures and Operating Indicators

As an emerging transportation authority, SWFEA is not currently operating any facilities; therefore, performance data and measures are not currently applicable to SWFEA.

## Governance

In addition to establishing performance measures for transportation authorities, the Commission developed "governance" criteria for assessing SWFEA's adherence to statutes, policies and procedures. To that end, the Commission is monitoring compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

***Ethics***

SWFEA adopted an ethics policy on July 20, 2007 that requires Board members and employees to follow the ethics standards set forth in Part III of Chapter 112, Florida Statutes. A review of the minutes of the meetings did not disclose, and SWFEA has not documented any violations or reported investigations of ethics violations. The minutes of the May 18, 2008 meeting indicate that Board Members received "government in the sunshine" training and that it is Authority policy that any new citizen appointed to the Board will receive training. Since there has been no change in Board membership during FY 2008, no additional training was required.

SWFEA Board members are required to file "Financial Disclosure" (Forms 1 or 6) with the Florida Commission on Ethics. Commission staff conducted a review of the filings posted on the Commission on Ethics website and found that all Board members had fulfilled the filing requirement prior to July 1, 2008.

***Conflict of Interest***

The ethics policy adopted on July 20, 2007 also incorporates the conflict of interest provisions set forth in Part III of Chapter 112, Florida Statutes. A review of the minutes of meetings did not disclose and SWFEA has not documented any conflicts of interest while conducting board business during FY 2008.

***Audit***

SWFEA contracted for and the Board adopted the audited financial statements and Independent Auditor's Report for the fiscal year ended June 30, 2008 at its November 12, 2008 Board meeting. The results of the audit are in conformity with Generally Accepted Accounting Principles (GAAP) and SWFEA received an unqualified opinion from the auditors. The financial statement audit was performed in accordance with Section 218.39, Florida Statutes, and Section 10.50, Rules of the Auditor General. The Auditors also issued their report on Internal Control over Financial Reporting, which did not identify any deficiencies in internal controls that would be considered material weaknesses. Supplementary information includes a "non-GAAP" Budget Reconciliation to GAAP basis statement. The budget is the legally adopted and amended budget adopted by Board resolution. The audit also satisfies the requirements of the Florida Single Audit Act (Section 215.97, Florida Statutes). Again, the report indicates no material weaknesses or significant deficiencies. This is the second consecutive year that SWFEA received an unqualified opinion on its Financial Statements.

SWFEA is also required to file an Annual Financial Report (AFR) with the State Department of Financial Services (DFS). Commission staff conducted a review of the filings on the DFS website and confirmed that the financial report was prepared and submitted. The Management Letter, included as Additional Reports of the Independent Auditor, indicated that the AFR is in agreement with the annual financial audit. SWFEA is also in compliance with reporting requirements regarding Toll Facility Revolving Trust Fund Loans with the Department.

SWFEA's Audited Financial Statements indicate that the Authority currently has a deficit in unrestricted net assets of approximately $1.5 million. As a "Development Stage Enterprise," the Authority has no source of revenues at this time and has relied solely on loans from Lee and Collier counties and the Florida Department of Transportation. As a result, the Authority's only assets consist of cash and investments from those loans, but the Authority's liabilities exceed those assets by approximately $1.5 million. This situation triggers the reporting of a determination of financial emergency in accordance with Section 218.503, Florida Statutes. However, this condition was not a result of a deteriorating financial condition and is only a reflection of the nature of a system in the early stages of development. The Independent Auditors correctly identified and reported this situation as required by Florida Statute.

***Public Records and Open Meetings***

SWFEA is operating within guidelines established by Section 189.417, Florida Statutes, related to public meetings and required notices. A review of SWFEA's website (www.swfea.net) showed that the agendas and minutes of meetings are posted in compliance with statute. The minutes of the meetings are comprehensive and include documents that are discussed or presentations made before the Board.

***Procurement***

SWFEA adopted a Procurement Policy/Procedure on March 15, 2007, which documents procurement levels and quoting levels for the purchase of goods and services. The Board of Directors must approve all purchases of $25 thousand or more and solicited sealed bids are required for such purchases. For professional services and construction contracts, SWFEA will follow Florida Statutes or utilize current processes established by Lee or Collier County. SWFEA's General Consultant, WSA, was procured through a competitive negotiation process at the time SWFEA was staffed with Lee and Collier County assistance. The contract with WSA and contracts for legal and public relations assistance were procured using established Lee County procurement policies. Since that time, WSA has assumed staffing responsibilities for SWFEA and Lee and Collier counties are no longer providing staff support. Any further procurements will be accomplished utilizing the board established procurement policy. A review of the minutes of Board meetings indicates compliance with procurement policies.

***Consultant Contract Reporting***

SWFEA indicated that the General Consultant, WSA, does not, at this time, have any sub consultants that meet the $25 thousand threshold established for reporting.

***Compliance with Bond Covenants***

There has been no issuance of bonds by SWFEA; therefore, this section is not applicable.

***Other***

The Board adopted a number of policies and procedures in FY 2007 to help guide the business of SWFEA. The Commission did not perform any review of adherence to these policies and procedures, but acknowledges that SWFEA has gone beyond the governance requirements established by the Commission. These policies/procedures remained in effect in 2008 and SWFEA has made no changes to date:

- Investment Policy — complies with Section 218.415 (17), Florida Statutes which limits investment options where local governments choose to adopt a "no written" investment policy.
- Travel Expenses — the policy requires Board members and all employees to adhere to Section 112.061, Florida Statutes.
- Payment of Invoices, Check Signing and Segregation of Duties — requires two signatures on any checks for payment and requires Project Manager approval of invoices.
- Fixed Assets — establishes a capitalization policy, asset categories, useful lives of various asset classes, and compliance with all provisions of Chapter 274, Florida Statutes.
- Payroll/Leave Accruals/Benefits/Holidays — establishes the payroll period, leave hours accrued, approved holidays, and payroll processing procedure.

## Summary

The Commission's approach consisted of a review of Board meeting agendas and the timely posting of minutes of Board meetings, policies and procedures that have been adopted and the audited financial statements of SWFEA. The Commission performed limited tests of compliance with applicable statutes, and based on that review, has determined that SWFEA is meeting all statutory responsibilities and governance criteria established by the Commission.

The Commission acknowledges with appreciation the assistance of the SWFEA Board and staff in providing the resources necessary to conduct this review and complete this report.

# TAMPA BAY AREA REGIONAL TRANSPORTATION AUTHORITY (TBARTA)

## Background

The Tampa Bay Area Regional Transportation Authority (TBARTA) was created by the Florida Legislature in 2007 under Part V, Section 343.90, Florida Statutes (Laws of Florida, Section 2, Chapter 2007-254). TBARTA's purpose is to improve mobility and expand multimodal transportation options for passengers and freight throughout the seven-county Tampa Bay region. TBARTA has the right to plan, develop, finance, construct, own, purchase, operate, maintain, relocate, equip, repair, and manage public transportation projects, such as: express bus services; bus rapid transit services; light rail, commuter rail, heavy rail, or other transit services; ferry services; transit station; park-and-ride lots; transit-oriented development nodes; feeder roads, reliever roads, bypasses; or, appurtenant facilities that are intended to address critical transportation needs or concerns in the Tampa Bay region identified by TBARTA prior to July 1, 2009.

TBARTA is also considered an "Independent Special District" as defined in Chapter 189, Florida Statutes. Compliance with governance of TBARTA is being assessed primarily in accordance with Chapters 343 and 189 Florida Statutes, though it will include other applicable statutes.

**Highlights**

- TBARTA met all statutory requirements to date.
- TBARTA complied with all applicable Governance criteria.
- TBARTA hired a full-time Executive Director.
- Procurement of a contract for Audit Services was initiated.

The Board of Directors is comprised of 16 members (15 voting members and one non-voting member). The voting members consist of the following:

- One elected official appointed by the respective County Commissions from Citrus, Hernando, Hillsborough, Pasco, Pinellas, Manatee and Sarasota counties;
- One member is appointed by the West Central Florida Metropolitan Planning Organization Chairs Coordinating Committee (MPOCCC) who must be a chair of one of the six Metropolitan Planning Organization's in the region;
- Two members are the mayor or the mayor's designee of the largest municipality within the area served by the Pinellas Suncoast Transit Authority (PSTA) and the Hillsborough Area Regional Transit (HART) Area;
- One member is the Mayor, or designee, of the largest municipality within Manatee or Sarasota County providing that the membership rotate every two years;
- Also on the Board are four business representatives appointed by the Governor, each of whom must reside in one of the seven counties of TBARTA; and,
- The one non-voting member shall be the District Secretary of the Florida Department of Transportation (Department) within the seven-county area of TBARTA.

The members appointed by the respective Commissions, MPOCCC, or Mayors serve two-year terms and may serve no more than three consecutive terms. The Governor-appointed members serve three-year terms and may serve only two consecutive terms.

**Table 44**
**Tampa Bay Area Regional Transportation Authority**
**Current Board Members**

| *Name* | *Representing* | *Position* |
|---|---|---|
| Shelton Quarles | Governor Appointee | Chairperson |
| Commissioner Ronnie Duncan | Pinellas County | Vice-Chair |
| Commissioner Ann Hildebrand | Pasco County | Secretary-Treasurer |
| Commissioner John Thrumston | Citrus County | Board Member |
| Commissioner Dave Russell | Hernando County | Board Member |
| Commissioner Ken Hagan | Hillsborough County | Board Member |
| Commissioner Amy Stein | Manatee County | Board Member |
| Commissioner Nora Patterson | Sarasota County | Board Member |
| Mayor Pam Iorio (Tampa) | HART Service Area | Board Member |
| Mayor Wayne Poston (Bradenton) | Manatee/Sarasota County | Board Member |
| Mayor Rick Baker (St. Petersburg) | PSTA Service Area | Board Member |
| Mayor Frank Hibbard (Clearwater) | MPOCCC | Board Member |
| Shawn Harrison | Governor Appointee | Board Member |
| Michael J. Bullerdick | Governor Appointee | Board Member |
| Hugh McGuire | Governor Appointee | Board Member |
| Don Skelton | District Seven Secretary | Non-Voting Member |

Subsequent to June 30, 2008, Commissioner Ronnie Duncan, Pinellas County, was replaced by Commissioner Karen Seel, Pinellas County, on the TBARTA Board. Also, Commissioner Amy Stein, Manatee County, was replaced by Commissioner Donna Hayes, Manatee County, on the TBARTA Board. The Board also appointed Commissioner Ann Hildebrand as Secretary and appointed Mr. Hugh McGuire as Treasurer.

TBARTA appointed Bob Clifford as Executive Director on October 24, 2008. Mr. Clifford was formerly Director of Intermodal Systems for the Florida Department of Transportation and was principal project manager for the development of the TBARTA Regional Master Plan. As Executive Director, Mr. Clifford is responsible to the Board of Directors in carrying out its governance and fiduciary responsibilities, which include performance and management oversight of all administrative, financial, and planning duties. He will lead the executive team, direct the budget preparation process and be responsible for TBARTA's compliance with all state and federal laws, rules and regulations.

### *Statutory Requirements*

Legislation requires TBARTA to conduct specific activities with prescribed deadlines. These requirements include conducting an initial public meeting, developing a conflict resolution process, and developing a Regional Master Plan. The following table lists those statutory requirements and indicates whether those requirements have been met.

### *Current Activities*

TBARTA is tasked with developing a Regional Master Transportation Plan for the seven-county Tampa Bay Region. To that end, TBARTA has been conducting public meetings where presentations have been made regarding the transportation needs of the area and funding options available.

Section 343.922 (3) (b), Florida Statutes, states that TBARTA shall consult with the Department to further the goals and objectives of the Strategic Regional Transit Needs Assessment (SRTNA), which is to be completed by the Department. The Department's District Seven is providing technical support in the development of the Master Plan and has finalized a detailed assessment of regional transit opportunities as documented in the recently released SRTNA report. This project was considered the first phase of additional phased project developments to be embarked upon by Districts One and Seven to address the anticipated needs and expansion of transportation in the Tampa Bay area. As required by law, SRTNA continues to be the basis for the development and implementation of the Regional Transportation Plan by July 2009. In addition to regularly scheduled Board, Citizen Advisory Committee (CAC) and Transit Management Committee (TMC) meetings, the Board has been conducting workshops in each County of the TBARTA region and has also been holding Community Workshops in each of those counties. Board Members have also traveled to other cities (Denver, Dallas, and Charlotte) to gain first-hand knowledge concerning the opportunities for various transit systems and how they are developed, operated and financed.

TBARTA has received in excess of $100 thousand from a combination of Metropolitan Planning Organizations, Counties, Private Donations and the Tampa Bay Partnership. In addition, the Florida Legislature appropriated $2 million to TBARTA for FY

**Table 45**
**Tampa Bay Area Regional Transportation Authority**
**Statutory Requirements**

| *Subject Area* | *Requirement* | *Status* |
|---|---|---|
| Initial Public Meeting | First meeting shall be held no later than 60 days after the creation of TBARTA, Section 343.97 (7). | The Board's first meeting was held August 24, 2007. |
| Conflict Resolution Process | Adopt a mandatory conflict resolution process that addresses consistency conflicts between TBARTA's regional transportation master plan and local government comprehensive plans by July 1, 2008, Section 343.922 (3)(a). | Completed and adopted April 2008. |
| Transit Management Committee | Establish a Transit Management Committee (TMC) comprised of executives from each of the existing transit providers and Bay Area Commuter Services. | Completed. Appointments have been made and regular meetings have been held since January 2008. Polk County has expressed interest in joining TBARTA and attends the TMC meetings. |
| Citizens Advisory Committee | Establish a Citizens Advisory Committee comprised of citizen members from each county and transit provider in the region, not to exceed 16 members. | Completed. Appointments have been made and regular meetings have been held since February 2008. |
| Regional Transportation | Develop a Regional Transportation Master Plan by July 2009, Section 343.922 (3)(a). | Underway. Requirement includes holding public meetings in each of the seven counties prior to adoption of plan, updating plan every 2 years and presenting the plan to governing bodies within 90 days after adoption. |

2009. The use of these funds is subject to an agreement between the Department and TBARTA.

## Performance Measures and Operating Indicators

As a new and emerging transportation authority, TBARTA is not currently operating any facilities. Therefore, performance data and measures are not applicable at this stage.

## Governance

In addition to establishing performance measures for transportation authorities, the Florida Transportation Commission (Commission) developed "governance" criteria for assessing each authority's adherence to statutes, policies and procedures. To make that determination, the Commission is monitoring compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

### *Ethics*

TBARTA adopted a comprehensive set of Bylaws on November 30, 2007. Bylaws were also adopted for any Committees created by the Board. The Bylaws state that staff and agents of TBARTA shall comply with the applicable provisions of the Code of Ethics for Public Officers and Employees set forth in Chapter 112, Part III, Florida Statutes, including the applicable financial disclosure requirements found in Sections 112.3145, 112.3148 and 112.3149, Florida Statutes. TBARTA indicated that there have been no ethics violations reported or investigated. A review of the minutes of Board meetings did not indicate that any violations have occurred. Commission staff also reviewed the State Ethics Commission website and determined that all Board members had filed the proper financial disclosure documents.

***Conflict of Interest***

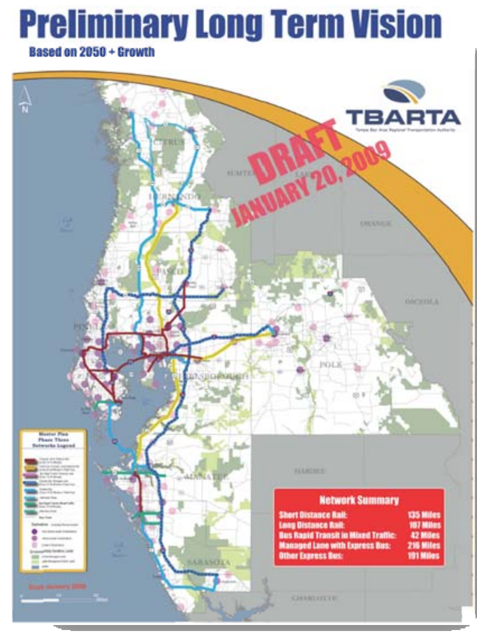
As stated above, TBARTA adopted the provisions of Chapter 112, Part III, Florida Statutes. The Board indicated that there have been no violations reported or investigated and that TBARTA will maintain records of abstentions or recusals. A review of minutes of Board meetings disclosed no voting conflicts.

***Audit***

TBARTA received $40 thousand in combined contributions from Metropolitan Planning Organizations (exclusively for legal services), $10 thousand in Private Contributions and $50 thousand was matched by the Tampa Bay Partnership (a non-profit organization promoting the Tampa Bay region). TBARTA has used these funds to pay the cost of travel and expenses related to conducting Board and Committee meetings. The accounting for these funds was provided by the Department's District Seven, until December 2008. TBARTA also received a $2 million appropriation from the 2008 legislature and the accounting for these funds is now being provided by the Tampa Bay Regional Planning Council. Currently, efforts are underway to obtain audit services to conduct a financial audit and complete financial statements for FY 2008. The Board has adopted an October 1 through September 30 fiscal year (FY) (Federal FY).

***Public Records and Open Meetings***

The adopted Bylaws require that the Board and Committees of TBARTA comply with the requirements of Chapters 286, 119 and 120, Florida Statutes. The Board reported that there have been no violations or allegations of non-compliance. Commission staff performed a review of the minutes of the meetings




and TBARTA's website (www.tbarta.com), which contained the detailed agendas and the Florida Administrative Weekly advertisements of meetings. Each monthly Board agenda package includes a list of upcoming Board, CAC, TMC and other TBARTA meetings. Through October 2008, TBARTA has held 202 public events that attracted 8,150 participants.

During December 2007, the Board members received "Government in the Sunshine Training," which fulfilled this requirement.

***Procurement***

The adopted Bylaws do provide for delegation of expenditure authority of up to $50 thousand to the Executive Director. Through FY 2008, no procurements occurred due to lack of administrative funding. However, TBARTA did receive a $2 million state appropriation for FY 2009, and an Executive Director has been hired and procurements will now begin to occur. The Florida Transportation Commission will monitor compliance with these policies and procedures for the 2009 reporting period.

***Consultant Contract Reporting***

As indicated above, TBARTA had no funding outside the contributions received and did not secure a general consultant. Those services have been provided by the Department's District Seven, making this section not applicable at this time.

***Compliance with Bond Covenants***

There has been no issuance of bonds by TBARTA, therefore, this section is not yet applicable.

***Other***

The Board has adopted a number of policies and procedures to help guide the business of TBARTA. Those provisions include roles and terms of officers, vacancy and voting, committee membership, staffing and budget adoption. The Commission will monitor compliance with these policies as they are fully implemented. The Board has also adopted Guiding Principles for the Board to follow in its deliberations.

**Guiding Principles**

- Seeks to develop an interconnected and balanced transportation system that, to the extent feasible, provides for long-term equity across the region.
- Seeks to create an implementable Master Plan that builds on the lessons of others and comprehensively and sustainably addresses the needs of the region.
- Seeks to develop equitable and sustainable funding options with public support that leverage multiple financing opportunities.
- Seeks to communicate with all local jurisdictions and the diverse public with honesty, integrity and realism to build a credible reputation in word and action.

## Summary

The Commission's approach consisted of a review of Board meeting agendas and the timely posting of minutes of Board meetings, and policies and procedures that have been adopted by TBARTA. Limited tests of compliance with applicable statutes were performed and, based on those findings, it was determined that TBARTA is meeting all of its statutory responsibilities and the governance criteria established by the Commission.

The Commission appreciates the assistance of the TBARTA Board and the staff of District Seven in providing the resources necessary to conduct this review and to complete this report.

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# SUMMARY OF FISCAL YEAR 2008 FINDINGS

## Miami-Dade Expressway Authority (MDX)

MDX met or exceeded 15 of the 17 performance measure objectives. The two performance measure objectives not met include Safety and Construction Contract Adjustments-Cost.

MDX reported a 41 percent increase in FY 2008 revenue resulting from the addition of two new tolling locations, one of which opened as an Open Road Tolling (ORT) Project. Toll operations costs increased $7.6 million due to costs associated with the first year of operation of the Traffic Management Center; first year costs for MDX contracted toll collection and maintenance personnel at the new toll plazas; and, increases in *SunPass* processing costs. Electronic Toll Collection (ETC) transactions represented 73 percent of total transactions in FY 2008, but exceeded 75 percent in September and October 2008.

In the area of Governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. The Auditor's Management Letter provided recommendations for improvements in the Information Technology area that are currently being implemented by MDX. For procurement, Commission staff noted that the Executive Director is authorized to approve a Supplemental Agreement for a single contract up to $2 million and extend contract time, with no limitations, without prior approval of a Standing Committee or the MDX Board. Monthly reporting to the Board is required. The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to MDX for the FY 2007 Comprehensive Annual Financial Report.

Based on the Commission's limited review of Board meeting minutes, MDX policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission.

The Commission recognizes the positive performance results and strong governance demonstrated by MDX and encourages MDX to continue to develop and pursue an action plan to reduce highway fatalities and to review established thresholds for contract amendment approval authority. The Commission acknowledges with appreciation the assistance of the MDX Board and staff in providing the resources necessary to conduct this review and to complete this report.

## Orlando-Orange County Expressway Authority (OOCEA)

OOCEA met or exceeded 14 of the 17 performance measure objectives. The three performance measure objectives not met include ETC Transactions, Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance, and Debt Service Coverage-Bonded Debt (Bond Covenant Compliance was met).

The 1.1 percent increase in FY 2008 revenue reported by OOCEA was modest in comparison to growth in prior years and most likely resulted from a combination of factors including a rising unemployment rate in Central Florida, decreases in enplanements at Orlando International Airport (OIA) and a general downturn in the economy. OOCEA reported a $14.2 million decrease in operating costs primarily due to the completion of two resurfacing projects. ETC transactions represented 69 percent of total transactions.

In the area of Governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. One recommendation provided in the Auditor's Management Letter will be implemented by OOCEA when plaza interface enhancements have been fully implemented. As detailed in last year's Florida Transportation Commission Monitoring and Oversight Report, the Orange County Comptroller's Office conducted an independent audit of the

Authority and issued a report in October 2007 that contained 81 recommendations. OOCEA has completed 64 of the recommendations, and 11 are partially completed or underway. Based on recommendations included in an OOCEA Internal Audit Report issued in November 2008, the Audit Committee authorized proceeding with a Board Governance Assessment that will review Board governance processes and make recommendations to improve accountability and transparency.

Based on the Commission's limited review of Board meeting minutes, OOCEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission.

The Commission recognizes OOCEA for its ongoing efforts to address the operational findings of the Orange County Comptroller's Audit of the Authority. The Commission encourages OOCEA to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission acknowledges with appreciation the assistance of the OOCEA Board and staff in providing the resources necessary to conduct this review and to complete this report.

## Santa Rosa Bay Bridge Authority (SRBBA)

SRBBA met or exceeded 6 of the 12 performance measure objectives applicable to the authority. The six performance measure objectives not met include ETC Transactions, Revenue Variance, Cost to Collect a Toll Transaction, Debt Service Coverage-Bonded/ Commercial Debt, Debt Service Coverage-Comprehensive Debt, and Debt Service Coverage-Compliance with Bond Covenants.

SRBBA is in technical default on its bonds, and revenue is projected to be insufficient to make future debt service payments despite programmed toll increases. Based on current revenue forecasts, continued draws on the debt service reserve fund are projected to deplete the fund in FY 2012.

The current economic slowdown, general decline in the housing market and rising fuel prices appear to be the primary factors that resulted in a decrease of 13.6 percent in transactions on the Garcon Point Bridge in FY 2008. Fewer transactions resulted in a 0.5 percent decline in revenue despite a toll rate increase implemented on July 1, 2007 (FY 2008) to help meet debt service requirements.

In the area of Governance, SRBBA has not had a required independent financial statement audit performed for several years and is not currently submitting quarterly financial statements to the Trustee. Due to a lack of funding for administrative expenses, SRBBA has no executive director, secretary, or any staff, and recent meetings of the SRBBA Board include only two meetings that were held in January of 2008 and January of 2009.

The Authority has not filed a required annual financial report or audit report with the Department of Financial Services (DFS) for FY 2007. The Authority did not enforce provisions of the Lease-Purchase Agreement relating to the Florida Department of Transportation's (Department) obligations in connection with the system; however, no instances of Department noncompliance were noted.

The Determination Resolution and Material Event Notice for July 2008, as required by SRBBA bond covenants, was not properly filed. The SRBBA Board did not review the July 2008 Traffic Consultant's recommendations for revisions to the toll schedule to enable the Authority to comply with Section 5.02(c) of the bond resolution.

Based on the Commission's limited review of Board meeting minutes, SRBBA policies and procedures, Florida Statutes, Accountant's Compilation Report, Bond Covenants and other documentation provided by the Authority and the Department, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission except for those noted above.

Because the SRBBA Board is not conducting regular meetings, Commission staff finds there is inadequate governance of the Authority. If a Lease-Purchase Agreement Amendment that would provide for SRBBA administrative funding by the Department is not approved, the Commission recommends that the Authority seek limited administrative assistance from Santa Rosa County to enable the Board to meet for concerns of vital interest.

The Commission will continue to monitor SRBBA and the operations of the Garcon Point Bridge and coordinate with the Department on any issues that arise. The Commission acknowledges with appreciation the assistance of the Department and SRBBA in providing information necessary for completion of this report.

Following the presentation of the Transportation Authority Monitoring and Oversight, FY 2008 Report to the Commission at the March 3, 2009 public workshop, the Department notified Commission staff that the Lease-Purchase Agreement Amendment that will provide Department funding for administration was approved. The report, as presented, was unanimously adopted by the Commission at the regular public meeting held later in the day with one modification noted. The Commission recognized the serious financial condition of SRBBA, where the Authority's bonds are in technical default and the debt service fund is projected to be depleted in FY 2012. The Commission tasked the Department to examine available options to address the financial condition of the Authority. The Department agreed to provide the Commission with a written report, within 30 days, that describes various alternatives and provides recommendations. The Commission will review the report and provide specific recommendations regarding SRBBA to the Governor and Legislature under separate cover.

## Tampa-Hillsborough County Expressway Authority (THEA)

THEA met or exceeded 7 of the 14 applicable performance measure objectives. The seven performance measure objectives not met include Roadway Maintenance Condition Rating, Bridge Condition Rating, ETC Transactions, Revenue Variance, Cost to Collect a Toll Transaction and Debt Service Coverage-Bonded and Comprehensive Debt (Bond Covenant Compliance was met). Several performance measure objectives in the areas of finance, operations and maintenance that were not met result from finance and business rules as defined in the existing Lease-Purchase Agreement and are not entirely under the Authority's control.

Although THEA's FY 2008 toll transactions decreased by 3 percent, revenues increased by 11 percent as a result of a full year of higher tolls resulting from the FY 2007 toll rate increase. ETC transactions represented 69 percent of total transactions. The pricing preferential for ETC customers and the recent opening of the Reversible Express Lanes project continue to positively impact growth in electronic tolling. Maintenance expenses increased as a direct result of the addition of the Reversible Express Lanes, which added 75 percent more lane-miles to the Selmon Expressway.

In the area of Governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. In October 2008, the Auditor General issued a follow-up audit report on THEA's progress in addressing the findings and recommendations in the December 2006 operational audit. The Auditor General determined that the Authority corrected 10 findings, partially corrected 2 findings, and failed to correct 1 finding, specifically, lobbying services. THEA's interim and current General Counsel issued opinions that cite statutory provisions authorizing THEA to outsource any service the Authority may perform on their own with government relations as one such service.

Based on the Commission's limited review of Board meeting minutes, THEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission, except for those instances noted above.

The Commission recognizes THEA's efforts in securing an Asset Maintenance Contractor to begin maintaining the system at a maintenance condition rating of 90, at a reduced cost. The Commission further commends THEA for pursuing a request for proposals for toll collection services to evaluate alternative options in order to reduce costs in that area as well. The Commission further recognizes THEA for its ongoing efforts to address the Auditor General's operational findings. The Commission encourages THEA to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission acknowledges with appreciation the assistance of the THEA Board and staff in providing the resources necessary to conduct this review and complete this report.

## Central Florida Regional Transportation Authority (LYNX)

LYNX met or exceeded 6 of the 12 performance measure objectives. The six performance measure objectives not met include Average Headway, Operating Expense per Revenue Mile, Operating Expense per Revenue Hour, Operating Expense per Passenger Trip, Operating Expense per Passenger Mile, and Revenue Miles versus Vehicle Miles.

LYNX continued to increase weekday ridership on expanded miles and during additional hours with a slightly smaller fleet. Operating expenses rose by 13.7 percent, but were somewhat offset by a 2.8 percent increase in operating revenue. The average fare grew by $0.06. LYNX logged more than a million more passenger trips than in FY 2007, and trips tended to be somewhat longer, which resulted in approximately 13 million additional passenger miles.

In the area of Governance, the FY 2007 independent financial statement audit reflected an unqualified opinion. The Federal Transit Administration's (FTA) July 2008 follow-up to a 2006 procurement review noted 16 deficiencies. Corrective actions included revisions of administrative rules subsequently approved by the Board of Directors. LYNX also implemented a self inspection program to be conducted on a quarterly basis to enhance compliance with FTA regulations. A Disadvantaged Business Enterprise (DBE) compliance review was initiated by FTA in May 2008 with a written report of findings issued in September 2008. LYNX provided a written response as required and is awaiting response.

Based on the Commission's limited review of Audit Committee and Board of Directors meeting minutes, LYNX policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, and other governance criteria established by the Commission.

The Commission recognizes the governance demonstrated by LYNX and encourages LYNX to develop and establish a course of action focused on improving performance to achieve objectives with focus on containing operating costs. The Commission acknowledges with appreciation the assistance of the LYNX Board and staff in providing the resources necessary to conduct this review and to complete this report.

## South Florida Regional Transportation Authority (SFRTA)

SFRTA met or exceeded 9 of the 11 applicable performance measure objectives. The two performance measure objectives not met include Operating Revenue per Operating Expense and On-time Performance.

SFRTA continued to provide more public transit service to the community it serves and did so with a great deal of consistency over a variety of operating parameters. SFRTA continued to increase weekday ridership on expanded revenue miles during the same span of revenue service with a slightly smaller fleet. Operating expenses rose by 16.6 percent, but were partially offset by a 23.5 percent increase in operating revenue. SFRTA increased passenger miles by more than 25 million miles. The average fare grew from $2.13 to $2.25, and the operating cost per passenger mile fell from $0.43 to $0.40.

In the area of Governance, the FY 2008 independent financial statement audit reflected an unqualified opinion. The Independent Auditor's Management Letter provided three recommendations that included documentation of the review and approval of journal entries, changes to the payroll approval process, and the absence of a dedicated information technology area. SFRTA acknowledged the recommendations and provided a plan to comply with each of the recommendations moving forward.

The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to SFRTA for the FY 2007 Comprehensive Annual Financial Report.

Based on the Commission's limited review of Board meeting minutes, SFRTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, and other governance criteria established by the Commission.

The Commission recognizes the positive performance and governance demonstrated by SFRTA and encourages SFRTA to focus on containing operating costs and continuing its positive trend in on-time performance. The Commission acknowledges with appreciation the cooperation and assistance of the SFRTA Board and staff in providing the resources necessary to complete this review.

## Northwest Florida Transportation Corridor Authority (NFTCA)

NFTCA is classified, for this report, as an "emerging authority" because it is not currently operating any facilities. NFTCA is currently in the project development phase and has completed both the initial Master Plan and the 2008 update. Therefore, there are no performance measures or indicators applicable at this time.

The NFTCA Board has received, as recommended by the Commission in 2007, *Government in the Sunshine* training. Commission review of the minutes of meetings and attendance at select meetings indicates that NFTCA is conducting its meetings in compliance with open meetings requirements. However, it was noted that the location of one meeting was changed with less than 48 hours notice and the meeting was subsequently cancelled with less than 24 hours notice.

It was also noted that the Board attempted to pass a resolution allowing for attendance at meetings, and subsequent voting on issues, through teleconferencing in order to achieve a quorum. Since the meeting was not noticed as a meeting by teleconference, the resolution was tabled for discussion at a subsequent meeting.

NFTCA conducted activities that could be construed as lobbying activities, which are prohibited by the funding agreements executed between NFTCA and the Florida Department of Transportation. Brochures containing the NFTCA logo, requesting participants to contact legislators, were handed out at a public hearing conducted by a Federal Agency on the proposed designation of critical habitat that may impact the development of one of NFTCA's projects.

NFTCA adopted an ethics policy that requires adherence to Part III of Chapter 112, Florida Statutes, relating to conflicts of interest. Where voting conflicts arise, the board member with the conflict publicly states the conflict and the proper forms noting the conflict are executed.

NFTCA has not had an audit performed due to lack of administrative funding. However, the Department's Inspector General has completed an Accountants Compilation. The compilation includes a balance sheet and revenue and expense statement, but does not satisfy the requirements for audited financial statements in compliance with Generally Accepted Accounting Principles (GAAP). The Annual Financial Report, required by Chapter 189, Florida Statutes, has not been completed and submitted to the Department of Financial Services. In addition, NFTCA did not adopt a formal budget as required.

Generally, NFTCA is conducting its business in accordance with requirements of public meetings, open records, and ethics. However, there are areas of concern. There needs to be a review of all pertinent governing statutes by NFTCA to ensure that they are operating not only within the letter law, but also within the spirit of the law. NFTCA must conduct their operations in a business-like manner in full compliance with all applicable statutes.

## Southwest Florida Expressway Authority (SWFEA)

SWFEA is classified, for this report, as an "emerging authority" because it is not currently operating any facilities; therefore, performance measure and indicator information are not applicable at this time. SWFEA's charge is to construct, operate, and maintain additional lanes on I-75 within Lee and Collier counties, which are tolled.

Due to the economic downturn, SWFEA adopted Chairman Barton's recommendation that a temporary slowdown in activities be instituted until the economy rebounds and traffic begins growing again. SWFEA will continue to retain professional staff, albeit in a reduced capacity, so that when events warrant, SWFEA will be in a position to quickly resume normal business. Therefore, SWFEA will only meet to fulfill legislative requirements. Administrative and legal activities will continue so that SWFEA continues to conduct its business in the sunshine and accounting and reporting requirements are met.

SWFEA adopted ethics, conflict of interest, open meeting and public records policies. The board has met all applicable governance criteria and all members have met financial disclosure filing requirements.

Audited financial statements, in compliance with GAAP, have been issued with no management findings. The Annual Financial Report required by Chapter 189, Florida Statutes, was also completed.

The Commission finds that SWFEA is meeting all established governance criteria and commends the board for their stewardship of the authority.

## Tampa Bay Area Regional Transportation Authority (TBARTA)

TBARTA is classified, for this report, as an "emerging authority" because it is not currently operating any facilities; therefore, performance measure and indicator information are not applicable at this time. TBARTA's purpose is to improve mobility and expand multimodal transportation options for passengers and freight throughout the seven-county Tampa Bay region.

TBARTA has completed, as required by statute, the development of a conflict resolution process and has established Transit Management and Citizens Advisory Committees. TBARTA is charged with developing and adopting a regional transportation plan by July, 2009. To that end, through October 2008, TBARTA has held more than 200 public events that have attracted over 8,000 participants.

TBARTA adopted ethics, conflict of interest, open meeting and public records policies as well as policies governing procurement, terms of officers, vacancy and voting, committee membership, staffing and budget adoption. The Board has met all applicable governance criteria, and all members have met financial disclosure filing requirements.

Procurement of audit services is underway. TBARTA received $40 thousand in combined contributions from Metropolitan Planning Organizations (exclusively for legal services), $10 thousand in private contributions, and $50 thousand was matched by the Tampa Bay Partnership (a non-profit organization promoting the Tampa Bay region). The accounting for these funds along with $2 million appropriated by the Florida Legislature for the 2009 fiscal year is now being provided by the Tampa Bay Regional Planning Council.

The Commission finds that TBARTA has met all of the established governance criteria and the board is operating within statutory and board established guidelines. The Commission commends the board for the manner in which the board is conducting its business in the "sunshine."

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# PLAN FOR FISCAL YEAR 2009

The Florida Transportation Commission (Commission) acted expeditiously to begin monitoring the transportation authorities as prescribed in House Bill (HB) 985 of the 2007 regular session of the Florida Legislature. Performance measures and management targets were established and governance areas for authority reporting were adopted. The Commission established a subcommittee to oversee the development of a monitoring process and production of the initial report. Since the Commission was mindful that the first year effort would represent the start of an on-going process that would evolve and improve over time, it was anticipated that the original 2007 measures that were calculated and published might require some adjustment.

Immediately following publication of the Fiscal Year (FY) 2007 year one report in March 2008, the Commission initiated activities required to begin preparations for the FY 2008 annual performance review. Through a series of workshops and teleconferences, the Commission, with the assistance of the authorities, formally adopted performance measures and operating indicators for FY 2008 that included previous measures and indicators in addition to measures that had been modified or were introduced as new measures and indicators. The Commission reaffirmed "governance" criteria that provide an assessment of each of the governing boards overall management of the respective authority. The established criteria allow the Commission to assess each authority's compliance with Florida "sunshine laws" related to ethical conduct, conflicts of interest, and public meetings; compliance with generally accepted accounting principles; and, adherence to applicable laws and bond covenants.

The Commission is committed to carrying out its designated responsibilities in a deliberative manner and encourages any input, feedback or suggestion to help improve the report and monitoring process.

The Commission's subcommittee to oversee the continuing effort of transportation authority monitoring is in place and plans to consider any enhancements or changes to performance measures, management objectives, operating indicators, governance areas, and reporting format during scheduled workshops and teleconferences. Activities for FY 2009 will mirror successful actions undertaken previously, and at the end of the state fiscal year, the Commission will contact each of the monitored authorities and request information on the status and state of its governance and management practices. This request will be in addition to the call for an update of the data used to examine performance and will provide prescribed dates for submission of information. It is understood that data will not be available immediately at the close of the fiscal year.

While annual reporting will remain the central focus of the Commission's monitoring effort, authorities are expected to alert the Commission in a timely fashion of any externally prompted audits or investigations that may arise. In addition, the Commission intends to conduct periodic reviews of the monitored authorities, if it believes that circumstances warrant further investigation.

The Commission intends to continue occasional monitoring of authority board or committee meetings during 2009 to gain first hand exposure to the workings and culture of the authorities, which has proven to be invaluable in the past.

The approach to governance monitoring and performance measurement has been developed and will continue to be improved in close collaboration and coordination with the affected authorities. The Commission's establishment of performance measures and targets, having authorities report on other indicators of operations and budget, and monitoring governance will fulfill the Commission's obligation, while not interfering with day-to-day management of the authorities.

The Commission will share its findings with the legislature during the 2009 session and monitor any legislative changes that may affect its oversight role. It is anticipated the Commission will convene its authority performance measures subcommittee shortly after the legislative adjournment to assess refinements to this process. During the summer and fall of 2009, authorities will again be asked for up-to-date information as fiscal years come to a close in order for the Commission to evaluate performance.

By the fall of 2009, an annual report will be well on its way toward production in order to provide a comprehensive status report to the legislature prior to the 2010 session.

# APPENDIX A — EXCERPT FROM HOUSE BILL 985

## 2007 FLORIDA LEGISLATURE

341.828, F.S.; correcting cross-references; amending s. 2, ch. 89-383, Laws of Florida; providing for certain alterations to and along Red Road in Miami-Dade County for transportation safety purposes; amending s. 479.01, F.S.; defining the term "wall mural"; creating s. 479.156, F.S.; providing for the regulation of wall murals by municipalities and counties; requiring that certain wall murals be located in areas zoned for industrial or commercial use; requiring that the local regulation of wall murals be consistent with specified criteria; requiring the Department of Transportation to approve a wall mural under certain conditions; amending s. 316.1951, F.S.; revising provisions relating to parking vehicles on public property for the purpose of displaying the vehicles for sale, hire, or rental; providing exceptions; prohibiting certain acts in the sale of motor vehicles; providing the Department of Management Services authority to issue bonds for the site development and construction of a First District Court of Appeals facility at a specified location; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraphs (b) and (c) of subsection (2) of section 20.23, Florida Statutes, are amended to read:

20.23 Department of Transportation.—There is created a Department of Transportation which shall be a decentralized agency.

(2)

(b) The commission shall have the primary functions to:

1. Recommend major transportation policies for the Governor's approval, and assure that approved policies and any revisions thereto are properly executed.

2. Periodically review the status of the state transportation system including highway, transit, rail, seaport, intermodal development, and aviation components of the system and recommend improvements therein to the Governor and the Legislature.

3. Perform an in-depth evaluation of the annual department budget request, the Florida Transportation Plan, and the tentative work program for compliance with all applicable laws and established departmental policies. Except as specifically provided in s. 339.135(4)(c)2., (d), and (f), the commission may not consider individual construction projects, but shall consider methods of accomplishing the goals of the department in the most effective, efficient, and businesslike manner.

4. Monitor the financial status of the department on a regular basis to assure that the department is managing revenue and bond proceeds responsibly and in accordance with law and established policy.

5. Monitor on at least a quarterly basis, the efficiency, productivity, and management of the department, using performance and production standards developed by the commission pursuant to s. 334.045.



CODING: Words stricken are deletions; words underlined are additions.

6. Perform an in-depth evaluation of the factors causing disruption of project schedules in the adopted work program and recommend to the Legislature and the Governor methods to eliminate or reduce the disruptive effects of these factors.

7. Recommend to the Governor and the Legislature improvements to the department's organization in order to streamline and optimize the efficiency of the department. In reviewing the department's organization, the commission shall determine if the current district organizational structure is responsive to Florida's changing economic and demographic development patterns. The initial report by the commission must be delivered to the Governor and Legislature by December 15, 2000, and each year thereafter, as appropriate. The commission may retain such experts as are reasonably necessary to effectuate this subparagraph, and the department shall pay the expenses of such experts.

8. Monitor the efficiency, productivity, and management of the authorities created under chapters 343 and 348, including any authority formed using the provisions of part I of chapter 348. The commission shall also conduct periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and generally accepted accounting principles.

(c) The commission or a member thereof may not enter into the day-to-day operation of the department or a monitored authority and is specifically prohibited from taking part in:

1. The awarding of contracts.

2. The selection of a consultant or contractor or the prequalification of any individual consultant or contractor. However, the commission may recommend to the secretary standards and policies governing the procedure for selection and prequalification of consultants and contractors.

3. The selection of a route for a specific project.

4. The specific location of a transportation facility.

5. The acquisition of rights-of-way.

6. The employment, promotion, demotion, suspension, transfer, or discharge of any department personnel.

7. The granting, denial, suspension, or revocation of any license or permit issued by the department.

Section 2. Subsection (14) of section 112.061, Florida Statutes, is amended to read:

112.061 Per diem and travel expenses of public officers, employees, and authorized persons.—

(14) APPLICABILITY TO COUNTIES, COUNTY OFFICERS, DISTRICT SCHOOL BOARDS, ~~AND~~ SPECIAL DISTRICTS, AND METROPOLITAN PLANNING ORGANIZATIONS.—



CODING: Words stricken are deletions; words underlined are additions.

(a) The following entities may establish rates that vary from the per diem rate provided in paragraph (6)(a), the subsistence rates provided in paragraph (6)(b), or the mileage rate provided in paragraph (7)(d) if those rates are not less than the statutorily established rates that are in effect for the 2005-2006 fiscal year:

1. The governing body of a county by the enactment of an ordinance or resolution;

2. A county constitutional officer, pursuant to s. 1(d), Art. VIII of the State Constitution, by the establishment of written policy;

3. The governing body of a district school board by the adoption of rules; ~~or~~

4. The governing body of a special district, as defined in s. 189.403(1), except those special districts that are subject to s. 166.021(10), by the enactment of a resolution; or

5. Any metropolitan planning organization created pursuant to s. 339.175 or any other separate legal or administrative entity created pursuant to s. 339.175 of which a metropolitan planning organization is a member, by the enactment of a resolution.

(b) Rates established pursuant to paragraph (a) must apply uniformly to all travel by the county, county constitutional officer and entity governed by that officer, district school board, ~~or~~ special district, or metropolitan planning organization.

(c) Except as otherwise provided in this subsection, counties, county constitutional officers and entities governed by those officers, district school boards, ~~and~~ special districts, and metropolitan planning organizations, other than those subject to s. 166.021(10), remain subject to the requirements of this section.

Section 3. Subsection (1) of section 120.52, Florida Statutes, is amended to read:

120.52 Definitions.—As used in this act:

(1) "Agency" means:

(a) The Governor in the exercise of all executive powers other than those derived from the constitution.

(b) Each:

1. State officer and state department, and each departmental unit described in s. 20.04.

2. Authority, including a regional water supply authority.

3. Board.



CODING: Words stricken are deletions; words underlined are additions.

# APPENDIX B — AUTHORITY DATA

## Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

**Toll Agency Name:** MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)
**Official Reporting Period:** July 1 through June 30

### Operations:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Growth in Value of Transportation Assets** | | $ 287,215,048 | $ 379,861,901 | $ 552,205,185 | $ 679,114,786 | $ 744,392,739 |
| Land Acquisition | | 31,280,915 | 56,996,386 | 101,349,843 | 121,501,562 | 241,303,659 |
| Infrastructure Assets | | 65,904,164 | 85,668,085 | 111,737,295 | 129,683,111 | 289,036,903 |
| Construction in Progress | | 190,029,969 | 237,197,430 | 339,118,047 | 427,930,113 | 214,052,177 |
| **Preservation of Transportation Assets** | | $ 4,742,804 | $ 5,046,607 | $ 5,621,381 | $ 11,204,080 | $ 3,904,474 |
| Renewal & Replacement of Infrastructure | | - | - | - | - | - |
| Routine Maintenance of Infrastructure | | 4,742,804 | 5,046,607 | 5,621,381 | 11,204,080 | 3,904,474 |
| SHS Maintenance Condition Rating | 90 | 89.0 | 89.0 | 88.2 | 90.7 | 90.1 |
| **Pavement Condition Rating** | | | | | | |
| SHS Lane Miles rated "excellent or good" | > 85% | 95.7% | 96.2% | 96.7% | 95.9% | 93.7% |
| **Bridge Condition Rating** | | | | | | |
| Bridge Structures rated "excellent or good" | > 95% | 96.5% | 96.5% | 96.5% | 97.5% | 98.4% |
| SHS Bridge Structures with posted weight restrictions | 0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Toll Collection Transactions** | | | | | | |
| Electronic Transactions | > 75% by 12/31/08 | 45.5% | 52.4% | 60.2% | 64.2% | 72.7% |
| Revenue from Electronic Transactions | | 40.2% | 43.3% | 53.1% | 57.7% | 62.8% |
| **Annual Revenue Growth** | | | | | | |
| Toll & Operating Revenue | | 11.7% | 19.0% | 31.8% | 6.9% | 40.7% |
| **Revenue Variance** | | | | | | |
| Actual Revenue with "recovery of fines" | | N/A | 97.7% | 99.0% | 98.4% | 99.2% |
| Actual Revenue without "recovery of fines" | < 4% (96%) | N/A | 95.8% | 96.8% | 96.4% | 96.1% |
| **Safety** | | | | | | |
| Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg. (.50) | 0.724 | 0.936 | 1.163 | 0.786 | N/A |
| **Customer Service** | | | | | | |
| Customers satisfied with level of service | > 90% | 92.0% | 95.7% | 95.6% | 95.8% | 95.4% |

### Operations & Budget:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Consultant Contracts** | | | | | | |
| Final Cost % increase above Original Award | < 5% | 23.0% | N/A | 0.0% | -2.3% | 2.2% |
| **Construction Contracts** | | | | | | |
| Completed within 20% above original contract time | ≥ 80% | 42.9% | 85.7% | 80.0% | 75.0% | 80.0% |
| Completed within 10% above original contract amount | ≥ 90% | 42.9% | 100.0% | 100.0% | 50.0% | 80.0% |
| **Cost to Collect a Toll Transaction** | | | | | | |
| Cost to Collect a Transaction (net of exclusions) | < $0.16 | $0.09 | $0.09 | $0.11 | $0.12 | $0.13 |
| **Operating Efficiency** | | | | | | |
| Toll Collection Expense as a % of Operating Expense | | 35.9% | 28.9% | 30.5% | 28.8% | 38.9% |
| Routine Maintenance Expense as a % of Operating Expense | | 21.7% | 18.5% | 16.6% | 25.9% | 7.6% |
| Administrative Expense as a % of Operating Expense | | 23.2% | 16.2% | 15.9% | 13.5% | 10.8% |
| Operating Expense as a % of Operating Revenue | | 44.1% | 46.3% | 43.7% | 52.1% | 44.2% |
| **Annual OM&A Forecast Variance** | | | | | | |
| Actual OM&A Expenses to Annual Budget | +/- 10% (90%) | 83.8% | 76.1% | 80.6% | 98.8% | 91.1% |
| **Rating Agency Performance** | | | | | | |
| Operations & Maintenance Expense as a % of Total Revenue | | 25.4% | 22.0% | 20.6% | 28.5% | 20.5% |

### Applicable Laws:

| | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Minority Participation** | | | | | | |
| M/WBE & SBE Utilization as a % of Total Expenditures | > 90%of agency target: | 8.4% | 24.7% | 21.5% | 24.0% | 19.9% |

## Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

**Toll Agency Name:** MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)

**Official Reporting Period:** July 1 through June 30

### Revenue Management & Bond Proceeds:

| | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Debit Service Coverage** | | | | | | |
| Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/CommDebt | > 1.5 | 2.00 | 1.74 | 1.91 | 1.82 | 1.64 |
| Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/AllDebt | > 1.2 | 2.00 | 1.74 | 1.91 | 1.82 | 1.36 |
| Authority Compliance with Bond Covenants for Debt Service Coverage | Yes | Yes | Yes | Yes | Yes | Yes |
| **Underlying Bond Ratings from Agencies** | | | | | | |
| S&P Bond Rating | | A | A | A | A | A |
| Moody's Bond Rating | | A3 | A3 | A3 | A3 | A3 |
| Fitch Bond Rating | | A- | A- | A- | A- | A- |

### Property Acquisition:

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| **Right-of-Way** | | | | | |
| Agency Appraisals | N/A | $ 7,946,324 | $ 2,492,500 | $ 5,095,300 | $ 1,420,000 |
| Initial Offers | N/A | $ 6,929,424 | $ 2,383,500 | $ 4,969,080 | $ 1,420,000 |
| Owners Appraisals | N/A | $ 3,722,520 | $ - | $ 3,790,000 | $ 2,959,288 |
| Final Settlements | N/A | $ 8,373,503 | $ 3,087,000 | $ 6,418,000 | $ 2,250,000 |

## Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

**Toll Agency Name:** ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY (OOCEA)
**Official Reporting Period:** July 1 through June 30

### Operations:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Growth in Value of Transportation Assets** | | $ 1,459,957,000 | $ 1,701,181,000 | $ 1,939,317,000 | $ 2,282,878,000 | $ 2,580,258,000 |
| Land Acquisition | | 358,560,000 | 365,025,000 | 416,438,000 | 423,270,000 | 434,210,000 |
| Infrastructure Assets | | 918,254,000 | 945,967,000 | 1,122,691,000 | 1,196,661,000 | 1,445,300,000 |
| Construction in Progress | | 183,143,000 | 390,189,000 | 400,188,000 | 662,947,000 | 700,748,000 |
| **Preservation of Transportation Assets** | | $ 12,104,000 | $ 20,588,000 | $ 24,431,000 | $ 37,216,000 | $ 25,000,000 |
| Renewal & Replacement of Infrastructure | | 2,461,000 | 10,515,000 | 13,407,000 | 24,734,000 | 10,532,000 |
| Routine Maintenance of Infrastructure | | 9,643,000 | 10,073,000 | 11,024,000 | 12,482,000 | 14,468,000 |
| SHS Maintenance Condition Rating | 90 | 92.0 | 93.0 | 90.0 | 89.0 | 92.0 |
| **Pavement Condition Rating** | | | | | | |
| SHS Lane Miles rated "excellent or good" | > 85% | 100.0% | 100.0% | 78.8% | 84.9% | 98.4% |
| **Bridge Condition Rating** | | | | | | |
| Bridge Structures rated "excellent or good" | > 95% | 100.0% | 100.0% | 100.0% | 100.0% | 99.2% |
| SHS Bridge Structures with posted weight restrictions | 0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Toll Collection Transactions** | | | | | | |
| Electronic Transactions | > 75% by 12/31/08 | 55.1% | 58.0% | 61.7% | 65.9% | 68.6% |
| Revenue from Electronic Transactions | | 53.0% | 56.2% | 59.9% | 64.2% | 67.0% |
| **Annual Revenue Growth** | | | | | | |
| Toll & Operating Revenue | | 9.8% | 5.3% | 8.9% | 5.5% | 1.1% |
| **Revenue Variance** | | | | | | |
| Actual Revenue with "recovery of fines" | | 98.3% | 97.9% | 97.6% | 97.6% | 97.5% |
| Actual Revenue without "recovery of fines" | < 4% (96%) | 98.2% | 97.7% | 97.3% | 97.2% | 97.3% |
| **Safety** | | | | | | |
| Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg. (.50) | 0.473 | 0.593 | 0.643 | 0.223 | N/A |
| **Customer Service** | | | | | | |
| Customers satisfied with level of service | > 90% | N/A | N/A | 98.8% | N/A | 91.0% |

### Operations & Budget:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Consultant Contracts** | | | | | | |
| Final Cost % increase above Original Award | < 5% | N/A | 25.5% | 24.7% | 25.2% | -2.5% |
| **Construction Contracts** | | | | | | |
| Completed within 20% above original contract time | ≥ 80% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Completed within 10% above original contract amount | ≥ 90% | 62.5% | 80.0% | 90.0% | 100.0% | 100.0% |
| **Cost to Collect a Toll Transaction** | | | | | | |
| Cost to Collect a Transaction (net of exclusions) | < $0.16 | $0.12 | $0.11 | $0.11 | $0.11 | $0.11 |
| **Operating Efficiency** | | | | | | |
| Toll Collection Expense as a % of Operating Expense | | 52.7% | 43.7% | 43.6% | 36.8% | 40.6% |
| Routine Maintenance Expense as a % of Operating Expense | | 16.6% | 14.6% | 14.4% | 13.6% | 16.5% |
| Administrative Expense as a % of Operating Expense | | 10.1% | 8.8% | 9.3% | 6.4% | 6.4% |
| Operating Expense as a % of Operating Revenue | | 34.1% | 38.4% | 39.3% | 44.7% | 42.2% |
| **Annual OM&A Forecast Variance** | | | | | | |
| Actual OM&A Expenses to Annual Budget | +/- 10% (90%) | 99.2% | 86.2% | 89.2% | 83.1% | 89.7% |
| **Rating Agency Performance** | | | | | | |
| Operations & Maintenance Expense as a % of Total Revenue | | 23.7% | 22.4% | 22.8% | 22.5% | 24.1% |

### Applicable Laws:

| | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Minority Participation** | | | | | | |
| M/WBE & SBE Utilization as a % of Total Expenditures | > 90% of agency target: | 17.1% | 14.1% | 7.3% | 18.7% | 21.9% |

## Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

**Toll Agency Name:** ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY (OOCEA)
**Official Reporting Period:** July 1 through June 30

### Revenue Management & Bond Proceeds:

| | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Debit Service Coverage** | | | | | | |
| Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/CommDebt | > 1.5 | 1.56 | 1.50 | 1.52 | 1.59 | 1.30 |
| Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/AllDebt | > 1.2 | 1.56 | 1.50 | 1.52 | 1.57 | 1.28 |
| Authority Compliance with Bond Covenants for Debt Service Coverage | Yes | Yes | Yes | Yes | Yes | Yes |
| **Underlying Bond Ratings from Agencies** | | | | | | |
| S&P Bond Rating | | A | A | A | A | A |
| Moody's Bond Rating | | A2 | A1 | A1 | A1 | A1 |
| Fitch Bond Rating | | A | A | A | A | A |

### Property Acquisition:

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| **Right-of-Way** | | | | | |
| Agency Appraisals | $ - | $ 25,761,675 | $ 32,240,654 | $ 38,379,665 | $ 22,096,248 |
| Initial Offers | $ - | $ - | $ - | $ 14,423,493 | $ 22,096,248 |
| Owners Appraisals | $ - | $ - | $ - | $ 18,176,809 | $ - |
| Final Settlements | $ - | $ 26,920,824 | $ 33,681,121 | $ 45,707,728 | $ 30,577,263 |

## Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

**Toll Agency Name:** SANTA ROSA BAY BRIDGE AUTHORITY (SRBBA)

**Official Reporting Period:** July 1 through June 30

### Operations:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Growth in Value of Transportation Assets[1]** | | $ 107,979,385 | $ 107,910,407 | $ 107,841,427 | $ 107,772,448 | $ - |
| Land Acquisition[1] | | - | - | - | - | - |
| Infrastructure Assets[1] | | 107,979,385 | 107,910,407 | 107,841,427 | 107,772,448 | - |
| Construction in Progress[1] | | - | - | - | - | - |
| **Preservation of Transportation Assets** | | $ 14,423 | $ 99,322 | $ 89,734 | $ 118,224 | $ 123,611 |
| Renewal & Replacement of Infrastructure | | - | - | - | - | - |
| Routine Maintenance of Infrastructure | | 14,423 | 99,322 | 89,734 | 118,224 | 123,611 |
| SHS Maintenance Condition Rating | 90 | N/A | N/A | N/A | N/A | N/A |
| **Pavement Condition Rating** | | | | | | |
| SHS Lane Miles rated "excellent or good" | > 85% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| **Bridge Condition Rating** | | | | | | |
| Bridge Structures rated "excellent or good" | > 95% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| SHS Bridge Structures with posted weight restrictions | 0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Toll Collection Transactions** | | | | | | |
| Electronic Transactions | > 75% by 12/31/08 | 25.9% | 26.7% | 30.1% | 32.4% | 35.4% |
| Revenue from Electronic Transactions | | 22.6% | 24.1% | 27.6% | 29.2% | 32.2% |
| **Annual Revenue Growth** | | | | | | |
| Toll & Operating Revenue | | 15.1% | 28.3% | 8.6% | -4.1% | -0.5% |
| **Revenue Variance** | | | | | | |
| Actual Revenue with "recovery of fines" | | 98.6% | 95.4% | 95.7% | 96.9% | 95.9% |
| Actual Revenue without "recovery of fines" | < 4% (96%) | 98.6% | 95.4% | 95.7% | 96.9% | 95.9% |
| **Safety** | | | | | | |
| Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg. (.50) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Customer Service** | | | | | | |
| Customers satisfied with level of service | > 90% | 92.0% | 95.7% | 95.6% | 95.8% | 95.4% |

### Operations & Budget:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Consultant Contracts** | | | | | | |
| Final Cost % increase above Original Award | < 5% | N/A | N/A | N/A | N/A | N/A |
| **Construction Contracts** | | | | | | |
| Completed within 20% above original contract time | ≥ 80% | N/A | N/A | N/A | N/A | N/A |
| Completed within 10% above original contract amount | ≥ 90% | N/A | N/A | N/A | N/A | N/A |
| **Cost to Collect a Toll Transaction** | | | | | | |
| Cost to Collect a Transaction (net of exclusions) | < $0.16 | $0.71 | $0.56 | $0.49 | $0.61 | $0.71 |
| **Operating Efficiency** | | | | | | |
| Toll Collection Expense as a % of Operating Expense | | 31.2% | 89.4% | 88.4% | 86.2% | 80.6% |
| Routine Maintenance Expense as a % of Operating Expense | | 0.4% | 9.0% | 9.2% | 10.0% | 9.5% |
| Administrative Expense as a % of Operating Expense | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Operating Expense as a % of Operating Revenue | | 112.2% | 23.9% | 19.6% | 24.7% | 27.3% |
| **Annual OM&A Forecast Variance** | | | | | | |
| Actual OM&A Expenses to Annual Budget | +/- 10% (90%) | 120.8% | 109.0% | 88.2% | 106.3% | 96.7% |
| **Rating Agency Performance** | | | | | | |
| Operations & Maintenance Expense as a % of Total Revenue | | 35.4% | 23.5% | 19.1% | 23.8% | 24.6% |

### Applicable Laws:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Minority Participation** | | | | | | |
| M/WBE & SBE Utilization as a % of Total Expenditures | > 90% of agency target: | N/A | N/A | N/A | N/A | N/A |

## Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

**Toll Agency Name:** SANTA ROSA BAY BRIDGE AUTHORITY (SRBBA)

**Official Reporting Period:** July 1 through June 30

### Revenue Management & Bond Proceeds:

| | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Debit Service Coverage** | | | | | | |
| Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/CommDebt | > 1.5 | 0.49 | 0.72 | 0.78 | 0.68 | 0.59 |
| Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/AllDebt | > 1.2 | 0.49 | 0.72 | 0.78 | 0.68 | 0.59 |
| Authority Compliance with Bond Covenants for Debt Service Coverage | Yes | No | No | No | No | No |
| **Underlying Bond Ratings from Agencies** | | | | | | |
| S&P Bond Rating | | B- | B- | B- | B- | B- |
| Moody's Bond Rating | | B1 | B1 | B1 | B1 | B2 |
| Fitch Bond Rating | | BB- | BB- | BB- | BB- | BB- |

### Property Acquisition:

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| **Right-of-Way** | | | | | |
| Agency Appraisals | $ - | $ - | $ - | $ - | $ - |
| Initial Offers | $ - | $ - | $ - | $ - | $ - |
| Owners Appraisals | $ - | $ - | $ - | $ - | $ - |
| Final Settlements | $ - | $ - | $ - | $ - | $ - |

[1]Land Acquisition, Infrastructure Assets, and Construction in Progress amounts based on the Authority's Federal FY (October 1 through September 30). All other data based on the State FY (July 1 through June 30).

## Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

**Toll Agency Name:** TAMPA-HILLSBOROUGH EXPRESSWAY AUTHORITY (THEA)
**Official Reporting Period:** July 1 through June 30

### Operations:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Growth in Value of Transportation Assets** | | $ 432,507,561 | $ 557,662,917 | $ 665,128,334 | $ 670,744,462 | $ 674,797,333 |
| Land Acquisition | | 90,276,506 | 90,828,320 | 91,036,618 | 91,037,064 | 91,037,064 |
| Infrastructure Assets | | 133,275,611 | 137,596,721 | 137,388,423 | 571,918,661 | 576,018,569 |
| Construction in Progress | | 208,955,444 | 329,237,876 | 436,703,293 | 7,788,737 | 7,741,700 |
| **Preservation of Transportation Assets** | | $ 736,327 | $ 1,370,388 | $ 1,534,702 | $ 2,346,663 | $ 3,530,188 |
| Renewal & Replacement of Infrastructure | | - | 12,280 | 185,719 | 261,733 | - |
| Routine Maintenance of Infrastructure | | 736,327 | 1,358,108 | 1,348,983 | 2,084,930 | 3,530,188 |
| SHS Maintenance Condition Rating | 90 | 94.0 | 95.0 | 89.0 | 86.0 | 87.7 |
| **Pavement Condition Rating** | | | | | | |
| SHS Lane Miles rated "excellent or good" | > 85% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| **Bridge Condition Rating** | | | | | | |
| Bridge Structures rated "excellent or good" | > 95% | 83.0% | 85.9% | 86.2% | 86.2% | 86.2% |
| SHS Bridge Structures with posted weight | 0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Toll Collection Transactions** | | | | | | |
| Electronic Transactions | > 75% by 12/31/08 | 38.7% | 52.0% | 57.4% | 64.0% | 68.8% |
| Revenue from Electronic Transactions | | 54.6% | 49.7% | 55.5% | 64.7% | 70.1% |
| **Annual Revenue Growth** | | | | | | |
| Toll & Operating Revenue | | 2.9% | 7.7% | 5.5% | 27.2% | 11.1% |
| **Revenue Variance** | | | | | | |
| Actual Revenue with "recovery of fines" | | 97.6% | 97.9% | 95.8% | 96.0% | 95.6% |
| Actual Revenue without "recovery of fines" | < 4% (96%) | 97.5% | 97.5% | 95.6% | 95.9% | 95.2% |
| **Safety** | | | | | | |
| Fatalities per 100 million vehicle miles traveled | > 10% below 5 yr. avg. (.50) | 1.127 | 0.000 | 0.514 | 0.000 | N/A |
| **Customer Service** | | | | | | |
| Customers satisfied with level of service | > 90% | 92.0% | 95.7% | 95.6% | 95.8% | 95.4% |

### Operations & Budget:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Consultant Contracts** | | | | | | |
| Final Cost % increase above Original Award | < 5% | 15.4% | 17.9% | 19.9% | 8.4% | N/A |
| **Construction Contracts** | | | | | | |
| Completed within 20% above original contract | ≥ 80% | 25.0% | 50.0% | 0.0% | N/A | N/A |
| Completed within 10% above original contract | ≥ 90% | 50.0% | 50.0% | 50.0% | N/A | N/A |
| **Cost to Collect a Toll Transaction** | | | | | | |
| Cost to Collect a Transaction (net of exclusions) | < $0.16 | $0.20 | $0.15 | $0.16 | $0.19 | $0.20 |
| **Operating Efficiency** | | | | | | |
| Toll Collection Expense as a % of Operating | | 70.2% | 56.5% | 56.8% | 46.2% | 38.2% |
| Routine Maintenance Expense as a % of | | 7.1% | 14.5% | 14.2% | 15.1% | 20.6% |
| Administrative Expense as a % of Operating | | 12.1% | 16.6% | 13.0% | 14.1% | 16.0% |
| Operating Expense as a % of Operating | | 39.9% | 33.7% | 32.4% | 37.0% | 41.3% |
| **Annual OM&A Forecast Variance** | | | | | | |
| Actual OM&A Expenses to Annual Budget | +/- 10% (90%) | 124.0% | 107.4% | 90.1% | 97.7% | 92.5% |
| **Rating Agency Performance** | | | | | | |
| Operations & Maintenance Expense as a % of | | 30.9% | 23.9% | 23.0% | 22.7% | 24.3% |

### Applicable Laws:

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Minority Participation** | | | | | | |
| M/WBE & SBE Utilization as a % of Total Expenditures | > 90% of agency target: | 6.1% | 8.0% | 5.5% | 4.7% | 13.9% |

## Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

**Toll Agency Name:** TAMPA-HILLSBOROUGH EXPRESSWAY AUTHORITY (THEA)
**Official Reporting Period:** July 1 through June 30

### Revenue Management & Bond Proceeds:

| | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| **Debit Service Coverage** | | | | | | |
| Bonded/Commercial Debt ((Rev-Interest)- | > 1.5 | 1.02 | 1.54 | 1.30 | 1.16 | 1.28 |
| Comprehensive Debt ((Rev-Interest)- | > 1.2 | 0.97 | 1.31 | 1.24 | 1.15 | 1.13 |
| Authority Compliance with Bond Covenants for | Yes | Yes | Yes | Yes | Yes | Yes |
| **Underlying Bond Ratings from Agencies** | | | | | | |
| S&P Bond Rating | | A- | A- | A- | A- | A- |
| Moody's Bond Rating | | A3 | A3 | A3 | A3 | A3 |
| Fitch Bond Rating | | A- | A- | A- | A- | A- |

### Property Acquisition:

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| **Right-of-Way** | | | | | |
| Agency Appraisals | $ 260,000 | $ - | $ - | $ - | $ - |
| Initial Offers | $ 560,000 | $ - | $ - | $ - | $ - |
| Owners Appraisals | $ 893,000 | $ - | $ - | $ - | $ - |
| Final Settlements | $ 559,930 | $ - | $ - | $ - | $ - |

## Five Year Trend for Transit Authority Performance Measures
### and Reportable Indicators

**Transit Agency Name:** CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX)
**Official Reporting Period:** October 1 through September 30

| Performance Measures | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| ***Average Headway (minutes)*** | | | | | | |
| Average headway of all routes | <60 Minutes | 60 | 60 | 60 | 60 | 60 |
| ***Operating Expense Per Revenue Mile*** | | | | | | |
| Operating expense divided by revenue miles | <$5.30 | $ 4.81 | $ 5.11 | $ 5.22 | $ 5.45 | $ 5.82 |
| ***Operating Expense Per Revenue Hour*** | | | | | | |
| Operating expense divided by revenue hours | <$75 | $67.49 | $72.06 | $73.52 | $76.52 | $80.81 |
| ***Operating Revenue Per Operating Expense*** | | | | | | |
| Revenue generated through operation of the transit agency divided by operating expense | >30% | 25.8% | 27.4% | 32.0% | 52.3% | 47.3% |
| ***Operating Expense Per Passenger Trip*** | | | | | | |
| Operating expenses divided by annual ridership | <$3 | $ 2.76 | $ 2.84 | $ 2.88 | $ 3.03 | $ 3.30 |
| ***Operating Expense Per Passenger Mile*** | | | | | | |
| Operating expenses divided by passenger miles | <$0.47 | $ 0.48 | $ 0.46 | $ 0.47 | $ 0.53 | $ 0.55 |
| ***Revenue Miles Between Safety Incidents*** | | | | | | |
| Revenue miles divided by safety incidents | >5-year average 99,702 | 84,459 | 93,694 | 95,058 | 129,103 | 118,001 |
| ***Revenue Miles Between Failures*** | | | | | | |
| Revenue miles divided by revenue vehicle system failures. A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system | >10,500 | 12,144 | 10,500 | 10,306 | 8,041 | 11,396 |
| ***Revenue Miles versus Vehicle Miles*** | | | | | | |
| Revenue miles divided by vehicle miles | >.90 | 0.92 | 0.92 | 0.92 | 0.91 | 0.90 |
| ***Customer Service*** | | | | | | |
| Average time from complaint to response | 14 days | n/a | n/a | n/a | 14 | 7 |
| Customer complaints divided by boardings | <1 per 5,000 boardings | 0.8 | 1.0 | 0.9 | 0.7 | 0.6 |
| ***On-time Performance*** | | | | | | |
| % trips end to end on time < 5 minutes late | >80% | n/a | n/a | n/a | 83% | 85% |

| Reportable Indicators | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| ***Operating Expense Per Capita (Potential Customer)*** | | | | | | |
| Annual operating budget divided by the service area population | | $ 40.69 | $ 44.51 | $ 46.20 | $ 49.89 | $ 56.71 |
| ***Farebox Recovery Ratio*** | | | | | | |
| Passenger fares divided by operating expenses | | 22.6% | 24.0% | 25.4% | 24.9% | 24.9% |
| ***Service Area Population*** | | | | | | |
| Approximation of overall market size | | 1,536,900 | 1,536,900 | 1,536,900 | 1,536,900 | 1,536,900 |
| ***Service Area Population Density*** | | | | | | |
| Persons per square mile based on the service area population and size | | 605.6 | 605.6 | 605.6 | 605.6 | 605.6 |
| ***Operating Expense*** | | | | | | |
| Spending on operations, including administration, maintenance, and operation of service vehicles | | $ 62,540,258 | $ 68,402,819 | $ 71,006,590 | $ 76,671,049 | $ 87,150,449 |
| ***Operating Revenue*** | | | | | | |
| Revenue generated through the operation of the transit agency | | $ 16,117,486 | $ 18,759,732 | $ 22,716,943 | $ 40,130,058 | $ 41,247,382 |
| ***Total Annual Revenue Miles*** | | | | | | |
| Vehicle miles operated in active service (available to pick up revenue passengers) | | 13,006,713 | 13,398,280 | 13,593,266 | 14,072,186 | 14,986,072 |
| ***Total Annual Revenue Hours*** | | | | | | |
| Vehicle hours operated in active service | | 926,687 | 949,292 | 965,844 | 1,001,947 | 1,078,484 |
| ***Total Revenue Vehicles*** | | | | | | |
| Vehicles available to meet annual maximum service requirements | | 230 | 237 | 249 | 285 | 288 |
| ***Peak Vehicles*** | | | | | | |
| Vehicles operated to meet annual maximum (peak) service requirements | | 195 | 197 | 199 | 240 | 238 |

## Five Year Trend for Transit Authority Performance Measures
### and Reportable Indicators

**Transit Agency Name:** **CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX)**

**Official Reporting Period:** October 1 through September 30

**Reportable Indicators**

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| ***Ratio of Revenue Vehicles to Peak Vehicles (spare ratio)*** | | | | | |
| Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service | 15.2% | 16.9% | 20.1% | 15.8% | 17.4% |
| ***Annual Passenger Trips*** | | | | | |
| Passenger boardings on transit vehicles | 22,667,846 | 24,059,369 | 24,624,906 | 25,322,312 | 26,427,067 |
| ***Average Trip Length*** | | | | | |
| Average length of passenger trip, generally derived through sampling | 5.8 | 6.2 | 6.1 | 5.8 | 6.0 |
| ***Annual Passenger Miles*** | | | | | |
| Passenger trips multiplied by average trip length | 131,473,507 | 149,168,088 | 150,211,927 | 145,856,517 | 158,562,402 |
| ***Weekday Span of Service (hours)*** | | | | | |
| Hours of transit service on a representative weekday from first service to last service for all modes | 22.9 | 22.3 | 23.5 | 23.3 | 23.3 |
| ***Average Fare*** | | | | | |
| Passenger fare revenues divided by passenger trips | $ 0.62 | $ 0.68 | $ 0.73 | $ 0.76 | $ 0.82 |
| ***Passenger Trips Per Revenue Mile*** | | | | | |
| Passenger trips divided by revenue miles | 1.74 | 1.80 | 1.81 | 1.80 | 1.76 |
| ***Passenger Trips Per Revenue Hour*** | | | | | |
| Passenger trips divided by revenue hours | 24.5 | 25.3 | 25.5 | 25.3 | 24.5 |
| ***Passenger Trips Per Capita*** | | | | | |
| Passenger trips divided by service area population | 14.7 | 15.7 | 16.0 | 16.5 | 17.2 |
| ***Average Age of Fleet in Years*** | | | | | |
| Average age of fleet in years | 7.3 | 6.3 | 5.7 | 5.7 | 3.8 |
| ***Unrestricted Cash Balance - Financial Indicator*** | | | | | |
| End of year cash balance from financial statement | n/a | n/a | $ 5,620,701 | $ 19,693,978 | $ 15,227,585 |
| ***Weekday Ridership*** | | | | | |
| Average ridership on weekdays | 73,728 | 77,194 | 78,779 | 81,445 | 82,825 |
| ***Capital Commitment to System Preservation and System Expansion*** | | | | | |
| % of capital spent on system preservation | n/a | n/a | n/a | 95% | 100% |
| % of capital spent on system expansion | n/a | n/a | n/a | 5% | 0% |
| ***Intermodal Connectivity*** | | | | | |
| Number of intermodal transfer points available | n/a | n/a | 5 | 5 | 5 |

**Five Year Trend for Transit Authority Performance Measures and Reportable Indicators**

**Transit Agency Name:** SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY (SFRTA/Tri-Rail)
**Official Reporting Period:** July 1 through June 30

## Performance Measures

| | Objective | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| ***Average Headway (minutes)*** | | | | | | |
| Average headway of all routes | <50 Minutes | 71.2 | 68.5 | 50.9 | 45.6 | 40.4 |
| ***Operating Expense Per Revenue Mile*** | | | | | | |
| Operating expense divided by revenue miles | <$18 | $ 12.16 | $ 13.21 | $ 15.53 | $ 16.15 | $ 17.06 |
| ***Operating Revenue Per Operating Expense*** | | | | | | |
| Revenue generated through operation of the transit agency divided by operating expenses | >25% | 26.7% | 19.6% | 17.4% | 17.7% | 18.8% |
| ***Operating Expense Per Passenger Trip*** | | | | | | |
| Operating expenses divided by annual ridership | <$15 | $ 8.89 | $ 10.64 | $ 12.16 | $ 12.26 | $ 12.61 |
| ***Operating Expense Per Passenger Mile*** | | | | | | |
| Operating expenses divided by passenger miles | <$0.45 | $ 0.30 | $ 0.38 | $ 0.41 | $ 0.43 | $ 0.40 |
| ***Revenue Miles Between Major Incidents*** | | | | | | |
| Revenue miles divided by FRA reportable incidents for rail | Zero | n/a | n/a | 0 | 0 | 0 |
| ***Revenue Miles Between Failures*** | | | | | | |
| Revenue miles divided by revenue vehicle system failures. A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system | >10,500 | n/a | n/a | n/a | 38,057 | 17,742 |
| ***Revenue Miles versus Vehicle Miles*** | | | | | | |
| Revenue miles divided by vehicle miles | >.90 | 0.96 | 0.91 | 0.89 | 0.94 | 0.97 |
| ***Customer Service*** | | | | | | |
| Average time from complaint to response | 2 weeks | n/a | n/a | n/a | 2 wks | 11 days |
| Customer complaints divided by boardings | <1 per 5,000 boardings | n/a | n/a | n/a | 1.1 | 0.3 |
| ***On-time Performance*** | | | | | | |
| % trips end to end on time < 6 minutes late | >80% | 63.3% | 51.8% | 77.6% | 70.0% | 78.4% |

## Reportable Indicators

| | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| ***Operating Expense Per Capita (Potential Customer)*** | | | | | | |
| Annual operating budget divided by the service area population | | $ 5.17 | $ 5.98 | $ 6.45 | $ 7.54 | $ 8.94 |
| ***Farebox Recovery Ratio*** | | | | | | |
| Passenger fares divided by operating expenses | | 25.2% | 18.7% | 16.7% | 17.4% | 17.9% |
| ***Service Area Population*** | | | | | | |
| Approximation of overall market size | | 4,919,036 | 5,448,962 | 5,477,831 | 5,541,080 | 5,448,962 |
| ***Service Area Population Density*** | | | | | | |
| Persons per square mile based on the service area population and size | | 4,408 | 1,063 | 1,068 | 1,081 | 1,063 |
| ***Operating Expense*** | | | | | | |
| Spending on operations, including administration, maintenance, and operation of service vehicles | | $ 25,422,782 | $ 32,603,818 | $ 35,358,863 | $ 41,794,730 | $ 48,726,979 |
| ***Operating Revenue*** | | | | | | |
| Revenue generated through the operation of the transit agency | | $ 6,789,229 | $ 6,379,422 | $ 6,147,108 | $ 7,412,341 | $ 9,155,673 |
| ***Total Annual Revenue Miles*** | | | | | | |
| Vehicle miles operated in active service (available to pick up revenue passengers) | | 2,091,255 | 2,467,897 | 2,277,313 | 2,587,883 | 2,856,470 |
| ***Total Annual Revenue Hours*** | | | | | | |
| Vehicle hours operated in active service | | 62,877 | 96,205 | 88,467 | 100,481 | 76,620 |
| ***Total Revenue Vehicles*** | | | | | | |
| Vehicles available to meet annual maximum service requirements | | 36 | 43 | 48 | 63 | 47 |
| ***Operating Expense Per Revenue Hour*** | | | | | | |
| Cost of operating an hour of revenue service | | $ 404.33 | $ 338.90 | $ 399.68 | $ 415.95 | $ 635.96 |
| ***Peak Vehicles*** | | | | | | |
| Vehicles operated to meet annual maximum (peak) service requirements | | 26 | 37 | 43 | 52 | 34 |

**Five Year Trend for Transit Authority Performance Measures and Reportable Indicators**

**Transit Agency Name:** SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY (SFRTA/Tri-Rail)
**Official Reporting Period:** July 1 through June 30

## Reportable Indicators

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| ***Ratio of Revenue Vehicles to Peak Vehicles (spare ratio)*** | | | | | |
| Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service | 27.8% | 14.0% | 10.4% | 17.5% | 27.7% |
| ***Annual Passenger Trips*** | | | | | |
| Passenger boardings on transit vehicles | 2,861,217 | 3,064,074 | 2,908,420 | 3,408,486 | 3,863,684 |
| ***Average Trip Length*** | | | | | |
| Average length of passenger trip, generally derived through sampling | 29.7 | 27.8 | 29.4 | 28.5 | 31.7 |
| ***Annual Passenger Miles*** | | | | | |
| Passenger trips multiplied by average trip length | 84,978,145 | 85,181,257 | 85,507,548 | 97,141,851 | 122,478,783 |
| ***Weekday Span of Service (hours)*** | | | | | |
| Hours of transit service on a representative weekday from first service to last service for all modes | 17.7 | 17.7 | 18.0 | 19.0 | 19.0 |
| ***Average Fare*** | | | | | |
| Passenger fare revenues divided by passenger trips | $ 2.24 | $ 1.99 | $ 2.03 | $ 2.13 | $ 2.25 |
| ***Passenger Trips Per Revenue Mile*** | | | | | |
| Passenger trips divided by revenue miles | 1.4 | 1.2 | 1.3 | 1.3 | 1.4 |
| ***Passenger Trips Per Revenue Hour*** | | | | | |
| Passenger trips divided by revenue hours | 45.5 | 31.8 | 32.9 | 33.9 | 50.4 |
| ***Passenger Trips Per Capita*** | | | | | |
| Passenger trips divided by service area population | 0.58 | 0.56 | 0.53 | 0.62 | 0.71 |
| ***Average Years Since Last Rebuild*** | | | | | |
| Locomotives (9) | 9.0 | 10.0 | 2.9 | 5.2 | 6.2 |
| Coaches (12) | 12.0 | 10.0 | 8.0 | 6.2 | 7.2 |
| ***Unrestricted Cash Balance - Financial Indicator*** | | | | | |
| End of year cash balance from financial statement | $ 6,806,419 | $ 7,267,824 | $ 413,212 | $ 7,400,122 | $ 9,043,899 |
| ***Weekday Ridership*** | | | | | |
| Average ridership on weekdays | 10,243 | 10,429 | 10,281 | 11,545 | 13,228 |
| ***Capital Commitment to System Preservation and System Expansion*** | | | | | |
| % of capital spent on system preservation | 0% | 0% | 0% | 0% | 0% |
| % of capital spent on system expansion | 100% | 100% | 100% | 100% | 100% |
| ***Intermodal Connectivity*** | | | | | |
| Intermodal transfer points available through Tri-Rail | 18 | 18 | 18 | 18 | 18 |

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