TRANSPORTATION AUTHORITY MONITORING AND OVERSIGHT

FISCAL YEAR 2013 REPORT







A Report by the
Florida Transportation
Commission

Florida Transportation Commission





FLORIDA TRANSPORTATION COMMISSION

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August 1, 2014

Honorable Rick Scott, Governor
State of Florida
The Capitol
400 South Monroe Street
Tallahassee, Florida 32399-0001

Dear Governor Scott:

I take pleasure in transmitting the Florida Transportation Commission's (FTC) annual *Transportation Authority Monitoring and Oversight, Fiscal Year 2013 Report*, which was adopted at our public meeting on July 17, 2014. This annual report is produced in fulfillment of the Commission's expanded oversight role, which resulted from the passage of HB 985 in 2007 and HB 1213 in 2009. That oversight encompasses the monitoring and evaluation of 10 transportation authorities created under Chapters 343, 348 and 349, Florida Statutes. In addition, this is the first year that Florida's Turnpike System is included in this report as a result of implementing a recommendation contained in the *FTC Study of Cost Savings for Expressway Authorities Report* issued in December 2012, pursuant to the requirements of HB 599 passed in 2012. During the course of this review, we have found that many of the authorities have instituted "best practices" and are operating in an efficient and effective manner.

As a result of the legislative mandates, the FTC, in concert with the statutorily designated 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. The performance measures and operating indicators remained unchanged from Fiscal Year (FY) 2012, though one objective was updated to assure continued relevance.

To varying degrees, each authority was successful in meeting the performance measures established by the FTC. High standards were set for the authorities with the expectation that long-term improvements would be implemented. Performance results presented herein are based on FY 2013 financial and operational data. 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.

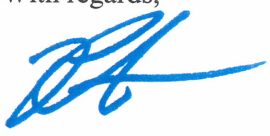
In addition to gathering, analyzing and reporting performance and operating data, FTC staff members conducted reviews of meeting minutes, agendas, public meeting notices, conflict of interest disclosures, bond documents and audits. Commission staff also attended public board meetings and conducted site visits with various authorities in order to obtain documentation and to gain firsthand knowledge of the workings and cultures of the individual authorities. With few exceptions or minor deviations, all of the authorities are operating in accordance with Florida Statutes and policies regarding ethics, conflicts of interest, open meetings and public records. Possible Sunshine Law and bribery violations were noted during an investigation of the Orlando-Orange County Expressway Authority (OOCEA) Board. With only one exception, authorities complied with the requirement to prepare audited financial statements and debt service requirements contained in bond covenants.

Significant governance, compliance and financial issues continue to be noted for the Santa Rosa Bay Bridge Authority (SRBBA). That Authority entered into a lease-purchase agreement with the Florida Department of Transportation (Department) in 1996, whereby the Department maintains and operates the Garcon Point Bridge and remits tolls collected to the SRBBA as lease payments. SRBBA is in default on its bonds by failing to meet toll covenants relating to debt service coverage and reserve account requirements and for failure to make required debt service payments. The Trustee retained legal counsel and a financial advisor to assist in developing restructuring alternatives for the SRBBA bonds. However, no specific restructuring proposals have yet been submitted for consideration. On January 1, 2013, the Trustee declared that the principal of all outstanding SRBBA bonds, in the amount of $131.2 million, is immediately due and payable. The bonds are not backed by the Department or the State of Florida and no instances of Department noncompliance were noted during the review.

For the purposes of 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, included transportation authorities and development of the reporting criteria. A Summary of FY 2013 Findings and the Plan for FY 2014 that describes activities related to production of next year's report are also included. Finally, Appendices are provided for legislative excerpts, five-year trend data for each authority and OOCEA audit findings.

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

With regards,



Ronald Howse, Chairman
Florida Transportation Commission

cc: Honorable Don Gaetz, President, Florida Senate
Honorable Will Weatherford, Speaker, Florida House of Representatives
Honorable Jeff Brandes, Chairman, Senate Transportation Committee and Members
Honorable Andy Gardiner, Chairman, Senate Transportation, Tourism and Economic Development Appropriations Subcommittee and Members
Honorable Joe Negron, Chairman, Senate Appropriations Committee and Members
Honorable Daniel Davis, Chairman, House Transportation and Highway Safety Subcommittee and Members
Honorable Ed Hooper, Chairman, House Transportation and Economic Development Appropriations Subcommittee and Members
Honorable Seth McKeel, Chairman, House Appropriations Committee and Members
Mr. Ananth Prasad, Secretary, Florida Department of Transportation
Ms. Cynthia Kelly, State Budget Director, Executive Office of the Governor

Florida Transportation Commission

Transportation Authority Monitoring and Oversight

Fiscal Year 2013 Annual Report























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Table of Contents

Executive Summary 1

Background 3

Actual Results 3

Conclusion 7

Introduction 9

Background 11

Authorities under Commission Oversight 12

Legislative Update 12

Performance Measures and Operating Indicators 13

Governance 14

Established Toll Authorities 17

Introduction 19

Miami-Dade Expressway Authority (MDX) 23

Background 23

Performance Measures 25

Operating Indicators 33

Governance 36

Summary 41

Orlando-Orange County Expressway Authority (OOCEA) 45

Background 45

Performance Measures 50

Operating Indicators 53

Governance 56

Summary 64

Santa Rosa Bay Bridge Authority (SRBBA) 69

Background 69

Performance Measures 70

Operating Indicators 73

Governance 76

Summary 80

Tampa-Hillsborough County Expressway Authority (THEA) 83

Background 83

Performance Measures 85

Operating Indicators 89

Governance 92

Summary 95

Insert - Authority Response

Table of Contents (Continued)

Florida's Turnpike System (Turnpike) **99**
Background 99
Performance Measures 104
Operating Indicators 109
Governance 113
Summary 122

Transit Authorities 125

Introduction 127
Central Florida Regional Transportation Authority (CFRTA/LYNX) **133**
Background 133
Performance Measures 137
Operating Indicators 142
Governance 144
Summary 150
Jacksonville Transportation Authority (JTA) **153**
Background 153
Performance Measures 157
Performance Measures—Bus 158
Operating Indicators—Bus 163
Performance Measures—Skyway 165
Operating Indicators—Skyway 168
Performance Measures—Highways 170
Operating Indicators—Highways 172
Governance—Bus, Skyway, and Highways 173
Summary 178
South Florida Regional Transportation Authority (SFRTA/Tri-Rail) **181**
Background 181
Performance Measures 186
Operating Indicators 190
Governance 190
Summary 196

Emerging Authorities 199

Northwest Florida Transportation Corridor Authority (NFTCA) **201**
Background 201
Performance Measures and Operating Indicators 204
Governance 204
Summary 207

Table of Contents (Continued)

Osceola County Expressway Authority (OCX) **209**
Background 209
Performance Measures and Operating Indicators 214
Governance 214
Summary 217
Tampa Bay Area Regional Transportation Authority (TBARTA) **221**
Background 221
Performance Measures and Operating Indicators 230
Governance 230
Summary 232
Summary of Fiscal Year 2013 Findings **235**
Plan for Fiscal Year 2014 ..... **257**
Appendices
Appendix A - Legislative Excerpts **261**
House Bill 599 262
Senate Bill 1998 283
House Bill 5001 (Chapter 2012-118 Laws of Florida) 286
House Bill 85 288
Senate Bill 50 289
Senate Bill 606 293
Senate Bill 1500 (Chapter 2013-40 Laws of Florida) 309
Appendix B - Authority Data **311**
Appendix C - OOCEA Audit Findings **331**

List of Tables

Introduction

Table 1 Authorities under Commission Oversight 12

Established Toll Authorities

Table 2 Toll Authority Performance Measures FY 2013 20
Table 3 Toll Authority Operating Indicators FY 2013 21

Miami-Dade Expressway Authority

Table 4 Current Board Members 23
Table 5 Long-Term Debt Payable to the Department Year Ended June 30, 2013 25
Table 6 Summary of Performance Measures FY 2013 26
Table 7 Summary of Operating Indicators (in millions) FY 2011 through FY 2013 34
Table 8 Summary of General Consultant Sub Consultant Activity FY 2013 40

Orlando-Orange County Expressway Authority

Table 9 Current Board Members 45
Table 10 Long-Term Debt Payable to the Department (in millions) Year Ended June 30, 2013 49
Table 11 Summary of Performance Measures FY 2013 51
Table 12 Summary of Operating Indicators (in millions) FY 2011 through FY 2013 54
Table 13 Status of Audit/Review Recommendations 59
Table 14 Summary of General Consultant Sub Consultant Activity FY 2013 63
Table 15 Refunded and Refunding Senior Lien Bonds Issued in FY 2013 64

Santa Rosa Bay Bridge Authority

Table 16 Current Board Members 70
Table 17 Long-Term Debt Payable to the Department (in millions) Year Ended June 30, 2013 70
Table 18 Summary of Performance Measures FY 2013 72
Table 19 Summary of Operating Indicators (in millions) FY 2011 through FY 2013 74

Tampa-Hillsborough County Expressway Authority

Table 20 Current Board Members 84
Table 21 Long-Term Debt Payable to the Department (in millions) Year Ended June 30, 2013 85
Table 22 Summary of Performance Measures FY 2013 86
Table 23 Summary of Operating Indicators (in millions) FY 2011 through FY 2013 90
Table 24 Summary of General Consultant Sub Consultant Activity FY 2013 94

Florida's Turnpike System

Table 25 Traffic/Transactions and Gross Toll Revenue FY 2013 101
Table 26 Long-Term Debt Payable to the Department (in millions) Year Ended June 30, 2013 104
Table 27 Summary of Performance Measures FY 2013 106
Table 28 Summary of Operating Indicators (in millions) FY 2011 through FY 2013 110
Table 29 Summary of General Consultant Sub Consultant Activity FY 2013 120

List of Tables (Continued)

Transit Authorities

Table 30 Transit Authority Performance Measures Bus, Automated Guideway and Rail FY 2013 129
Table 31 Transit Authority Operating Indicators Bus, Automated Guideway and Rail FY 2013 130
Table 32 Transit Authority Performance Measures and Operating Indicators JTA Highway Operations FY 2013 131

Central Florida Regional Transportation Authority

Table 33 Current Board Members 134
Table 34 Summary of Performance Measures FY 2013 138
Table 35 Summary of Operating Indicators FY 2011 through FY 2013 143
Table 36 Summary of General Consultant Sub Consultant Activity FY 2013 150
Table 37 Loans Payable September 30, 2013 150

Jacksonville Transportation Authority

Table 38 Current Board Members 154
Table 39 Summary of Performance Measures—Bus FY 2013 159
Table 40 Summary of Operating Indicators—Bus FY 2011 through FY 2013 164
Table 41 Summary of Performance Measures—Skyway FY 2013 166
Table 42 Summary of Operating Indicators—Skyway FY 2011 through FY 2013 169
Table 43 Summary of Performance Measures—Highways FY 2013 171
Table 44 Summary of Operating Indicators—Highways FY 2011 through FY 2013 172
Table 45 Small Purchase Approval Requirements 177
Table 46 Summary of General Consultant Sub Consultant Activity FY 2013 178

South Florida Regional Transportation Authority

Table 47 Current Board Members 182
Table 48 Summary of Performance Measures FY 2013 187
Table 49 Summary of Operating Indicators FY 2011 through FY 2013 191
Table 50 Procurement Actions and Contracts Approval Authority 195
Table 51 Summary of General Consultant Sub Consultant Activity FY 2013 196

Emerging Authorities

Northwest Florida Transportation Corridor Authority

Table 52 Current Board Members 201
Table 53 Statutory Requirements 202

Osceola County Expressway Authority

Table 54 Current Board Members 210

Tampa Bay Area Regional Transportation Authority

Table 55 Current Board Members 222
Table 56 Statutory Requirements 224

List of Figures

Figure 1 Authorities under Florida Transportation Commission Oversight 2
Figure 2 Invoice Processing Flowchart for MDX Customers 29
Figure 3 Wekiva Parkway Construction Schedule Depicting OOCEA and Department Segments 47
Figure 4 Florida's Turnpike Organizational Structure 100
Figure 5 Florida's Turnpike System Map 103
Figure 6 Tri-Rail Coastal Link, Roles and Responsibilities Under the Eight Party MOU 186
Figure 7 OCX Master Plan 2040 Projects (August 13, 2013) 212
Figure 8 TBARTA Map of Regional Priority Projects (June 2013) 226

EXECUTIVE SUMMARY

Authorities under Florida Transportation Commission Oversight

Established Toll Authorities

Miami-Dade Expressway Authority (MDX) oversees, operates and maintains five expressways constituting 34 centerline-miles and 222 lane-miles of roadway in Miami-Dade County. The five toll facilities include: Dolphin Expressway (SR 836); Airport Expressway (SR 112); Don Shula Expressway (SR 874); Gratigny Parkway (SR 924); and, Snapper Creek Expressway (SR 878).

Orlando-Orange County Expressway Authority (OOCEA) owns and operates 109 centerline-miles of roadway in Orange County. The toll facilities include: 22 miles of the Spessard L. Holland East -West Expressway (SR 408); 23 miles of the Martin Andersen Beachline Expressway (SR 528); 33 miles of the Central Florida GreeneWay (SR 417); 22 miles of the Daniel Webster Western Beltway (SR 429); and, 9 miles of the John Land Apopka Expressway (SR 414).

Santa Rosa Bay Bridge Authority (SRBBA) owns the Garcon Point Bridge (SR 281), a 3.5 mile bridge located in Santa Rosa County. The bridge spans Pensacola Bay between I-10 south of Milton and US 98 east of Gulf Breeze. Toll operations are provided by Florida's Turnpike Enterprise and maintenance functions are performed by the Florida Department of Transportation, District Three.

Tampa-Hillsborough County Expressway Authority (THEA) owns the Selmon Expressway, a 15-mile limited access toll road that crosses the City of Tampa from Gandy Boulevard in the south, through downtown Tampa and east to Brandon. Elevated and at-grade reversible express lanes within the existing facility between Meridian Avenue and Town Center Boulevard opened in 2006.

Transit Authorities

Central Florida Regional Transportation Authority (CFRTA, dba 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, flex service and carpools/vanpools.

Jacksonville Transportation Authority (JTA) provides public transportation services to the general public in the Jacksonville metropolitan area and throughout Duval County in the form of fixed route bus service, paratransit service, an automated people mover, trolleys and stadium shuttle service. JTA also implements highway projects pursuant to its role in the Better Jacksonville Plan.

South Florida Regional Transportation Authority (SFRTA, Tri-Rail) 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, Miami-Dade and Broward counties are provided by Palm Tran, Miami-Dade Transit and Broward County Transit through fixed route service.

Emerging Authorities

Northwest Florida Transportation Corridor Authority (NFTCA) is not currently operating any facilities but has updated a 2013 Corridor Master Plan. The primary purpose of NFTCA is to improve mobility on the US 98 corridor in northwest Florida, 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.

Osceola County Expressway Authority (OCX) is not currently operating any facilities. Osceola County is providing staff assistance and other support. OCX has developed a 2040 Master Plan that includes construction of four proposed tolled expressways within Osceola County. Osceola County issued bonds in April 2014 and OCX entered into a Lease-Purchase Agreement with the County, whereby OCX will design, construct, operate and maintain the Poinciana Parkway. Construction is currently underway.

Tampa Bay Area Regional Transportation Authority (TBARTA) is not currently operating any facilities. TBARTA was created for the purpose of improving mobility and expanding multimodal transportation options for passengers and freight throughout the seven-county Tampa Bay Region (Pasco, Citrus, Hernando, Hillsborough, Manatee, Pinellas and Sarasota counties). TBARTA has updated a 2013 Regional Transportation Master Plan.

Florida's Turnpike System (Turnpike) consists of 460 miles of limited-access toll facilities. The 320-mile Mainline extends from Florida City in Miami-Dade County northward to Wildwood in Sumter County and includes the HEFT, Southern Coin System, Ticket System and Beachline West Expressway. Expansion projects include the 23-mile Sawgrass Expressway, the 18-mile Seminole Expressway, the 15-mile Veterans Expressway, the 6-mile Southern Connector Extension, the 25-mile Polk Parkway, the 42-mile Suncoast Parkway, and the 11-mile Western Beltway, Part C.

Figure 1: Authorities under Florida Transportation Commission Oversight.

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 2007 legislature. This legislation amended Section 20.23, Florida Statutes, requiring the Commission to monitor the transportation authorities established in Chapters 343 and 348, Florida Statutes. HB 1213, passed by the 2009 legislature, further expanded Commission oversight responsibilities to include the Jacksonville Transportation Authority, established in Chapter 349, Florida Statutes. In addition, HB 1271, passed by the 2010 legislature, created the Osceola County Expressway Authority under a new Part of Chapter 348, Florida Statutes. Florida's Turnpike System (Turnpike) falls under Commission oversight being part of the Florida Department of Transportation (Department). A significant recommendation contained in the Commission's legislatively mandated report, *FTC Study of Cost Savings for Expressway Authorities* (December 2012), was to add the Turnpike reporting to the Commission reporting for authorities. As such, this is the first year the Turnpike is included in this authority report.

The organization of each of the 11 transportation authorities subject to Commission monitoring and oversight, as presented in this fiscal year (FY) 2013 report, is shown in Figure 1.

The Commission, in concert with the designated 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 measurement objectives remained unchanged from FY 2012; however, the established toll authority objective for safety was recomputed based on the five-year moving average.

In addition to gathering, analyzing and reporting performance and operating data, Commission staff reviewed minutes of meetings, agendas, public meeting notices, conflict of interest disclosures, bond documents, and audits. Commission staff 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 cultures of the individual authorities.

Actual Results

As the Commission is charged to "Monitor the efficiency, productivity, and management of the authorities. . ." it has dynamically reviewed the activities of the designated authorities and has worked closely with the authorities throughout the year to complete the performance review. Although this report is for FY 2013, significant events subsequent to year-end reporting have also been included.

During the course of this review, we have found that many of the authorities have instituted "best practices" since they were placed under oversight and monitoring by the Commission. To varying degrees, each authority was successful in meeting the performance measures established by the Commission. High standards were set for the authorities with the expectation that long-term improvements would be implemented. With few exceptions or minor deviations, all of the authorities are operating in accordance with Florida Statutes and policies regarding ethics,

conflicts of interest, open meetings, and public records. Possible Sunshine Law and bribery violations were noted during an investigation of the Orlando-Orange County Expressway Authority (OOCEA) Board. With only one exception, authorities complied with the requirement to prepare audited financial statements and debt service coverage requirements contained in bond covenants. Detailed results for applicable performance measures, operating indicators and governance criteria for each of the 11 transportation authorities are presented as individual chapters in this report.

During and subsequent to FY 2013, several authorities engaged in bonding activity. In November and December 2012, OOCEA issued $619 million in fixed rate Refunding Revenue Bonds (Series 2012, 2013A and 2013B) in order to capitalize on historically low interest rates and to convert variable rate debt to fixed rate debt. In December 2012, Tampa-Hillsborough County Expressway Authority (THEA) issued $404 million in Refunding Revenue Bonds and $40 million in Taxable Revenue Bonds. Bond proceeds were primarily used to fully defease THEA's current outstanding bonds, pay all amounts owed to the Department under the State Infrastructure Bank and Toll Facilities Revolving Trust Fund loans, and fund THEA's portion of the I-4 Selmon Connector. In April 2013, Miami-Dade Expressway Authority (MDX) issued $270 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013A, resulting in an estimated present value savings of $29 million. In December 2013 (FY 2014), MDX also issued $75 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013B, resulting in a five percent premium. The Turnpike issued four series of bonds (Department of Transportation Turnpike Revenue and Revenue Refunding Bonds): Series 2012A issued in February 2013 for $306 million; Series 2013A issued in May 2013 for $183 million; Series 2013B issued in August 2013 (FY 2014) for $206 million; and Series 2013C issued in February 2014 (FY 2014) for $267 million. Bond proceeds were used to refund outstanding bonds to achieve interest cost savings and to finance acquisition and construction of Work Program projects.

Subsequent to the THEA Bond issue in December 2012, the Lease-Purchase Agreement with the Department terminated. THEA now owns, operates, and retains title and absolute ownership of the expressway system. THEA is required to fully repay its remaining long-term debt to the Department in 20 equal installments beginning July 1, 2025.

In February 2012, OOCEA and the Department entered into a Memorandum of Understanding (MOU) that delineated the plan to build the Wekiva Parkway. An Interlocal Agreement was subsequently approved in May 2014 (FY 2014) that included specific terms and provisions governing the project that are consistent with the MOU. OOCEA will independently finance, build, own and manage sections of the Wekiva Parkway primarily in Orange County and the Department will be responsible for the remaining portions in Lake and Seminole Counties. As part of the agreement, OOCEA agreed to repay long-term debt owed to the Department by paying $10 million in July 2012 and $20 million each year thereafter until the long-term advances are eliminated. The Wekiva Parkway is currently under design and construction.

Concurrent with the fare increase and implementation of the STAR Card electronic fare payment system on January 30, 2012, Jacksonville Transportation Authority (JTA) suspended fares on the Skyway system. In August 2013, JTA further extended the free fare to September 30, 2014. In addition, the JTA Board selected a new Executive

Director in December 2012, and subsequently implemented a major reorganization of the Authority.

Several other authorities made changes to their tolling plans. On July 1, 2012, OOCEA implemented an indexed toll rate increase at approximately 98 percent of its toll collection sites. In November 2012, the THEA Board amended its Toll Rate Policy whereby an annual system-wide toll increase will be implemented at all THEA tolling locations beginning on July 1, 2013 (FY 2014). However, due to major construction effects on services, the indexed toll rate increase was deferred until July 1, 2014 (FY 2015). In March 2013, MDX approved a tolling plan where current untolled segments on SR 836 and SR 112 will be tolled by FY 2015. A new toll policy was also adopted which will eliminate the current administrative fee, effective July 1, 2013 (FY 2014), for Toll-by-Plate customers and the new rate will be set at twice the SunPass rate. In addition, effective July 1, 2017 (FY 2018), all toll rates on all MDX facilities will be indexed to the Consumer Price Index. Florida's Turnpike System (Turnpike) implemented a system-wide toll rate increase for inflation on June 24, 2012, as mandated under Section 338.165, Florida Statues. Moving forward, cash toll rates will be adjusted for inflation every five years and SunPass and Toll-by-Plate toll rates will be adjusted annually. Accordingly, on July 1, 2013 (FY 2014), Turnpike increased SunPass and Toll-by-Plate toll rates by 2.1 percent, rounded to the nearest penny.

Significant governance, compliance and financial issues continue to be noted for Santa Rosa Bay Bridge Authority (SRBBA). SRBBA is in default on its bonds by failing to meet toll covenants relating to debt service coverage and reserve account requirements and for failure to make required debt service payments. In September 2011, the Trustee agreed to pay for directors and officers liability insurance for SRBBA Board members. Necessary appointments were made to reform an active SRBBA Board in December 2011. Despite directors and officers liability insurance, three vacancies continue to exist on the seven-member Board. In November 2011, the Trustee retained legal counsel and a financial advisor to assist in developing restructuring alternatives for the SRBBA bonds. Currently, no specific proposals for refinancing/restructuring have been submitted for consideration. On January 1, 2013, the Trustee declared that the principal of all outstanding SRBBA bonds, in the amount of $131.2 million, is immediately due and payable. The SRBBA bonds are not backed by the Department or the State of Florida.

HB 1B, signed into law in December 2009, amended Section 20.23, Florida Statutes, and created the Florida Statewide Passenger Rail Commission (Rail Commission). The Rail Commission is responsible for monitoring and oversight of all publicly funded passenger rail systems in the state, including authorities created under Chapters 343, 349 or 163, if the authority receives public funds for the provision of passenger rail service. As such, SFRTA falls under the purview of the Rail Commission. However, the legislation does not preclude the Florida Transportation Commission from conducting its performance and work program monitoring responsibilities. HB 7175, passed by the 2014 Legislature and signed into law by Governor Scott in June 2014, repealed the Rail Commission, effective July 1, 2014.

HB 599, passed by the 2012 Legislature and signed into law by Governor Scott in April 2012, significantly amended SFRTA's enabling legislation. Effective July 1, 2012, the legislation expanded the SFRTA Board from 9 to 10 members, enhanced

Department oversight of the SFRTA budget, and limited expansion of the Tri-Rail system to Monroe County without Department approval. The legislation also required SFRTA and the Department to identify and implement an alternate funding source before July 1, 2019. Upon commencement of the alternate funding source, the Department will cease funding SFRTA operations and will convey to SFRTA a perpetual commuter rail easement and all rights, title and interest in assets owned and used by the Department for the operation and maintenance of commuter rail operations in the South Florida Rail Corridor.

HB 599 also directed the Commission to conduct a study of the potential for cost savings that might be realized through increased efficiencies through the sharing of resources of expressway authorities in the state, with a report due to the Governor and Legislature by December 31, 2012. The report, *FTC Study of Cost Savings for Expressway Authorities*, was submitted as required and can be found on the Commission's website: www.ftc.state.fl.us/documents/Reports/Safety/Cambridge-Report.pdf. One of the significant recommendations of the report is to implement a Centralized Customer Service System (CCSS). In September 2012, Turnpike, MDX, OOCEA and THEA entered into a MOU to engage a third-party private sector vendor to provide a CCSS. The CCSS will provide statewide back office operation for processing electronic customer transactions and managing customer accounts. An Invitation to Negotiate (ITN) to develop and implement the CCSS was issued by the Turnpike on behalf of the four agencies in November 2013 (FY 2014). Negotiations have been delayed due to protests filed after the ranking of firms.

In September 2012, an Agreement for Development of Poinciana Parkway was reached between Osceola County, Polk County, Avatar Properties and Osceola County Expressway Authority (OCX) that formally outlines the duties and responsibilities of each party. In April 2014 (FY 2014), Osceola County issued $70 million in Bonds to pay for Poinciana Parkway project costs incurred by OCX. OCX entered into a Lease-Purchase Agreement with the County, whereby OCX will design, construct, operate and maintain the Poinciana Parkway. The Poinciana Parkway is currently under construction.

Senate Bill (SB) 606, passed by the 2013 Legislature and signed into law by Governor Scott on June 14, 2013, created the Northeast Florida Regional Transportation Commission (NFRTC) under Chapter 343, Florida Statutes, effective July 1, 2013. The purpose of NFRTC is to improve mobility and expand multimodal transportation options for persons and freight throughout Baker, Clay, Duval, Nassau, Putnam, and St. Johns Counties. The NFRTC Board met for the first time in October 2013 and Commission staff provided a presentation on the Commission's statutory oversight role. Although not included in this report, NFRTC will be included in the Commission's FY 2014 oversight report.

SB 230, passed by the 2014 Legislature and signed into law by Governor Scott on June 20, 2014, renames OOCEA as the Central Florida Expressway Authority (CFX), effective June 20, 2014. The area served by CFX is expanded to include Seminole, Lake, and Osceola Counties in addition to Orange County. The legislation provides for the transfer of governance and control, legal rights and powers, responsibilities, terms and obligations of the OOCEA System to CFX. The composition of the new nine-member CFX Board is defined. In addition, SB 230 transfers governance and control of OCX to CFX on December 31, 2018, but the transfer date may be extended until a debt

service coverage of 1.5 or greater is achieved on OCX facilities. The first meeting of the new CFX Board is scheduled for July 10, 2014. No further details are available for inclusion in this report.

Conclusion

The Commission is committed to carrying out its designated responsibilities in a deliberative fashion and encourages input, feedback or suggestions to help improve the report and monitoring process. Performance monitoring is a dynamic process, and the Commission continually considers any enhancements or changes to performance measures, management objectives, reportable indicators, governance areas, or reporting format that would yield a more thorough review.

The Commission acknowledges with appreciation the assistance of the boards and staff of all transportation authorities for providing the resources necessary to conduct this review and to complete this report.

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.

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INTRODUCTION

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Introduction

Background

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.

Some level of autonomy is required to insulate authorities from political forces sometimes associated with general purpose government, and that autonomy can and has led to policy questions of public accountability. In an effort to ensure public accountability of the authorities, the 2007 Florida Legislature amended Section 20.23, Florida Statutes, expanding the role of the Florida Transportation Commission (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 1 of Chapter 348. In 2009, that responsibility was expanded to include Chapter 349 as well. Florida's Turnpike System (Turnpike) is part of the Florida Department of Transportation (Department) and is included in this FY 2013 report, for the first time, pursuant to a recommendation contained in the Commission's legislatively mandated report, *FTC Study of Cost Savings for Expressway Authorities*.

The Commission was also required to 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 (GAAP). Nonetheless, the Commission was specifically restricted not only from entering into the day-to-day operations of a monitored authority, but also from taking part in:

- Awarding of contracts
- Selection of a consultant or contractor or the prequalification of any individual consultant or contractor
- Selection of a route for a specific project
- Specific location of a transportation facility
- Acquisition of rights-of-way
- Employment, promotion, demotion, suspension, transfer, or discharge of any department personnel
- Granting, denial, suspension, or revocation of any license or permit issued by the Department

The Commission may, however, recommend standards and policies governing the procedure for selection and prequalification of consultants and contractors.

Since July 2007, when Commission oversight commenced, a number of workshops and teleconferences have been held with the designated authorities to establish and fine tune measures of performance, clarify objectives for the measures, and evaluate governance criteria. The meetings allowed for input from the authorities relating to organization, operations, revenues, financial provisions, and statutory requirements. Through these meetings, the Commission gained

consensus and established performance measures for the authorities, recognizing toll authority measures would differ from transit authority measures. The Commission issued its first fiscal year (FY) 2007 report on transportation authority oversight in March 2008. Annual reports have subsequently been issued by the Commission.

Authorities under Commission Oversight

Table 1 shows the ten authorities created under Chapters 343, 348 and 349, Florida Statutes, and Florida's Turnpike System that are subject to Commission monitoring and oversight, effective July 1, 2012.

Table 1
Authorities under Commission Oversight

Miami-Dade Expressway Authority
Orlando-Orange County Expressway Authority
Santa Rosa Bay Bridge Authority
Tampa-Hillsborough County Expressway Authority
Florida's Turnpike System[1]
Central Florida Regional Transportation Authority
Jacksonville Transportation Authority
South Florida Regional Transportation Authority
Northwest Florida Transportation Corridor Authority
Osceola County Expressway Authority
Tampa Bay Area Regional Transportation Authority

[1] The Turnpike is part of the Florida Department of Transportation and is being reported in this authority report as a result of a recommendation contained in the Commission's legislatively mandated report, *FTC Study of Cost Savings for Expressway Authorities* published December 2012.

Legislative Update

2012 Legislature

During the 2012 legislative session, House Bill (HB) 599 was approved by Governor Scott on April 27, 2012, and became effective on July 1, 2012. HB 599 revises membership of the South Florida Regional Transportation Authority (SFRTA) governing board and provides that the Department will cease funding SFRTA operations if an alternate dedicated local funding source is implemented before July 1, 2019; enhances Department oversight of the SFRTA budget and limits expansion of the system to Monroe County without Department approval; revises financial disclosure requirements and use of communications media technology for public meetings for the Jacksonville Transportation Authority; directs the Florida Transportation Commission to study potential cost savings through the sharing of resources by expressway authorities, with a report due by December 31, 2012; requires the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority to conduct a joint study to identify greater efficiencies and service enhancements including possible consolidation of functions or organizational merger (the Tampa Bay Area Regional Transportation Authority will assist and facilitate the study), with a report due by February 1, 2013; and codifies a Memorandum of Understanding between the Department and the Orlando-Orange County Expressway Authority concerning financing, construction, operation, and maintenance of the Wekiva Parkway. (The relevant language from HB 599 is detailed in Appendix A.)

Senate Bill (SB) 1998 was approved by Governor Scott on April 20, 2012, and became effective on July 1, 2012. SB 1998 repeals the Toll Facilities Revolving Trust Fund (TFRTF) and authority for the Department to advance funds from the TFRTF to expressway authorities; and requires the cash balance in the TFRTF and all future payments obligated to the trust fund be deposited in the State Transportation Trust Fund. (The relevant language from SB 1998 is detailed in Appendix A.)

In addition, the General Appropriations Act, HB 5001 (Chapter 2012-118 Laws of Florida) that provides for state appropriations and funding for FY 2013 was approved by Governor Scott, with vetoes, on April 17, 2012. The Governor vetoed approximately $12.3 million in payments to expressway authorities from the State Transportation Trust Fund. The two authorities impacted were Orlando-Orange County Expressway Authority ($5.9 million) and Tampa-Hillsborough County Expressway Authority ($6.4 million). An appropriation of $1.2 million to the Central Florida Regional Transportation Authority for a LYNX route was also vetoed. (The relevant vetoes from HB 5001 are detailed in Appendix A.)

2013 Legislature

During the 2013 legislative session, SB 50 was approved by Governor Scott and became effective on October 1, 2013. SB 50 requires that a member of the public be given a reasonable opportunity to be heard by a board or commission before it takes official action on a proposition. (The relevant language from SB 50 is detailed in Appendix A.)

SB 606 was approved by Governor Scott on June 14, 2013, and became effective on July 1, 2013. SB 606 created the Northeast Florida Regional Transportation Commission (NFRTC) under Chapter 343, Florida Statutes, for the purposes of improving mobility and expanding multimodal transportation options for persons and freight throughout Baker, Clay, Duval, Nassau, Putnam, and St. Johns Counties. The bill provides for NFRTC membership, powers and duties, and funding. (The relevant language from SB 606 is detailed in Appendix A.)

In addition, the General Appropriations Act, SB 1500 (Chapter 2013-40 Laws of Florida) that provides for state appropriations and funding for FY 2014 was approved by Governor Scott, with vetoes, on May 20, 2013. The Tampa Bay Area Regional Transportation Authority received a $200 thousand appropriation in order to provide a financial analysis of the cost savings to be achieved from the consolidation of the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority pursuant to the provisions of Chapter 2012-174, Laws of Florida. (The relevant language from SB 1500 is detailed in Appendix A.)

Performance Measures and Operating Indicators

The Commission adopted the following revisions to FY 2013 performance measures and operating indicators. Specific performance measures, objectives and operating indicators for the various transportation authorities are presented in individual chapters of this report.

FY 2013 Changes to Performance Measures and Operating Indicators – "Established" Toll Authorities

Safety - The Turnpike was included as an established toll authority and the five-year moving average performance objective was recomputed.

FY 2013 Changes to Performance Measures and Operating Indicators – Transit Authorities

No changes were made to transit authority performance measures or operating indicators for FY 2013.

Governance

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 the Commission. 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 Consultant (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 statutorily authorized responsibilities in a deliberative fashion and encourages input, feedback or suggestions to help improve the report and the monitoring process.

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ESTABLISHED TOLL AUTHORITIES

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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 Chapter 348 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 V 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 Florida Statutes under Chapter 343 (Regional Transportation Authorities) and Chapter 349 (Jacksonville Transportation Authority).

Florida's Turnpike System is part of the Department and is included in this FY 2013 report, for the first time, pursuant to a recommendation contained in the Commission's legislatively mandated report, *FTC Study of Cost Savings for Expressway Authorities*.

Of the eleven active transportation authorities that fall under Florida Transportation Commission (Commission) oversight, the Commission has designated five as "Established Toll Authorities," three 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)
- Florida's Turnpike System (Turnpike)

As discussed in the Introduction section of this report, performance measures, operating indicators, and governance areas have been established for all authorities under Commission review. For the five Established Toll 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 these five authorities is presented in the following format that includes:

- Background on the authority
- Performance measure results for fiscal year (FY) 2013
- Operating indicators for FY 2011 through FY 2013
- Governance assessment
- Summary

The 17 performance measures and objectives adopted by the Commission for toll authorities are included in Table 2. These measures attempt to set standards for the efficient and effective operation, maintenance, and management of the toll facilities 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 21 operating indicators adopted by the Commission

Table 2
Florida Transportation Commission
Toll Authority Performance Measures
FY 2013

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 06/30/12
Revenue Variance	Variance from indicated revenue (without fines)	< 4%
Safety	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)
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	< 110%
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

are presented in Table 3. 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 also established seven broad areas of governance that are monitored in order to provide an assessment of the on-going management of all of the authorities 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 five Established Toll Authorities are presented in the following pages, beginning with the Miami-Dade Expressway Authority (MDX).

Table 3
Florida Transportation Commission
Toll Authority Operating Indicators
FY 2013

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 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

Table 4
Miami-Dade Expressway Authority
Current Board Members

Name	*Affiliation*	*Position*
Maurice A. Ferre´	Office of Maurice A. Ferre´	Chairman
Maritza Gutierrez	Creative Ideas Advertising, Inc.	Vice-Chair
Carlos R. Fernandez-Guzman	Pacific National Bank	Treasurer
Shelly Smith Fano	Miami-Dade College	Board Member
Alfredo L. Gonzalez, Esq.	Genovese Joblove & Battista, P.A.	Board Member
Jose M. Hevia	Aligned Properties	Board Member
Robert W. Holland, Esq.	Law Office of Robert W. Holland	Board Member
Louis V. Martinez, Esq.	Louis V. Martinez, P.A.	Board Member
Rick Rodriguez Pina	Rodriguez Pina & Associates	Board Member
Javier L. Vazquez, Esq.	Berger Singerman	Board Member
Luz Weinberg	Commissioner, City of Aventura	Board Member
Vacant	Vacant	Board Member
Gus Pego, P.E.	District Six Secretary	Ex-Officio

Highlights

- MDX implemented cashless ORT on three of its five facilities in the summer of 2010 and plans to implement ORT on the remaining two facilities (SR 836 and SR 112) by FY 2015.
- MDX met 15 of the 17 performance measure objectives. The measures not met were Safety and Consultant Contract Management.
- FY 2013 total operating revenue increased $11.9 million, or 9.7 percent, over FY 2012 while total operating expenses decreased $4.1 million, or 6.8 percent.
- In September 2012, MDX entered into a Memorandum of Understanding with Florida's Turnpike Enterprise, Orlando-Orange County Expressway Authority and Tampa-Hillsborough Expressway Authority to engage a third-party private sector vendor to provide a Centralized Customer Service System (CCSS). The CCSS will provide statewide back office operation for electronic toll collection activities. The CCSS procurement is currently on hold pending vendor dispute resolution.
- In March 2013, MDX approved a toll policy where current untolled segments on SR 836 and SR 112 will be tolled by FY 2015. A new toll policy was also adopted which will eliminate the current administrative fee, effective July 1, 2013 (FY 2014), for Toll-by-Plate customers and the new rate will be set at twice the SunPass rate. In addition, effective July 1, 2017 (FY 2018), all toll rates on all MDX facilities will be indexed to the CPI.
- In April 2013, MDX issued $270 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013A, resulting in an estimated present value savings of $29 million. In December 2013 (FY 2014), MDX issued $75 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013B, resulting in a 5 percent premium.

-Dade County and each serves a four-year term and may be reappointed. Currently, there is one vacant Board position pending appointment by the Miami-Dade County Commission.

Pursuant to an MDX/Florida Department of Transportation Transfer Agreement, in December 1996 the Department transferred operational and financial control of five roadways and certain physical assets to MDX. Including projects completed after the transfer, MDX currently oversees, operates and maintains five tolled expressways constituting approximately 34 centerline-miles and 222 lane-miles of roadway in Miami-Dade County. The five toll facilities include: Dolphin Expressway (SR 836); Airport Expressway (SR 112); Don Shula Expressway (SR 874); Gratigny Parkway (SR 924) and Snapper Creek Expressway (SR 878). The Authority reported toll and fee revenue of $134.4 million (net of $3.0 million of allowance) in Fiscal Year (FY) 2013 based on 238 million transactions.

In 2007, MDX opened its first cashless Open Road Tolling (ORT) segment, a three-mile extension of its SR 836 corridor. Continuing its resolve to provide mobility solutions that are safer, faster and more equitable, while maintaining efficiencies, MDX awarded two competitively bid contracts for the ORT deployment on three of its Expressways. These contracts included the tolling lane system and the back- office, Account Management Toll Enforcement System (AMTES). In addition, MDX contracted for infrastructure modifications required for the Toll System conversion to ORT for three of its five corridors. As a result, ORT was implemented on the Gratigny Parkway on June 7, 2010 (FY 2010) and on the Don Shula Expressway and the Snapper Creek Expressway on July 17, 2010 (FY 2011). Prior to ORT implementation, the Snapper Creek Expressway was not tolled thereby allowing free movements. Currently, only 55 percent of the users of the Expressway System pay a toll. The complete conversion to ORT on the remaining two MDX facilities (SR 836 and SR 112) is scheduled to be completed during FY 2015.



Open Road Tolling Mainline Gantry.

On September 12, 2012, a Memorandum of Understanding (MOU) was entered into between Florida's Turnpike Enterprise (Enterprise), MDX, Orlando-Orange County Expressway Authority (OOCEA), and Tampa-Hillsborough County Expressway Authority (THEA) for the purpose of implementing a Centralized Customer Service System (CCSS) for statewide back office operation for administration of electronic toll collection activities in order to: provide a single point of contact for all non-cash toll collection customers; improve and simplify customer service; reduce the cost of non-cash toll collection; and provide a single centralized service center with regional satellite offices. As a result of the MOU, the participating agencies intend to implement the CCSS through a jointly developed Interlocal Agreement (ILA) that will address specific issues including, but not limited to, the establishment and maintenance of customer accounts, distribution of transponders, violations processing and enforcement, common business rules, interfacing with third parties and interoperability with non-participants. The MOU and contemplated ILA are

subject to approval by the OOCEA, THEA and MDX Board of Directors. Enterprise will take the lead and develop the procurement document needed to implement the CCSS and the other participating agencies have the right to enter into separate agreements with the selected vendor on the same, or substantially the same, terms as contained in the agreement executed between Enterprise and the selected vendor. The CCSS procurement is currently on hold pending vendor dispute resolution.

The MDX Board approved Resolution 13-11 and Resolution 13-12 at its December 2013 (FY 2014) meeting relating to the Miami Intermodal Center (MIC). Resolution 13-11 authorized the creation of a MIC Enterprise Fund and confirmed that the MIC and adjacent development parcels shall not, upon transfer from the Department to MDX, become a component of the MDX Expressway System, and that MDX System revenues shall not be utilized for the construction, maintenance, repair or operation of the MIC property except as specifically permitted. Resolution 13-12 amended MDX Bylaws by creating the MIC Enterprise Committee as a standing committee. By the end of FY 2014, MDX anticipates completing an agreement with the Department regarding the MIC.

MDX has competitively competed for loans 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 $27.7 million in outstanding debt is due to the Department as of June 30, 2013.

Table 5
Miami-Dade Expressway Authority
Long-Term Debt Payable to the Department
Year Ended June 30, 2013

Transaction	*(millions)*
Loans from Toll Facilities Revolving Trust Fund[1]	$5.2
Loans from State Infrastructure Bank[2]	$22.5
Total Due Department	$27.7

Source: MDX Notes to Audited Financial Statements.
[1] To be repaid by FY 2021.
[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. FY 2013 results, as reported by MDX, are provided in Table 6. 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 measure objectives 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.

Safety

The Florida 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 (VMT) measure is based on CY 2012 data. Although MDX actual performance of 0.64 fatalities per 100 million VMT for CY 2012 exceeded the established objective of 0.53, significant improvement was noted over CY

Table 6
Miami-Dade Expressway Authority
Summary of Performance Measures
FY 2013

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	92.2	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	91.4%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	97.6%	✓
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 6/30/12	96.2%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.0%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.64	X
Customer Service	% customers satisfied with level of service	> 90%	95.0%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	13.3%	X
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	$0.03	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	77.9%	✓
Applicable Laws				
Minority Participation[2]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	122.0%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.50	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.31	✓
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 five established Authorities. Actual results based on CY 2012 data.
[2] MDX has a Small Business Enterprise goal of 10 percent and reported achieving 12.2 percent, significantly exceeding the goal.

2011 results of 0.97 fatalities per 100 million VMT. Accident fatalities on MDX facilities decreased from 11 in CY 2011 to 7 in CY 2012, a 36.4 percent decrease.

During FY 2013, MDX continued to take steps to improve on safety measures. One example is through the use of the latest technology to improve traffic operations. MDX's current Intelligent Transportation System (ITS) network includes fiber communications and surveillance equipment, which reduces accident detection times and provides for speedy incident clearance. To maximize the use of its ITS surveillance system, MDX has awarded a contract for the installation of Dynamic Message Signs (DMS) system-wide to display real-time traffic condition information, thus improving operations throughout the MDX System. The project is under construction and is scheduled to be completed in early 2015.

MDX is currently completing the reconstruction of the northern and final section of SR 874/Don Shula Expressway which incorporates safety improvements to meet the latest standards including new guardrail, signing and lighting systems. The SR 836/Dolphin Expressway, SR 826/Palmetto Expressway interchange improvements, a joint project with the Department, is on schedule to be completed in 2015. This project will minimize weaving and add new movements and additional capacity within the interchange, all of which will enhance safety.

MDX is starting a new project to mill, resurface, install new guardrail, signing and lighting on the entire length of SR 112/Airport Expressway, and will widen two ramps at the SR 112/Airport Expressway and 27th Avenue Interchange, to improve safety on this entire roadway. Additional safety improvements have been programmed into MDX's Five Year Work Program which include capacity, operational and interchange improvements to SR 836/Dolphin Expressway from NW 57th Avenue to NW 17th Avenue as well as reconstruction of the SR 836/87th Avenue interchange and reconstruction of the SR 836/I-95 interchange. All of these projects are geared to improve capacity and safety conditions on the MDX system.

MDX has also continued to promote its safety campaign throughout the community by attending a wide variety of events. During fiscal year 2013, MDX attended 11 events, collected signatures pledging to not Text and Drive and TextTheLastWord.com, a site dedicated to the consequences associated with this epidemic, reached the one million views milestone. In addition, MDX began the development of the MDX *"Guide to Road Safety"* Workbook geared toward third graders. The workbook was distributed in conjunction with Miami-Dade County Public Schools as part of its efforts to support and strengthen awareness of the US Department of Transportation's effort to encourage more families to enjoy the many benefits of safely walking and bicycling to school.

Consultant Contract Management

The final cost of consultant contracts (design and CEI) completed during the year exceeded the original awards by 13.3 percent, thereby not achieving the established objective of less than 5



SR 836/SR 826 Interchange Improvements.

percent above the original award. This is the first year since implementation of the performance measures that MDX did not meet the measure, mainly due to additional scope added to the final design contract for the SR 874/Don Shula Expressway and Killian Parkway Interchange Improvements. The original contract included design of a new toll plaza in both directions at the same location as the original toll plaza. During the course of design, the MDX ORT Master Plan was approved which called to replace all cash lanes with all-electronic tolling. ORT is safer, faster, cleaner for the environment and fairer as users pay only for the portion of the road driven. As a result of ORT, a number of design changes were required including incorporation of toll gantries in lieu of toll plazas, re-design of the roadway geometry, sign panel modifications, significant changes to the traffic control scheme, changes to drainage, pavement widths, lighting, and guardrail installations under the gantries as well as significant changes to the ITS components. All changes added value to the project and made the implementation of ORT on SR 874/Don Shula Expressway possible. The changes outlined above during the design period also required changes in the Post Design to resolve issues that came up during construction which were part of the final design contract.

Presented below are examples of some of the notable performance measures where MDX met the objective. Explanations are provided to either clarify the source of the data or the methodology utilized by the Authority.

Electronic Toll Collection (ETC) Transactions

The percentage of Electronic Toll Collection (ETC) transactions to total transactions increased from 95.9 percent in FY 2012 to 96.2 percent in FY 2013, far exceeding the goal of greater than 75 percent ETC participation by June 30, 2012. Total toll transactions in FY 2013 increased 2.1 percent over FY 2012 levels. Cash transactions decreased 6.0 percent while ETC transactions increased 2.5 percent.

Revenue Variance

FY 2013 actual toll revenue, without recovery of fines, represents a 2.0 percent variance from indicated revenue, achieving the established objective of less than 4.0 percent. This compares to a 5.5 percent revenue variance reported in FY 2012 and a 2.5 percent revenue variance reported in FY 2011.

MDX recognizes SunPass and Cash revenue at "lane exit date" but recognizes Toll-by-Plate revenue based on "billed date" because the information is more accurate and conservative. Any delay in the billing process negatively impacts the revenue variance performance measure. MDX indicated that the FY 2012 increase in revenue variance is primarily attributable to the delay in recognition of revenues due to the backlog of processing transactions and billings. Although system improvements were made in FY 2013, MDX still noted significant deficiencies, initiated litigation, and terminated its back office vendor. MDX contracted with new service providers and transitioned all back office functions on October 1, 2013. MDX invoice processing was also modified to streamline the escalation process and meet the needs of revenue assurance as shown in Figure 2.

Customer Service

MDX exceeded the Customer Service objective with 95 percent of customers satisfied with the value received from the SunPass Program. Results from the biennial Enterprise Customer Satisfaction Survey have been used to report MDX Customer Service performance. Although MDX oversees, operates and maintains its own toll facilities and equipment and provides for its own video toll collection and violation enforcement, the Enterprise maintains SunPass accounts and processes SunPass payments to the Authority. The

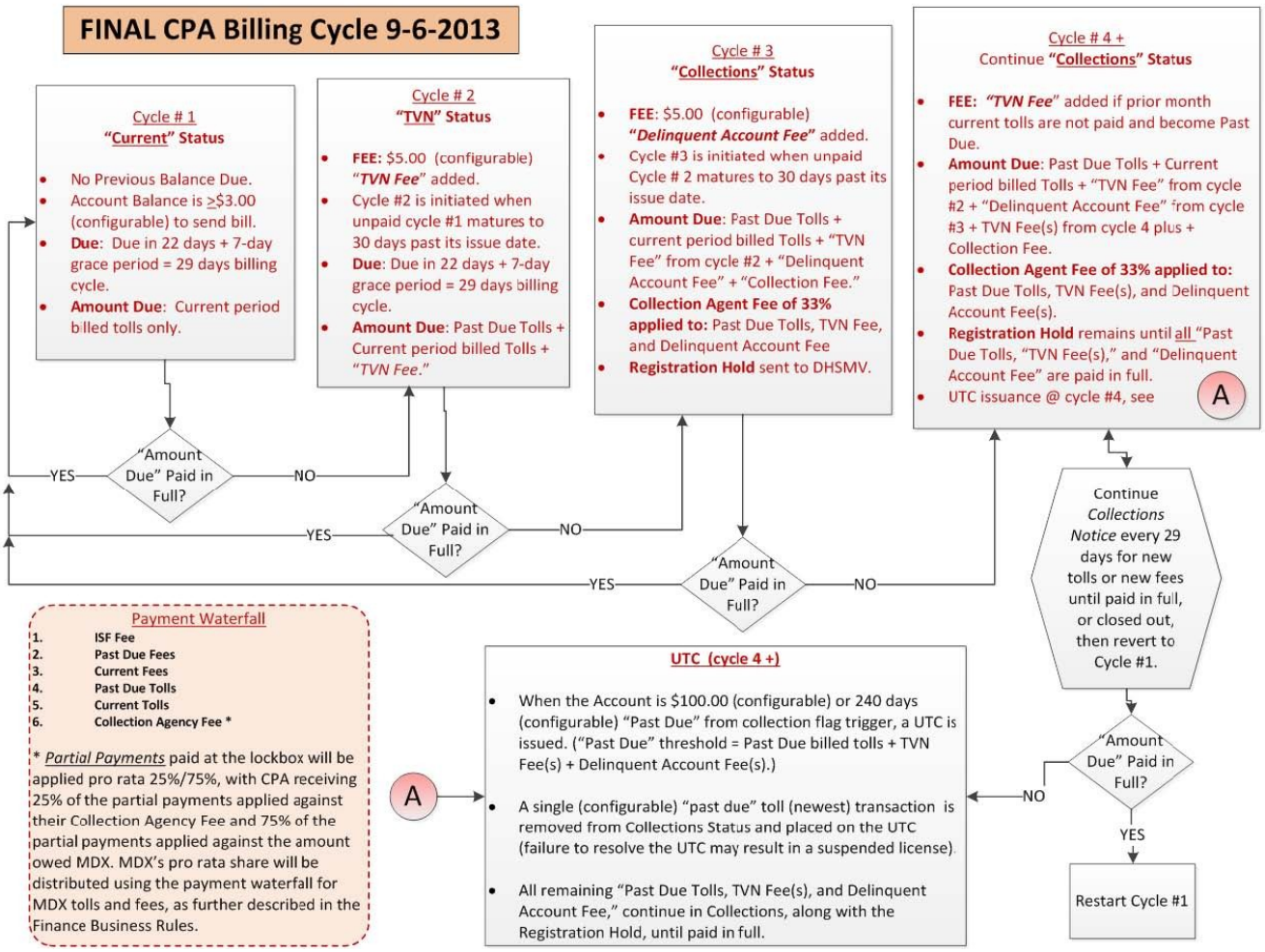


Figure 2: Invoice Processing Flowchart for MDX Customers.

Enterprise emailed approximately 1.9 million surveys to active SunPass account holders statewide, and approximately 40 thousand surveys were completed.

As previously noted, on September 12, 2012, MDX entered into a MOU with the Enterprise, OOCEA and THEA for the purpose of implementing a CCSS for statewide back office operation for administration of electronic toll collection activities. At this time, the CCSS is on hold pending vendor dispute resolution.

Cost to Collect a Toll Transaction

The FY 2013 cost to collect a toll transaction of $0.032 significantly decreased from $0.063 reported in FY 2012. Despite an increase of 2.1 percent in FY 2013 toll transactions, toll collection costs (net of exclusions) decreased $6.9 million, or 47.4 percent.

The significant $6.9 million, or 47.4 percent, decrease in toll collection costs (net of exclusions) is primarily due to decreases in Account Management and Toll Enforcement System (AMTES) back office support services of $5.7 million, Department pass-through charges for SunPass processing of $750 thousand, service patrol expenses of $460 thousand, and SunPass transponder subsidy of $680 thousand. The primary reason for the $5.7 million decrease in

MDX continues to implement safety improvements to the roadway system and promote its safety campaign to improve driver safety education. Accident fatalities on MDX fatalities significantly decreased from 11 in CY 2011 to 7 in CY 2012, a 36.4 percent decrease.

Total toll transactions increased 2.1 percent in FY 2013. ETC transactions increased 2.5 percent while Cash transactions decreased 6.0 percent.

FY 2013 Cost to Collect a Toll Transaction of $0.032 decreased from $0.063 reported in FY 2012. Had the $5.8 million accrual for AMTES support services not been released as a result of a favorable court ruling, the FY 2013 Cost to Collect a Toll Transaction would have been reported as $0.057.

AMTES support service expenses is due to a release of prior fiscal years' accrual of $5.8 million related to on-going litigation with MDX's vendor, Electronic Transaction Consultants Corporation (ETCC). In 2010, MDX entered into two multi-year, multi-million dollar contracts with ETCC for the implementation and maintenance of an ORT all electronic toll collection system (the In Lane Contract) and for the development, operation and maintenance of an AMTES back office operation (the AMTES contract). Numerous schedule delays and failures to provide deliverables have been experienced in both contracts and MDX issued Notices to Cure Events of Default as to both contracts, assessed liquidated damages related to both contracts, and issued a letter of default to the contractor and its surety as to the AMTES contract. MDX believes that express requirements of its contract that mandate ETCC meet certain completion, testing, and performance milestones relieves MDX of any current or specific future obligations to make payments to ETCC. MDX reflected a conservative position in its FY 2011 and FY 2012 financial statements and the release of accrual in FY 2013 was based on the presiding judge granting a Motion for Partial Summary Judgment in favor of MDX, holding that ETCC is not entitled to any payment for operations and maintenance, which eliminated a substantial portion of ETCC's claimed damages. Had the $5.8 million accrual not been released, FY 2013 toll collection costs (net of exclusions) would have increased by $5.8 million, resulting in a cost to collect a toll transaction of $0.057, still under the established objective of $0.160. This operating expense issue favorably impacts actual FY 2013 results reported for the Debt Service Coverage performance measures and various operating indicators that incorporate operating expense components (Annual OM&A Forecast Variance, Rating Agency Performance, and Operating Efficiency).

On December 3, 2012, MDX terminated the contract with ETCC for AMTES services due to ETCC's failure to perform the requirements of the contract. As noted above, ETCC and MDX are currently in litigation on this matter before a Miami -Dade Court judge. Pursuant to the termination provisions of the AMTES contract, there is an up to 12 month disentanglement period before ETCC has no contractual obligation to MDX. MDX was required to find replacement provider(s) for the services under the scope of the contract and replace and test the replacement system within this 12 month period.

Due to the technical aspects of the systems, the procuring, implementing, and testing of a system within the 12 month period was determined to be not feasible. Therefore, Toll Operations staff and HNTB, MDX's General Engineering Consultant, performed due diligence in determining the most efficient manner to have a transitional replacement system within the established timeframe. The transitional contracts/purchases

are temporary solutions until such time that the Statewide CCSS is in place.

The scope of the AMTES contract involved the processing of transactions captured at the lanes inclusive of SunPass and non-Sunpass, both electronic and human image review of the license plates, billing and collection of toll revenues, traffic citation processing, as well as a customer service center. The implementation of this scope includes several software, hardware and operation components. The AMTES contract was procured as a turn-key operation where one vendor, ETCC, was responsible for the different components. However, as part of the due diligence performed by MDX, it was determined in the agency's best interest to separate the different components. Therefore, MDX entered into various contracts with different providers. Some of the contracts were entered into using the Emergency Procurement provision of the MDX Procurement Policy, which exempts a competitive process. MDX was also able to piggyback on contracts from other agencies, as well as use already existing MDX contracts. Some of the service providers used to replace ETCC include:

- TransCore LLC - Toll System Host,
- Credit Protection Association, LP - Billing, Collection and Customer Services,
- Q-Free America, Inc. - Image Review Software and Services,
- Law Enforcement System, LLC - Collection Services of accounts assigned by ETCC, and
- Faneuill, II, Inc. - Customer Service of the accounts already billed by ETCC.

Minority Participation

MDX has 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 for services be committed to SBE's. 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. Out of the $34.5 million awarded in service contracts during FY 2013, MDX reported achieving 12.2 percent SBE participation commitment, or $4.2 million, thereby exceeding the 10 percent SBE participation commitment requirement. In addition, out of the $74.9 million paid in service contracts during FY 2013, $21.3 million, or 28.5 percent, was paid to Small Businesses.

MDX also adopted a Local Business Preference in Procurement Policy that allows a defined preference in a competitive procurement process to certified Local Businesses (LB). The LB certification is based on fulfillment of three criteria: the majority of a business ownership must reside in Miami-Dade County; the majority of the business employees must reside in Miami-Dade County; and, the business main office must be located in Miami-Dade County for at least one year. Preference may be offered in several ways, however to date, MDX has only applied one option of the policy by requiring a certain level of LB participation in contracts. Similar to the SBE requirement, MDX evaluates individual projects and identifies those projects most applicable for LB participation based on available qualified and certified local 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. Out of the $74.9 million paid in service contracts during FY 2013, $9.2 million, or 12.3 percent, was paid to Local Businesses.

While MDX cannot legally support a Minority and Disadvantaged Business Enterprise (MBE/DBE) program as it has not performed a disparate study, it has always encouraged participation in its contracts. Previously the MDX Procurement Policy established a goal of 25 percent MBE/DBE participation in the aggregate of its projects. However, on May 22, 2012, the MDX Board passed a resolution to remove the 25 percent participation goal to avoid confusion. Although never intended to be a requirement, and always administered as an aspirational goal, the 25 percent participation goal created confusion and unrealistic expectations as it related to enforceability and achievability.

Debt Service Coverage - (Bonded/ Commercial Debt)

MDX debt service coverage was in compliance with bond covenants, the performance measure objectives for Debt Service Coverage, and MDX policy. FY 2013 debt service coverage significantly improved over FY 2012 levels. Debt service coverage for Bonded/Commercial Debt increased from 1.26 in FY 2012 to 1.50 in FY 2013, and debt service coverage for Comprehensive Debt increased from 1.11 to 1.34 primarily due to the previously noted release of prior years' $5.8 million accrual for toll collection expenses related to ongoing litigation over the AMTES contract. Had the $5.8 million downward adjustment to toll collection expenses in FY 2013 not occurred, MDX would have reported the Debt Service Coverage - Bonded/Commercial Debt as 1.42, falling short of the Commission measure of greater than 1.50.

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 1.56 in the Required Supplementary Information section of the FY 2013 audited financial statements. This compares to 1.50 as reported in the performance measures table. The primary differences in the calculation are attributed to non-operating revenues such as investment income and grant revenues (capital contributions) that are included in the MDX calculation, but are excluded in the performance measure calculation.

At the March 2013 Public Hearing, the MDX Board approved a tolling plan whereby the currently untolled segments on SR 836 and SR 112 will be tolled by FY 2015. ORT will be fully implemented as these are the final two facilities to go cashless. On a separate action, the Board approved a new toll policy that eliminates the $3.00 administrative fee, effective July 1, 2014 (FY 2015). In lieu of the administrative fee, the rate for customers who choose to use Toll-by-Plate will be twice the SunPass rate. In addition, effective July 1, 2017 (FY 2018), all toll rates on all MDX facilities will be indexed to the Consumer Price Index (CPI). In April 2013, MDX issued $270 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013A, to refund outstanding Series 2001A, Series 2002 and Series 2004B Bonds for a net present value savings of $29 million. Also in April 2013, MDX cash defeased $2.3 million of its Series 2010A Bonds and $2.9 million of its Series 2010B Bonds by depositing cash from the MDX General Fund in



Central Boulevard Reconstruction.

escrow with The Bank of New York Mellon Trust Company. MDX also executed a new agreement with Enterprise which is expected to reduce pass-through toll collection costs. All of the above actions will have a positive impact on the debt service coverage ratio moving forward.

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 2013 operating indicators, as reported by MDX, are provided in Table 7. Also, to assist in trend analysis, FY 2011 and FY 2012 operating results are provided. Results for the last five fiscal years are included in Appendix B. It is important to note FY 2013 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.). In FY 2013, infrastructure assets increased approximately $46 million primarily due to completion of SR 874/SR 826 interchange improvements and completion of the new 2.3 mile SR 924 extension west to the Homestead Extension of Florida's Turnpike. MDX contributed $60 million toward SR 874/SR 826 interchange improvements as part of a Department managed joint project that reconstructed the SR 826 Palmetto Expressway, including addition of travel lanes in each direction, and reconstruction of interchanges at Bird Road, Miller Drive and SR 874.

On an annual basis as priorities are re-evaluated, projects are completed, new projects are identified and the financial capabilities of MDX evolve, the Authority adopts its Five-Year Work Program, which reflects and prioritizes the needs of MDX. The Five-Year Work Program is an important tool used by MDX to effectively manage its program of System safety, preservation, expansion and improvements. It identifies projects, or phases of projects, that MDX anticipates funding during the next five years.

The current approved FY 2014-2018 Work Program ($869 million) continues capacity and operational improvements such as SR 836 infrastructure modifications for ORT (east section), SR 836 interchange modifications at 87th Avenue, and reconstruction of the SR 826/SR 836 interchange. The Central Boulevard Project, a reconstruction of the entrance to the Miami International Airport, continues with expected completion by December 2013. MDX's planning efforts continue with the award of a planning study for extending SR 836 to the southwest while studies are ongoing for extending SR 924 to the east and west. MDX continues the study of the conversion of the existing Miami Dade Transit bus-way along US 1 to an Express Managed Lane Facility, which could potentially improve transit service.

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

Table 7
Miami-Dade Expressway Authority
Summary of Operating Indicators (in millions)
FY 2011 through FY 2013

Indicator	*Detail*	*Actual 11 Results (millions)*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$268.4	$292.1	$316.9
	Infrastructure Assets	$342.0	$470.7	$517.1
	Construction in Progress	$482.4	$437.5	$454.0
	Total Value of Transportation Assets	$1,092.8	$1,200.2	$1,288.0
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.0	$0.0	$0.0
	Routine Maintenance of Infrastructure	$6.6	$6.5	$5.9
	Total Preservation Costs	$6.6	$6.5	$5.9
Toll Collection Transactions	Revenue from Electronic Transactions	81.3%	86.6%	85.3%
Annual Revenue Growth	Toll and Operating Revenue	8.9%	0.7%	9.7%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	37.1%	40.3%	29.6%
	Routine Maintenance Expense as % of Operating Expense	12.0%	10.8%	10.4%
	Administrative Expense as % of Operating Expense	10.2%	8.3%	9.1%
	Operating Expense as % of Operating Revenue	44.5%	49.0%	41.6%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	21.9%	25.1%	16.7%
Property Acquisition				
Right-of-Way	Agency Appraisals	$0.7	$0.0	$0.0
	Initial Offers	$0.4	$0.0	$0.0
	Owners Appraisals	$2.2	$0.0	$0.0
	Final Settlements	$0.9	$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.

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)

FY 2013 routine maintenance expenses decreased $0.7 million, or 10.1 percent, over FY 2012. This

decrease is primarily due to lower structural inspection costs resulting from the bi-annual cycle of inspections, ITS maintenance savings from bringing services in house, and periodic maintenance and consultant maintenance support reductions.

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 to total transactions increased from 95.9 percent in FY 2012 to 96.2 percent in FY 2013. ETC revenue slightly decreased from 86.6 percent of total revenue in FY 2012 to 85.3 percent in FY 2013. The electronic toll rate is less than the cash rate on MDX facilities.

Annual Revenue Growth (Toll and Operating Revenue)

Total operating revenue for FY 2013 increased $11.9 million, or 9.7 percent, over FY 2012 primarily due to a $6.9 million increase in Toll-by-Plate revenue and $3.8 million increase in fee revenues as a result of the invoice escalation process and issuance of Uniform Traffic Citations, as well as a $2.0 million increase in SunPass collections, partially offset by a small decrease in cash toll collections. The revenue increase of 8.9 percent in FY 2011 is primarily attributed to the conversion of conventional tolling to ORT on SR 924 and SR 874, and first ever tolling on SR 878.

Operating Efficiency and Rating Agency Performance

FY 2013 total operating revenues increased $11.9 million, or 9.7 percent, over FY 2012 while total operating expenses decreased $4.1 million, or 6.8 percent. This resulted in an overall decrease in the ratio of operating expenses to operating revenues in FY 2013. Toll collection and routine maintenance expenses for FY 2013 decreased 31.5 percent and 10.1 percent, respectively, while administration expenses increased 2.3 percent over FY 2012 levels. MDX reports depreciation on infrastructure (roads, bridges and other highway improvements), furniture and equipment, toll equipment, toll facilities and buildings. FY 2013 depreciation expenses increased $4.1 million, or 16.8 percent, over FY 2012.

FY 2013 Toll Collection and Maintenance expenses decreased 31.5 percent and 10.1 percent, respectively, while administration expenses increased 2.3 percent over FY 2012 levels.

The significant $7.7 million, or 31.5 percent, decrease in FY 2013 Toll Collection expenses is primarily the result of a $5.7 million decrease in AMTES expenses for back office support services. MDX prevailed in court against the vendor on MDX's Motion for Partial Summary Judgment, holding that the vendor is not entitled to any payment for operations and maintenance.

Standard and Poor's Rating Services downgraded MDX's bond rating to A- from A in October 2012.

The significant $7.7 million, or 31.5 percent, decrease in toll collection expenses is primarily due to decreases in Account Management and Toll Enforcement System (AMTES) back office support services of $5.7 million, Department pass-through charges for SunPass processing of $750 thousand, service patrol expenses of $460 thousand, and SunPass transponder subsidy of $680 thousand. As previously noted, the primary reason for the $5.7 million decrease in AMTES support service expenses is due to a release of prior fiscal years' accrual of $5.8 million in FY 2013 related to on-going litigation with MDX's vendor, Electronic Transaction Consultants Corporation (ETCC). In September 2013, MDX prevailed against ETCC on MDX's motion for Partial

Summary Judgment, holding that ETCC is not entitled to any payment for operations and maintenance.

Right-of-Way

MDX did not acquire any right-of-way in FY 2013. It is anticipated that right-of-way purchases may begin as early as 2014 for projects included in the MDX Work Program.

Underlying Bond Ratings

For FY's 2004 through 2012, the underlying ratings assigned to MDX bonds from the three major bond rating agencies did not change. However, in October 2012 (FY 2013) Standard and Poor's Rating Services lowered the underlying ratings of MDX bonds to A- from A with a stable outlook. The downgrade was attributable to a decline in FY 2012 debt service coverage that was below MDX's budget policy and minimum debt service policy coupled with a comparable debt service coverage ratio forecast for FY 2013.

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 13, 2011. 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's 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, whistleblower protection and compliance hotline.

MDX General Counsel conducted various "Ethics Moment" discussions at Board meetings covering various topics to fulfill ethics training as required by the MDX Code of Ethics.

The FY 2013 independent financial statement audit reflected an unmodified opinion.

According to MDX, no ethics or conflict of interest violations or investigations were reported during FY 2013. 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 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 provided. Commission staff also noted that MDX General Counsel conducted various "Ethics Moment" discussions at Board meetings in order to comply with the annual ethics training, as required by the MDX Code of Ethics. Staff training was conducted twice during FY 2012. Training addressed MDX Bylaws related to accountability, transparency and responsibility, anti-discrimination/anti-harassment policy, Government in the Sunshine, Whistle-blower Act, public records, voting conflicts and financial disclosure. In FY 2013, training was also provided to staff on the MDX Ethics Policy.

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. Commission staff reviewed the questionnaires provided by MDX and noted no reported instances of actual or suspected fraud.

Audits

MDX's Budget and Finance Committee assumes the role of the Audit Committee. According to the Authority, the Committee reviews revenue reports and financial statements and requires staff to discuss at Committee and/or Board meetings. 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. For FY 2013, audit results were presented 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 year ended June 30, 2013 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unmodified opinion. 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 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 Requirements That Could Have A Direct And Material Effect On The Major State Project And On Internal Control Over Compliance In Accordance With Chapter 10.550, Rules Of The Auditor General 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 for two prior year audit findings and one current year audit finding. The auditors again noted an audit (SSAE 16 Report) of the Account Management Toll Enforcement Center (AMTEC) has not been performed to identify any control deficiencies in the third party service organization (service organization). Although applicable for FY 2013, the auditors stated that this finding will not be applicable in FY 2014 because AMTEC will no longer be the third-party service provider to MDX for transaction processing. The second prior year finding incorporated the following operations and service organization issues: documentation to verify transactional detail from origination point through collection is not readily available to MDX, some customer accounts were placed on a billing hold in the RITE system whereby revenue may not be properly recognized by MDX, and the reconciliation process in place between the service organization and its third party collection agency was not functioning as intended. The auditors recommended that MDX and the service organization continue to progress in refining the system to ensure that controls are implemented, which will allow MDX to have independent access to information needed for financial purposes and up-to-date and accurate customer account information. Implementing the recommendations would streamline processing, reduce time needed to complete various tasks, and would improve the timeliness and accuracy of financial reporting. Although applicable for FY 2013, as previously stated, this finding will not be applicable in FY 2014 because AMTEC will no longer be the third-party service provider to MDX for transaction processing.

The current year finding noted that MDX intends to switch vendors for the processing of electronic toll payments during FY 2014. The auditors evaluated MDX's transition plan and anticipated reimbursement processing, and noted that there was no backup server which MDX could utilize to operate the new vendor software in case of a disaster. The auditors recommended that MDX consider implementation of a secondary backup system which "mirrors" the process utilized for toll payment processing. MDX concurred with the recommendation and explained that MDX has a Disaster Recovery Site as part of the services provided under the ETCC Contract for the Account Management and Toll Enforcement System (AMTES). As MDX continues the transition from AMTES to a new Host providing similar functionality, MDX will perform a cost-benefit analysis for the implementation of a Disaster Recovery Site as part of MDX's Business Continuity Plan by June 30, 2014.

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. MDX has a designated records custodian whose responsibility is to receive, track, review and coordinate responses to public records requests. The records custodian work is augmented by the assistance of the Authority's Public Information Officer and General Counsel who provide technical and legal assistance in determining whether exemption issues are presented by the request.

The Authority is also subject to the provisions of Section 189.417, Florida Statutes and Chapter 286, Florida Statutes, for open meetings. A review of MDX agendas and Board meeting minutes, as posted on the Authority's website, showed that the agendas and minutes appear to be in compliance with statute and policy. Beginning in 2010, a video of MDX Board meetings is also provided on the Authority's website. Commission staff also reviewed a Board Meeting Schedule published in the Miami Herald newspaper and public meeting notices posted on the MDX website. Based on the review, it appears that required notice of public meetings is in compliance with MDX policy and Florida Statutes.

Our review of the June 18, 2013, Board meeting minutes indicated that MDX's General Counsel noted, for the record, a cure issue as it relates to an email sent by a Board member where he was discussing his views on having verifiable data. The Board member "replied to all" to a staff email and, in an abundance of caution, MDX General Counsel distributed a hard copy of the email at the next Board meeting to make it a part of the public record.

Procurement

The MDX Procurement Policy (amended May 22, 2012) 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, 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 five 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 $3 million.
- Contract incentives or disincentives.
- Contract contingency allowances.
- Rescission of contract awards.
- Final ranking of proposers.
- Assignment of contracts.

Consultant Contract Reporting

MDX provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2013. As indicated in Table 8, 30 sub consultants were used by the general consulting firms for a total cost of $9 million in FY 2013.

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 System. Bond proceeds are primarily being used to partially fund Work Program projects. In August 2010 (FY 2011), MDX issued approximately $413 million in Revenue and Refunding Revenue Bonds (Series 2010A and Series 2010B). Bond proceeds will be used to: partially fund Work Program projects; refund and defease Series 2000 and 2004A bonds; partially fund the debt service reserve fund; pay termination costs for the Swap agreement relating to the Refunded 2004A bonds; and pay expenses related to bond issuance costs. In April 2013, MDX

Table 8
Miami-Dade Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2013

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
EAC	**General Construction Management Consultant**	
AECOM U.S.A., Inc.	Transportation Management	$1,002
AMEC E&I, Inc.	Materials Testing Oversight	$71
Gamax Consulting, Inc.	Project/Program Controls	$152
HOLT Communications, Inc.	Public Involvement/Information	$34
Pinnacle Consulting Enterprises, Inc.	Construction Engineering & Inspection/Surveying	$463
R.J. Behar & Company, Inc.	Engineering Services	$147
Reynolds, Smith and Hills, Inc.	Engineering Services	$69
Tamayo Engineering, LLC	Document Controls and Traffic Management Center	$284
Transpath, Inc.	Project Schedule Review	$27
Westhorp & Associates, Inc.	Civil & Environmental Services	$30
WTL Associates	MIC Joint Development Feasibility Study Activities	$44
HNTB	**General Engineering Consultant**	
Azimuth Consultants, Inc.	GIS Services	$127
BCC Engineering, Inc.	Roadway/Structures	$173
Bermello, Ajamil & Partners, Inc.	Public Involvement/Public Information	$644
Botas Engineering, Inc.	Design	$71
CH Perez & Associates Consulting Engineers, Inc.	Roadway/Traffic Studies/Signs & Paving/Surveying	$363
EV Services, Inc.	Public Involvement/Public Information	$91
Fernandez-Beraud, Inc.	Landscaping	$49
MCO Construction and Services, Inc.	Construction Management/Program Controls	$164
Ribbeck Engineering, Inc.	Design	$112
Terry Couture Communications Corp.	Public Involvement/Public Information	$159
Transfield Services Infrastructure, Inc.	**Maintenance Management Consultant**	
American Lighting & Signalization, Inc.	Highway Lighting Maintenance	$447
AmRoad, LLC	Concrete Repairs, Striping, RPM's	$1,495
Arazoza Brothers, Inc.	Landscaping	$50
Demolition Services, Inc.	Demolition Services	$68
Eco Team, LLC	Facilities Janitorial	$195
In & Out Projects Corporation	Pressure Washing and Painting	$83
Remington Steel & Sign Corp.	Guardrail, Sign and Attenuator Repairs	$631
Star Cleaning U.S.A., Inc.	Roadway Sweeping	$139
Tenusa, Inc.	Landscaping	$1,630
CDM Smith	**Traffic and Revenue Consultant**	
Total Sub consultants > $25 K		$9,014

issued $270 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013A, to refund outstanding Series 2001A, Series 2002 and Series 2004B Bonds for a net present value savings of $29 million. As of June 30, 2013, total bonds in the principal amount of approximately $1.21 billion remained outstanding.

Pursuant to Resolution No. 13-09, adopted by the Board on December 10, 2013 (FY 2014), MDX

issued $74.8 million in Toll System Refunding Revenue Bonds, Series 2013B. The Series 2013B Bonds were not publicly offered but were the result of an unsolicited proposal from the sole beneficial owner of the Refunded Bonds to which the owner proposed to tender the Refunded Bonds to MDX and purchase Refunding Bonds at a purchase price including a premium of 5 percent of the $74.8 million par amount. The Series 2013B Refunding Bonds contain exactly the same terms as the Refunded Bonds, other than an extension of the first optional redemption date from July 2016 to July 2023, and are secured under the Indenture on the same basis as all other outstanding Bonds. No disclosure or offering document was prepared or distributed with respect to the Series 2013B Bonds as MDX determined that the Bonds are exempt from SEC disclosure requirements. Bond proceeds will be used to fund current capital projects.

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 two General Engineering Consultants (HNTB and EAC).
- An independent inspection and report concerning the condition of the Expressway System is required at least annually. An annual inspection report, dated December 2013, 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 New York).
- MDX utilizes a nationally recognized Traffic and Revenue Consultant (CDM Smith).
- Debt service coverage ratios for FY 2013 exceed bond requirements.
- As of June 30, 2013, MDX has fully funded the Debt Service Reserve Fund in the amount of $90 million.

Summary

The Commission's review of MDX was conducted with the cooperation and assistance of MDX 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 consultant contract management. As noted below, a $5.8 million downward adjustment to toll collection expenses was made in FY 2013 relating to on-going litigation. Had this adjustment not occurred, MDX would not have met the objective for debt service coverage – bonded/commercial debt.

Operating indicator trend analysis showed that FY 2013 infrastructure assets increased $46 million over FY 2012 due to completion of SR 874/SR 826 interchange improvements, and completion of the new 2.3 mile SR 924 extension west to the Homestead Extension of Florida's Turnpike. FY 2013 total operating revenues increased $11.9 million, or 9.7 percent, over FY 2012 while total operating expenses decreased $4.1 million, or 6.8 percent. Total toll collection and routine maintenance expenses for FY 2013 decreased 31.5 percent and 10.1 percent, respectively, while administration expenses increased 2.3 percent

over FY 2012 levels. The significant $7.7 million, or 31.5 percent, decrease in FY 2013 toll collection expenses is primarily due to a $5.8 million decrease in Account Management and Toll Enforcement System (AMTES) expenses for back office support services. This is the result of a release of prior fiscal years' operating expense accrual of $5.8 million in FY 2013 related to on-going litigation with an MDX vendor. MDX prevailed in court against the vendor on MDX's Motion for Partial Summary Judgment, holding that the vendor is not entitled to any payment for operations and maintenance. Total toll transactions increased 2.1 percent in FY 2013, with ETC transactions increasing 2.5 percent and cash transactions decreasing 6.0 percent. Standard and Poor's Rating Services lowered the rating on MDX Bonds to A- from A in October 2012. The downgrade was primarily attributed to a decline in FY 2012 debt service coverage that was below MDX's budget policy and minimum debt service policy coupled with a comparable debt service coverage forecast for FY 2013.

In the area of governance, the FY 2013 independent financial statement audit reflected an unmodified opinion. Three recommendations for improvement were provided in the Auditor's Management Letter relating to an audit of the Account Management Toll Enforcement Center's (AMTEC's) third party service provider, various operational issues pertaining to AMTEC's third party service provider including the development of a system that will allow MDX independent access to information needed for financial purposes and up-to-date and accurate customer account information, and a secondary backup system which mirrors the process utilized for toll payment processing. The first two findings will not be applicable in FY 2014 because AMTEC will no longer be the third-party service provider to MDX for processing electronic toll payments.

In September 2012, MDX entered into a Memorandum of Understanding with the Turnpike Enterprise, Orlando-Orange County Expressway Authority and Tampa-Hillsborough Expressway Authority to adopt an Interlocal Agreement to manage the procurement and engagement of a third-party private sector vendor to provide a Centralized Customer Service System (CCSS) that will provide statewide back office operation for administration of electronic toll collection activities including customer account maintenance, transponder distribution, and violations processing. The CCSS procurement is currently on hold pending vendor dispute resolution.

In March 2013, the MDX Board approved a toll policy whereby the currently untolled segments on SR 836 and SR 112 will be tolled by FY 2015. The Board also approved a new toll policy that eliminates the $3.00 administrative fee, effective July 1, 2013 (FY 2014). In lieu of the administrative fee, the rate for customers who choose to use Toll-by-Plate will be twice the SunPass rate. In addition, effective July 1, 2017 (FY 2018), all toll rates on all MDX facilities will be indexed to the Consumer Price Index.

In April 2013, MDX issued $270 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013A, to refund outstanding 2001A, Series 2002 and Series 2004B Bonds for an estimated net present value savings of $29 million. In December 2013 (FY 2014), MDX issued $74.8 million in Toll System Refunding Revenue Bonds, Series 2013B. The Series 2013B Bonds were not publicly offered but were the result of an unsolicited proposal from the sole beneficial owner of the Refunded Bonds to which the owner proposed to tender the Refunded Bonds to MDX and purchase Refunding Bonds at a purchase price including a premium of 5 percent of the $74.8 million par amount. The Series 2013B Refunding Bonds contain exactly the same terms as the Refunded Bonds, other than an extension of the first optional redemption date, and are secured under the Indenture on the same basis as all other outstanding MDX bonds. Bond proceeds will be used to fund current capital projects.

In December 2013 (FY 2014), the MDX Board approved two resolutions relating to the Miami Intermodal Center (MIC). The first resolution authorized the creation of a MIC Enterprise Fund and confirmed that the MIC and adjacent development parcels shall not, upon transfer from the Department to MDX, become a component of the MDX Expressway System, and that MDX System revenues shall not be utilized for the construction, maintenance, repair or operation of the MIC property except as specifically permitted. The second resolution amended MDX Bylaws by creating the MIC Enterprise Committee as a standing committee. MDX is in the process of finalizing an agreement with the Department which is expected to be approved by the end of FY 2014.

Based on the Commission's 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 MDX for its ongoing efforts to implement Open Road Tolling on all of its facilities and encourages MDX to continue to develop and pursue action plans to help meet established performance measure objectives. 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.

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Orlando-Orange County Expressway Authority (OOCEA)

Background

In 2013, the Orlando-Orange County Expressway Authority (OOCEA), an agency of the state of Florida, celebrated its 50th anniversary. OOCEA was created in 1963 by the Florida Legislature, under Chapter 348, Part III, Florida Statutes, for the purpose of building and operating 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, and avenues of access 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.

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

Table 9
Orlando-Orange County Expressway Authority
Current Board Members

Name	*Affiliation*	*Position*
Walter A. Ketcham, Jr.	Grower, Ketcham, Rutherford, Bronson, Eide & Telan, P.A.	Chairman
Vacant		Vice Chair
Teresa Jacobs	Orange County Mayor	Secretary/Treasurer
Vacant		Board Member
Noranne B. Downs, P.E.	District Five Secretary	Board Member

Highlights

- OOCEA met or exceeded all 17 performance measure objectives.
- FY 2013 operating revenue increased $36.8 million, or 13.8 percent, over FY 2012 while operating expenses decreased $11.9 million, or 13.2 percent.
- OOCEA's toll structure requires tolls to be increased every five years to reflect the higher of CPI or three percent per annum. Pursuant to this toll schedule, tolls were increased on July 1, 2012 at approximately 98 percent of its toll collection sites.
- In November and December 2012, OOCEA issued $618.6 million in fixed rate Refunding Revenue Bonds (Series 2012, 2013A and 2013B) in order to capitalize on historically low interest rates and to convert variable rate debt to fixed rate debt.
- Phase two of the John Land Apopka Expressway (SR 414) opened to traffic on January 19, 2013.
- An investigation launched by the State Attorney's Office led to former Vice Chair Scott Batterson indictments for solicitation of bribery, solicitation of unlawful compensation for official behavior and violation of public records laws. Former Board member Marco Peña also pled guilty to violating public records laws.
- SB 230, passed by the 2014 Legislature was signed into law by Governor Scott on June 20, 2014 (FY 2014) and is effective immediately. SB 230 replaces OOCEA with the Central Florida Expressway Authority (CFX); expands the area served by CFX beyond Orange County to include Seminole, Lake and Osceola Counties; replaces the current five-member Board with nine members; and also transfers governance and control of the Osceola County Expressway Authority to CFX sometime after December 31, 2018.

Transportation (Department) are the two ex-officio members of the Board.

OOCEA currently owns and operates 109 center-line miles of roadway in Orange County. The roadways include 22 miles of the Spessard L. Holland East-West Expressway (SR 408), 23 miles of the Martin Andersen Beachline Expressway (SR 528), 33 miles of the Central Florida GreeneWay (SR 417), 22 miles of the Daniel Webster Western Beltway (SR 429) and 9 miles of the John Land Apopka Expressway (SR 414). The Authority reported toll revenue of $298 million in FY 2013 based on 312 million transactions.

The first five mile section of the John Land Apopka Expressway fully opened to traffic in May 2009 and extends Maitland Boulevard (SR 414) west from US 441 to SR 429. Phase two of the John Land Apopka Expressway extends SR 414 from SR 429 four miles to the west and north to US 441 near CR 437 (Plymouth Sorrento Road). As part of phase two, the SR 429 Interchange with CR 437A (Ocoee Apopka Road) was relocated approximately one mile south, and a portion of SR 429 was removed to accommodate the ultimate SR 429/SR 414 system interchange. Construction started in 2010 and was opened to traffic on January 19, 2013.



Completed John Land Apopka Expressway.

The Wekiva Parkway (SR 429) is currently under design and construction. The project is a 26-mile tolled expressway that will traverse Orange, Seminole and Lake Counties and connect to SR 417, completing the beltway around northwest metropolitan Orlando. The project is estimated to cost $1.7 billion, which includes approximately $500 million of non-toll road improvements, and will feature all electronic tolling. In February 2012, OOCEA and the Department entered into a Memorandum of Understanding (MOU) that delineated the plan to fund, design, construct, own, operate and maintain the Wekiva Parkway. The OOCEA Board approved the Wekiva Parkway Interlocal Agreement on May 9, 2014, which contains specific terms and provisions governing the project that are consistent with the MOU. OOCEA will independently finance, build, own and manage Sections 1A, 1B, 2A, 2B and 2C which will constitute part of the OOCEA system. While OOCEA is primarily responsible for the Orange County portion and a small section in Lake County, the Department is responsible for the remaining portions in Lake and Seminole Counties. The various sections of the Wekiva Parkway are scheduled to be open to traffic in accordance with the schedule provided in Figure 3.

OOCEA is currently seeking a federal loan (TIFIA) to advance Sections 2A, 2B, and 2C by two years saving the Authority over $114 million in financing costs.

Other major projects in the Authority's $706 million Five-Year Work Plan (FY 2013 through FY 2017) include partial widening of SR 408 and SR 417; resurfacing of SR 429 (part A) and partial resurfacing of SR 417; new SR 417/Boggy Creek Road interchange; design of partial interchange at SR 417/Turnpike; and toll collection system upgrades.

New Authority Legislation

Senate Bill (SB) 230 was passed by the Florida Legislature in May, 2014 and Governor Scott signed the bill into law on June 20, 2014. The bill replaces the Orlando-Orange County Expressway Authority with the Central Florida Expressway Authority, expands the area served beyond Orange County to include Seminole, Lake and Osceola counties and replaces the current five-member Board with nine members. Additional details regarding SB 230 are provided in the governance section of this chapter under the Central Florida Expressway Authority heading.

Board Investigation

The OOCEA Board hired Interim Executive Director, Max Crumit, P.E. as their permanent Executive Director in August 2012. At the August 28, 2013 Board meeting, Max Crumit claimed that Vice Chairman Scott Batterson asked him to resign in lieu of being removed by a majority Board vote. After some discussion, a majority of the Board; Scott Batterson, Marco Peña and Noranne Downs, voted to immediately begin a search for a new Executive Director. Following the meeting, Chairman Ketcham sent a letter to OOCEA's General Counsel that accused Board members Marco Peña, Scott Batterson and Noranne Downs

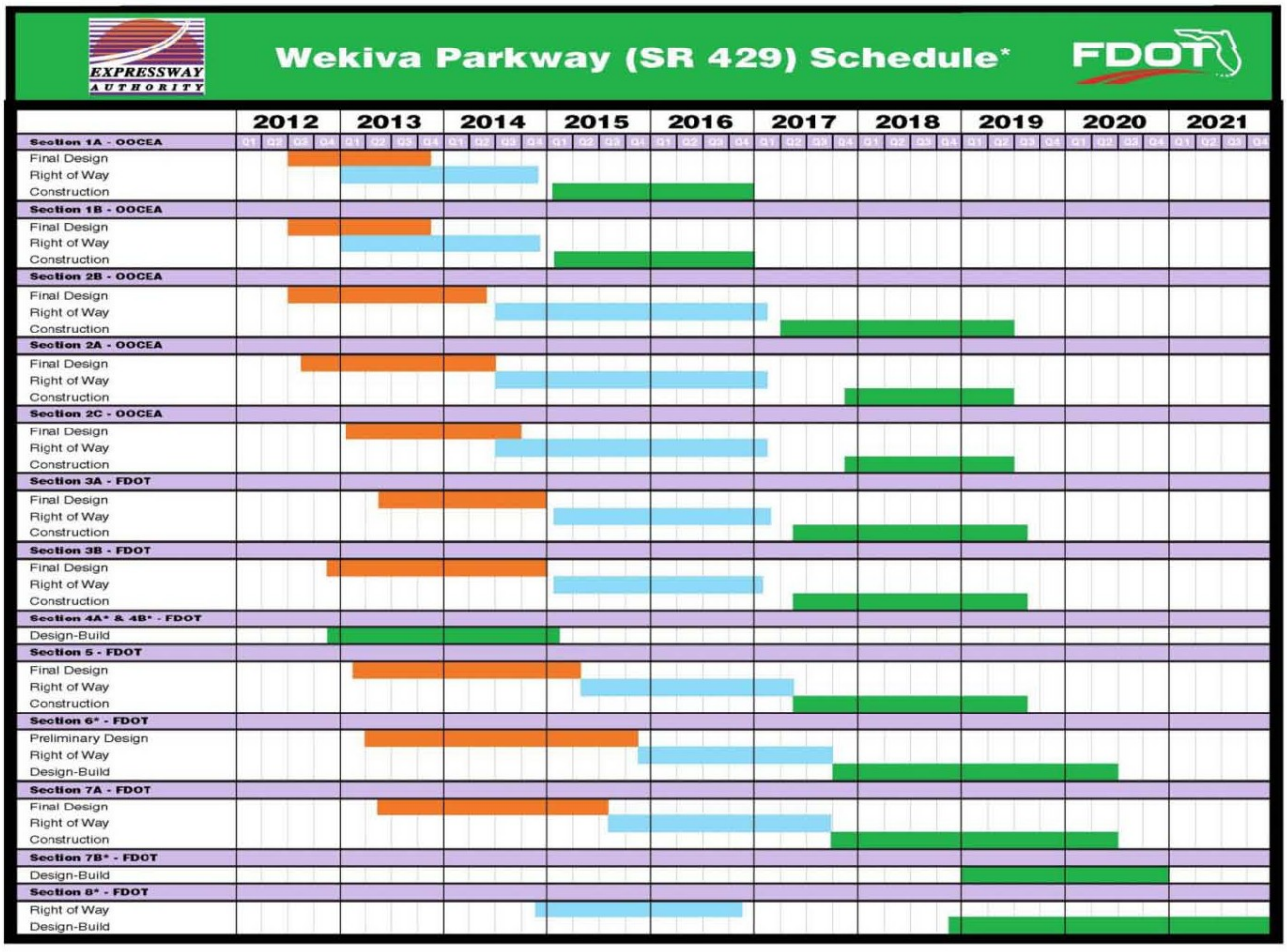


Figure 3: Wekiva Parkway Construction Schedule Depicting OOCEA and Department Segments.

of discussing the Board actions concerning the Executive Director among themselves or through intermediaries before the Board meeting and asked for an investigation into the matter. Florida's public records and "Government in the Sunshine" laws prohibit elected officials and members of public boards from privately discussing agency business. OOCEA's General Counsel forwarded the letter to the State Attorney's Office and on September 6, 2013, State Attorney Jeff Ashton announced that he intended to investigate the complaint. Mr. Crumit officially resigned effective October 1, 2013.

On January 7, 2014, Board members Scott Batterson, Marco Peña, and Noranne Downs voted to select Stephen Precourt as the new Executive Director, with an employment contract coming back before the Board for final approval at the January 22, 2014 meeting. Representative Precourt resigned from the Florida House of Representatives on January 9, 2014, however, Mr. Precourt elected not to accept the month-to-month employment contract offered to him at the January 22, 2014 Board meeting. In developing the terms of the employment contract, the OOCEA Board considered a letter received from the State Attorney's Office requesting that OOCEA delay taking action in hiring an Executive Director until their investigation was concluded. The Board also voted unanimously at this meeting to maintain the current slate of officers until the State Attorney's investigation is concluded, at which time the Board would hold an election at the following meeting. In February 2014, the OOCEA Board voted unanimously to postpone hiring an Executive Director until after the 2014 legislative session.

On April 24, 2014, the Grand Jury for Orange County indicted OOCEA Vice Chairman Scott Batterson on one count of solicitation of bribery, and two counts of solicitation of unlawful compensation for official behavior. On that same date, Governor Scott issued Executive Order 14-143 suspending Scott Batterson from public office until a further Executive Order is issued, or as otherwise provided by law.

Marco Peña resigned from the Board on May 16, 2014 and subsequently pled guilty to violating state public-records laws on June 4, 2014. Later the same day, the Grand Jury indicted Scott Batterson, former State Representative Chris Dorworth and Department employee Rebekah Hammond for violating state public records laws. Department employee Rebekah Hammond resigned after the indictment was announced.

Lease-Purchase Agreement

For FY 2013, the operating portion of the operating and maintenance costs of the Martin Andersen Beachline Expressway and the Spessard L. Holland East-West Expressway that the Department is required to pay under the terms of the Lease-Purchase Agreement between OOCEA and the Department have been vetoed. The Authority recorded these prior 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. In addition, the Authority utilized funds from a State Infrastructure Bank (SIB) loan to acquire right-of-way for construction of the John Land Apopka Expressway. Table 10 indicates that, as of June 30, 2013, approximately $255.6 million is owed to the Department for operating and maintenance expense advances and other Department advances and loans.

As previously noted, subsequent to approval of the State's FY 2013 budget by the Legislature, Governor Rick Scott exercised his line item veto authority to block funds from the State Transportation Trust Fund that were intended to

Table 10
Orlando-Orange County Expressway Authority
Long-Term Debt Payable to the Department (in millions)
Year Ended June 30, 2013

Transaction	*(millions)*
Advances for Operating and Maintenance Expenses[1]	$216.8
Advances for Completion of East-West Expressway[1]	$14.0
Loans from State Infrastructure Bank[2]	$24.8
Total Due Department	$255.6

Source: OOCEA Notes to Audited Financial Statements and OOCEA Management.
[1] OOCEA repaid the Department $10 million in July 2012 and will repay $20 million each year thereafter until the advances are eliminated.
[2] To be repaid by FY 2018.

fund the Department's obligation to pay OOCEA for certain FY 2013 operating and maintenance costs identified in the Lease-Purchase Agreement. (The relevant language from Chapter 2012-118, Laws of Florida is detailed in Appendix A.) In the February 2012 MOU between OOCEA and the Department to build the Wekiva Parkway, OOCEA agreed to repay operations and maintenance costs advances from the Department by paying the Department $10 million in July, 2012 and $20 million each year thereafter until the long-term advances are eliminated. The funds paid to the Department must be used for construction of its portions of the Wekiva Parkway. When OOCEA bonds issued before July 1, 2012 are fully paid for or defeased, the Lease-Purchase Agreement and any obligations of the Department to pay for any operating or maintenance costs is terminated. The expressway system will remain the property of OOCEA and may not be transferred to the Department. (The relevant language from House Bill 599 is detailed in Appendix A.)

Florida's Centralized Customer Service System

On September 12, 2012, OOCEA entered into a MOU with Florida's Turnpike Enterprise (Enterprise), Miami-Dade Expressway Authority (MDX), and Tampa-Hillsborough County Expressway Authority (THEA) to develop and implement a Centralized Customer Service System (CCSS). This system is expected to provide a single point of contact for all non-cash toll collection customers, improve and simplify customer service, reduce the cost of non-cash toll collection, and provide a single centralized service center with regional satellite offices. As a result of the MOU, the participating agencies intend to implement the CCSS through a jointly developed Interlocal Agreement (ILA) that will address specific issues including, but not limited to, the establishment and maintenance of customer accounts, distribution of transponders, violations processing and enforcement, common business rules, and interoperability with non-participants.

An Invitation to Negotiate (ITN) to develop and implement the CCSS was issued by Florida's Turnpike on behalf of the four agencies in November, 2013. The four agencies short-listed the firms to provide technical and price proposals in early 2014. On April 9, 2014, OOCEA, Enterprise, THEA and MDX ranked the CCSS proposers. The initial vendor rankings were:

1. Xerox State and Local Solutions, Inc.
2. Accenture, LLP
3. Cubic Transportation Systems, Inc.
4. Egis, Projects, Inc.
5. Indra USA, Inc.

Negotiations have been delayed because Accenture, LLP and Cubic Transportation Systems, Inc. filed protests after the ranking. Implementation of the CCSS is expected in 2016.

OOCEA has also issued requests for proposals to replace major portions of their toll collection equipment in the lanes. Proposals are due in July, 2014.

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. FY 2013 results, as reported by OOCEA, are provided in Table 11. Results for the last five fiscal years are included in Appendix B.

OOCEA met or exceeded all 17 performance measure objectives. Presented below are examples of some of the notable performance measures. Explanations are provided to clarify the source of the data, the methodology utilized by the Authority or to identify differences between adopted performance measure objectives and those required in bond documents.

Electronic Toll Collection - Transactions

Electronic Toll Collection (ETC) transactions for OOCEA constituted 79.2 percent of total transactions during FY 2013, compared to 76.0 percent reported during FY 2012, thereby exceeding the goal of greater than 75 percent ETC participation by June 30, 2012. Total toll transactions in FY 2013 increased 3.2 percent over FY 2012 levels. Cash transactions decreased 10.3 percent while ETC transactions increased 7.5 percent.

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 (VMT) measure is based on CY 2012 data. Accident fatalities on OOCEA facilities decreased from 8 in CY 2011 to 6 in CY 2012, resulting in a fatality rate of 0.34 which is lower than Safety objective of less than 0.53 fatalities per 100 million VMT.

All improvements to the OOCEA expressway system are made with safety in mind. Major improvements to the SR 408/SR 417 interchange recently completed by OOCEA include new longer ramps that reduce peak hour backups, resulting in shorter commute travel times while also preparing for future growth. Crashes on the OOCEA system are studied, analyzed and published in a Quarterly Crash Summary Report. Crash characteristics, areas of significant crash occurrence, traffic volume, construction, and other factors are studied to determine when and where safety adjustments can be made. System enhancements such as interchange reconfigurations that improve traffic flow, widening projects that ease congestion during peak hours and cross-over guard rail at strategic locations continue to be implemented to help improve the overall safety of the Orlando-Orange County Expressway System. The University of Central Florida is currently conducting a study for OOCEA to research possible countermeasures for wrong way driving incidents. The study will determine what countermeasures are most effective in reducing wrong way crashes.

Customer Service

Every two years, OOCEA conducts a survey to gather the opinions of both E-PASS and cash customers. In October 2013, the Authority worked with AnswerSearch Inc. to survey customers online and via printed surveys distributed at the toll

Table 11
Orlando-Orange County Expressway Authority
Summary of Performance Measures
FY 2013

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	93.0	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	97.7%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	99.3%	✓
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 6/30/12	79.2%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.1%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.34	✓
Customer Service	% customers satisfied with level of service	> 90%	95.5%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	0.5%	✓
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	≥ 80%	88.2%	✓
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	< 110%	95.6%	✓
Applicable Laws				
Minority Participation[2]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	166.7%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.94	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.74	✓
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 five established Authorities. Actual results based on CY 2012 data.

[2] The Authority has a 15 percent goal for RFP's and ITN's and reported achieving 25.0 percent, or 166.7 percent of the goal.

plazas. A sample of only 1,414 E-PASS customers was used for this official survey. In order to receive more feedback from the entire E-PASS customer base, OOCEA duplicated the survey created by AnswerSearch in an online program called SurveyGizmo. The survey was then sent to the remaining 219,944 E-PASS customers with active email addresses. As an incentive to participate, survey respondents were entered into a drawing to win one of five $50 E-PASS credits. A total of 28,111 customers took the survey, creating a 13 percent return rate. Some highlights from the survey are:

- 95.5 percent of survey respondents consider themselves a satisfied customer.
- 91 percent choose to travel on the tolled expressways to save time.
- 85 percent are satisfied with the value they receive from the E-PASS program.
- 96 percent would recommend E-PASS to family or friends.
- 94 percent would agree that Expressway Authority roads are faster than others.
- 75 percent have received the E-PASS mini sticker transponder.

For this survey only, OOCEA added a comments section for customers to provide further feedback. Thousands of comments and questions were received and are currently being addressed by OOCEA staff.

Construction Contract Adjustments - Time and Cost

Construction contract performance measures are especially important to OOCEA because most of OOCEA's Work Plan is accomplished through construction contracts. OOCEA has met or exceeded both performance measure objectives for Construction Contract Adjustments (Time and Cost) for the past seven years.

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 OOCEA 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. OOCEA staff will then meet with the Prime to discuss the Authority's evaluation of good faith efforts and secure a commitment for participation at a percentage agreed to by both the Prime and OOCEA. For FY 2013, OOCEA reported 25 percent minority participation, or 166.7 percent of the Authority's goal of 15 percent. This exceeds the FTC objective of greater than 90 percent of the Authority's goal.

Debt Service Coverage - (Bonded/ Commercial Debt)

OOCEA debt service coverage was in compliance with bond covenants and the performance measure objectives for Debt Service Coverage. Debt service coverage ratios, as standardized in the Commission performance measure calculations, may differ 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 1.91 in the Other Supplementary Information section of the FY 2013 audited financial statements. This compares to 1.94 as previously reported in Table 11.

A forward looking toll structure was approved in 2009 that indexes tolls to the Consumer Price Index (CPI) with a three percent annual floor beginning in FY 2013, and every five years thereafter. When indexing to the CPI, ETC customers will pay the exact CPI amount and cash customers will pay the amount rounded up to the nearest quarter. On July 1, 2012 (FY 2013), OOCEA implemented a toll rate increase at approximately 98 percent of the toll collection sites across its system.

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 2013 operating indicators, as reported by OOCEA, are provided in the Table 12. Also, to assist in trend analysis, FY 2011 and FY 2012 operating results are provided. Results for the last five fiscal years are included in Appendix B.

It is important to note FY 2013 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. In FY 2013, construction in progress decreased approximately $305 million and infrastructure assets increased approximately $333 million primarily due to completion of the SR 414/SR 429 interchange, completion of improvements to the SR 408/SR 417 interchange, completion of widening a section of SR 408, completion of ramps and toll plazas at the SR 429/CR 437A interchange, and construction of east bound lanes of SR 408 at SR 50.

In FY 2012, infrastructure assets increased approximately $66 million primarily due to the completion of widening projects on SR 528 and SR 408, and the opening of the Dallas Boulevard Plaza on SR 528. In FY 2012, construction in progress increased by approximately $63 million primarily due to work that continued on the SR 414/SR 429 and SR 408/SR 417 interchanges, and the start of a 1.3 mile widening project on SR 408.

Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)

Renewal and replacement (preservation expenses) includes such items as resurfacing and restriping. Budgeted amounts are based on projected requirements to keep the roadway in good condition; therefore, expenses related to renewal and replacement can vary significantly from year to year.

Renewal and replacement expenses for FY 2012 are reported at $13.7 million. This $12.0 million increase over FY 2011 represents planned expenditures in OOCEA's five year Work Plan. Renewal and replacement costs for FY 2013 are reported at $0.9 million, a $12.8 million decrease over FY 2012. While budgeted expenditures for FY 2013 were naturally much lower than FY 2012, renewal and replacement expenses were driven even lower than anticipated because projects started later than expected. These unspent funds will be spent in FY 2014.

Table 12
Orlando-Orange County Expressway Authority
Summary of Operating Indicators (in millions)
FY 2011 through FY 2013

Indicator	*Detail*	*Actual 11 Results (millions)*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$537.8	$549.1	$655.6
	Infrastructure Assets	$2,110.7	$2,177.1	$2,509.7
	Construction in Progress	$381.1	$444.5	$139.1
	Total Value of Transportation Assets	$3,029.7	$3,170.7	$3,304.3
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$1.7	$13.7	$0.9
	Routine Maintenance of Infrastructure	$13.7	$12.4	$13.6
	Total Preservation Costs	$15.4	$26.1	$14.5
Toll Collection Transactions	Revenue from Electronic Transactions	73.1%	74.7%	75.6%
Annual Revenue Growth	Toll and Operating Revenue	2.7%	1.7%	13.8%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	43.6%	36.8%	43.9%
	Routine Maintenance Expense as % of Operating Expense	17.8%	13.8%	17.5%
	Administrative Expense as % of Operating Expense	6.9%	6.3%	7.1%
	Operating Expense as % of Operating Revenue	29.3%	33.5%	25.6%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Total Operating Revenue	18.0%	17.0%	15.7%
Property Acquisition				
Right-of-Way	Agency Appraisals	$5.2	$4.2	$9.8
	Initial Offers	$3.4	$4.3	$0.0
	Owners Appraisals	$11.6	$10.5	$13.5
	Final Settlements	$9.5	$8.1	$7.2
Revenue Management and Bond Proceeds				
Underlying Bond Ratings (Uninsured)	Standard & Poor's Bond Rating	A	A	A
	Moody's Bond Rating	A1	A2	A2
	Fitch Bond Rating	A	A	A

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

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 76.0 percent in FY 2012 to 79.2 percent in FY 2013. There is a direct correlation between electronic transactions and revenue associated with these transactions.

Annual Revenue Growth (Toll and Operating Revenue)

FY 2013 revenue grew by $36.8 million, or 13.8 percent, over FY 2012, while toll transactions grew

by 3.2 percent. As previously noted, the significant increase in revenue is primarily attributed to the July 1, 2012, indexed toll rate increase implemented at approximately 98 percent of OOCEA's toll collection sites. For the first time, cash toll rates are more than the electronic toll rates.

FY 2013 total operating revenue increased $36.8 million, or 13.8 percent, over FY 2012 due to an indexed toll rate increase on July 1, 2012, while total operating expenses decreased $11.9 million, or 13.2 percent, due to an decrease in renewal and replacement (preservation) expenses.

FY 2013 toll collection and maintenance expenses increased 3.6 percent and 9.9 percent, respectively, over FY 2012 levels while administrative expenses decreased 1.9 percent.

FY 2013 renewal and replacement (preservation) expenses decreased $12.8 million over FY 2012 due to lower budget amounts and because projects started later than expected.

Operating Efficiency

FY 2013 total operating expenses decreased $11.9 million, or 13.2 percent, over FY 2012 primarily due to a decrease in renewal and replacement expenses while total operating revenues increased $36.8 million, or 13.8 percent, as a result of the FY 2013 indexed toll rate increase. This resulted in an overall decrease in the ratio of operating expenses to operating revenues in FY 2013. Toll collection and maintenance expenses for FY 2013 increased 3.6 percent and 9.9 percent, respectively, over FY 2012 levels while administrative expenses decreased 1.9 percent. As previously noted, renewal and replacement expenses decreased $12.8 million in FY 2013.

In lieu of reporting depreciation on infrastructure (roads, bridges and other highway improvements), OOCEA 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. FY 2013 depreciation expenses increased $0.6 million, or 3.5 percent, over FY 2012.

Right-of-Way

The methodology employed by OOCEA in right-of-way acquisition does not necessarily involve all four prescribed operating indicators for each acquisition. OOCEA's agreement/settlement amounts as reported may include items other than land, such as non-business damages, attorneys' fees and costs, expert fees and costs, business damages, business relocation expenses and fixtures that may not have been included in the appraised amount.

Underlying Bond Ratings

For FY's 2005 through 2011, the underlying ratings assigned to OOCEA bonds from the three major bond rating agencies did not change. However, in October 2011 (FY 2012) Moody's Investor Services, Inc. downgraded the underlying ratings of OOCEA bonds from A1 to A2 with a negative outlook. The downgrade was attributable to lower than forecasted traffic and revenue growth combined with reduced operating revenue support from the Department. Standard and Poor's and Fitch continue to assign an A rating for all OOCEA bonds with a stable outlook. Key rating drivers include a proven ability to manage tolls, good physical condition of assets, and a large commuter traffic base. In April 2014 (FY 2014), Moody's Investor Services revised the outlook on OOCEA to stable largely due to changes in the tolling structure that did not negatively impact traffic volumes, and a reduction in swap exposure.

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.

Central Florida Expressway Authority

SB 230 renames OOCEA the Central Florida Expressway Authority (CFX), transferring the governance and control of OOCEA to CFX. CFX assumes all assets, liabilities, duties, responsibilities and obligations of OOCEA under its existing contracts and agreements, including, without limitation, the duties, responsibilities and obligations of OOCEA under the Amended and Restated Master Bond Resolution (Bond Resolution). CFX must operate and maintain the OOCEA expressway system in accordance with the Bond Resolution and the Lease-Purchase Agreement entered into between OOCEA and the Department.

The area served by CFX is expanded to include Seminole, Lake, and Osceola Counties in addition to Orange County. There are no toll authorities in Seminole and Lake Counties. Osceola County Expressway Authority (OCX) started constructing their first project, Poinciana Parkway, in 2014. Governance and control of OCX, including all OCX assets and liabilities, will transfer to CFX sometime after December 31, 2018 when the current and forecasted total annual debt service coverage ratio for OCX's system is equal to or greater than 1.5 times for each year during which any underlying debt obligations related to OCX assets are scheduled to be outstanding. OCX projects must be transferred to CFX as non-system projects. OCX can build the four projects identified in the May 8, 2012, Master Plan that are under construction by December 31, 2018. Excess revenues from OCX assets transferred to CFX are to be used by CFX to satisfy the obligations of OCX and to complete the OCX Master Plan.

The appurtenant facilities that CFX may acquire, construct and equip are expanded to include rapid transit, trams and fixed guideways. CFX may, within the right-of-way of the expressway system, use excess revenues that are otherwise available to CFX after compliance with the Bond Resolution for intermodal facilities and multimodal corridors that improve the levels of service on its system.

A two thirds majority vote of the CFX governing board is required to use revenues attributed to a toll increase on a portion of the system to construct or expand a different portion of the system, unless compliance with this provision violates the provisions of the Bond Resolution, or the existing Memorandum of Understanding with the Department. The governing board is increased from five to nine members, consisting of: one member each appointed by the respective chairs of the county commissions of Lake, Orange, Osceola and Seminole Counties for a term of two years, each of whom may be a commission member or chair; three citizens appointed by the Governor for a term of four years, each of whom must be a citizen of one of the four counties; the Mayor of Orange County; and the Mayor of the City of Orlando. The Executive Director of the Florida Turnpike Enterprise serves as a nonvoting advisor.

Upon the effective date of SB 230, the terms of the standing OOCEA board members expire. SB 230 provides ethics and financial disclosure requirements for CFX governing board members

and the executive director, as well as ethics requirements for CFX employees and consultants. SB 230 was signed by Governor Scott on June 20, 2014 and is effective immediately. OOCEA has been preparing for the transition to the CFX. Due to the deadline imposed for report production, no further details are available for inclusion in this report.

Ethics and Conflicts of Interest

OOCEA provided a copy of its Code of Ethics policy that was last amended by the Board on March 17, 2014. 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, conflicts of interest, prohibited conduct or activity, use of property and personnel, financial disclosure, political activity and ethics education and enforcement.

The Code of Ethics Policy includes a section entitled Ethics Education and Enforcement that formally designates the Authority's General Counsel as the OOCEA Ethics Officer responsible for the administration and enforcement of the ethics policy and procedures. The policy requires that all employees receive mandatory ethics training at least annually. Ethics training for all employees was completed on February 21 and 22, 2013. Following the regular OOCEA Board meeting, a workshop was held on March 17, 2014 (FY 2014), where training was provided to Board members and senior staff in the areas of public meetings, public records, and code of ethics. The ethics policy also requires that each new Board member be provided with an orientation on all relevant OOCEA matters, including a detailed briefing on the Code of Ethics, within three months of becoming a member of the Board.

The ethics policy also requires that Board members, employees and consultants report all interests they (or any relative, principal, client or business associate) have in real property, whenever such real property is located within, or within a one-half mile radius of any actual or prospective OOCEA roadway project. On December 14, 2010, the OOCEA Board approved the final alignment for the Wekiva Parkway Project Development and Environmental (PD&E) Study. OOCEA collected Disclosure of Property Interest forms related to the final alignment of the Wekiva Parkway from Board members, employees and consultants. According to OOCEA, there were not any reports of property interests related to the final alignment of the Wekiva Parkway from Board members or staff. The forms were requested and filed as a matter of public record and full disclosure.

In February 2012, OOCEA amended its ethics policy by requiring Board members to provide additional disclosure of business associates. When a Board member knowingly is a business associate with any person bringing a matter before the OOCEA Board or when a matter before the Board will benefit any person with whom the Board member knowingly was a business associate in the previous two-year period, the Board member must disclose the existence of the business associate prior to voting. The policy also provides that the Board member may abstain from voting. Other FY 2012 revisions to the ethics policy pertained to political activity limitations and acceptance of gifts.

In October 2013 and March 2014 (FY 2014), the OOCEA Board further amended its ethics policy in the areas of disclosure of relationships and business solicitation upon termination. The Executive Director or any Board member must disclose any job opportunity communication with any consultant, vendor or other business entity

which conducts business with OOCEA within seven calendar days of the communication and requires disclosure at the next Board meeting as an informational item on the consent agenda. Regarding solicitation upon termination, the Executive Director and Chief Financial Officer may not, within two years after retirement or termination, have an employment or contractual relationship with a business entity (other than an agency, as defined in Section 112.312, Florida Statutes) that was doing business with OOCEA at any time during the person's employment with OOCEA which would involve working on OOCEA contract matters. Further, any business entity which previously employed an individual within the past two years prior to the individual's appointment as OOCEA Executive Director or Chief Financial Officer shall be precluded from the award of OOCEA contracts for a two-year period unless the Board approves such contract by a super majority vote of a least four members.

OOCEA reported that a State Attorney's Office investigation was underway in response to allegations that three members of the Board violated "Government in the Sunshine" laws. Grand Jury indictments of former Board Vice Chairman Batterson and an admission of violating public records laws from former Board member Marco Peña were reported in FY 2014, as previously noted.

Commission staff reviewed the Authority's Board meeting minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations other than those noted above. The meeting minutes disclosed instances where Board members abstained from voting due to voting conflicts and the appropriate voting conflict documentation was provided.

Audits

OOCEA previously established an Audit Committee whose primary function is to assist the Authority Board in fulfilling its oversight responsibilities by reviewing financial information, systems of internal controls, the audit process and the process for monitoring compliance with laws and regulations and the Code of Ethics. 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. On July 24, 2009, the Board adopted the Audit Committee Charter as a permanent rule and amended the internal audit section to require that all internal audits be placed as a separate item on the Consent Agenda for formal acceptance at a regularly scheduled Board meeting (rather than just distributed to Board members). On October 27, 2010, the Board amended the Audit Committee Charter relating to the composition of the Selection Committee for the hiring of external auditors.

An annual independent audit of OOCEA financial statements for the fiscal years ended June 30, 2013 and 2012 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unmodified 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 had no recommendations for improvement.

A contracted outside consulting firm (Protiviti, Inc.) is currently responsible for providing Internal Audit support services as requested by the OOCEA Audit Committee and Board. Protiviti monitors and reports on the status of the Internal Audit Plan and independently verifies and reports the status of all audit/review recommendations. The status of audit/review recommendations for OOCEA improvements that have not yet been completed is provided in Appendix C and is summarized in Table 13. Recommendations drop from the list as they are independently verified by Protiviti as completed by OOCEA.

The following narrative provides a brief summary of various audits/reviews issued during, and subsequent to, FY 2013.

- 2013 Procurement Audit - Phase I (September 2012) - Internal Audit performed an audit of the procurement process for large contract awards. The objectives were to understand and analyze the current process in place when awarding contracts under the Request for Proposal (RFP) process with a value exceeding $50 thousand. Phase II will be performed later in the fiscal year to test the procurement process to validate that OOCEA is following policies and procedures as outlined. The audit resulted in five recommendations for improvement in the areas of scope of services secondary review, vendor non-response, supplier selection, explore ways to provide additional guidance in scoring of proposals and adjectival ratings. All recommendations have been completed.

- 2013 Contracts Audit (November 2012) - Internal Audit audited five contracts with a combined contract value exceeding $100 million from a population of large engineering, service, maintenance, operations, and

Table 13
Orlando-Orange County Expressway Authority
Status of Audit/Review Recommendations

Audit/Review	*Implementation Status of Recommendations*		
	Completed	*In Process/ Not Completed [1]*	*Total*
2010 Ethics Audit (June 2010)	12	1	13
2010 Contracts Audit (January 2011)	8	1	9
2012 Right of Way Audit (February 2012)	4	1	5
2012 Toll Violations Audit (March 2012)	11	1	12
2013 Contracts Audit (November 2012)	5	1	6
2013 Toll Revenue Audit (March 2013)	5	1	6
2014 Contracts Audit (October 2013)	1	1	2
Total Number of Recommendations	46	7	53

[1] The status of recommendations in process/not completed by OOCEA as of January 24, 2014 is provided in Appendix C.

construction projects. The objectives of the audit were to audit the accuracy of items billed to the Authority in accordance with contract terms and conditions, and identify and test key processes and controls around contract bidding and execution, budgeting, billing, project oversight, reporting, and supplemental agreement management. The audit resulted in six recommendations for improvement in the areas of consultant and sub-consultant billing, MWBE monitoring, contractor insurance coverage, fuel price adjustment calculation, retainage calculation and consultant expenses. As described in Appendix C, five recommendations have been completed and the remaining recommendation is in process.

- PCI Compliance Audit (November 2012) - Internal Audit performed an audit from September 2012 to November 2012 to test OOCEA's conformity with 242 Payment Card Industry (PCI) Data Security Standard (DSS) areas of compliance. OOCEA's General Counsel determined that the report issued as a result of the audit is exempt from public records disclosure pursuant to Section 282.318, Florida Statues. The OOCEA report of full compliance was sent on November 2, 2012.

- DHSMV Security Assessment (February 2013) - Internal Audit completed a Security Assessment related to data received from the Department of Highway Safety and Motor Vehicles by OOCEA relating to vehicle registrations. OOCEA's General Counsel determined that the report issued as a result of the audit is exempt from public records disclosure pursuant to Section 282.318, Florida Statues.

- PCI Compliance Audit (February 2013) - Internal Audit performed an audit to test OOCEA's conformity with 242 Payment Card Industry (PCI) Data Security Standard (DSS) areas of compliance. OOCEA's General Counsel determined that the report issued as a result of the audit is exempt from public records disclosure pursuant to Section 282.318, Florida Statues.

- 2013 Toll Revenue Audit (March 2013) - Internal Audit reviewed and tested key controls of cash and electronic toll collections for toll revenue reported in OOCEA's FY 2012 Comprehensive Annual Financial Report. The audit identified six recommendations for improvement in the areas of access removal from TRIMS and TRIMS/P following termination, quarterly recertification of user access, physical access, potential revenue leakage: private non-revenue EPASS accounts, potential revenue leakage: commercial non-revenue accounts, and potential revenue leakage: toll collections audit. As described in Appendix C, five recommendations have been completed and the remaining recommendation is in process.

- 2013 Procurement Audit - Phase II (April 2013) – As previously noted, Internal Audit released their Procurement Audit - Phase I report in September 2012 in order to understand and analyze the OOCEA process in place when awarding contracts under the Request for Proposal (RFP) process with a value exceeding $50 thousand. During Phase II of this audit, Internal Audit selected five procurements, including the RFP, related contracts, and bid packages, with a combined contract value exceeding $17 million from a population of large engineering, service, maintenance, operations, and construction projects for review. The audit identified two recommendations for improvement in the

areas of public meeting notice retention and scoring document improvement. All recommendations have been completed.

- 2014 Contracts Audit (October 2013) - Internal Audit audited two contracts with a combined contract value exceeding $150 million from a population of currently active large engineering, service, maintenance, operations, and construction projects. The objectives of the audit were to audit the accuracy of items billed to the Authority in accordance with contract terms and conditions, and identify and test key processes and controls around contract bidding and execution, budgeting, billing, project oversight, reporting, and supplemental agreement management. The audit resulted in two recommendations for improvement in the areas of general engineering consultant scope of service and Florida Toll Service billings. As described in Appendix C, one recommendation has been completed and the remaining recommendation is in process.

Public Records and Open Meetings

OOCEA is operating under Chapter 119, Florida Statutes, relating to public records. To increase transparency, in February 2012, OOCEA began posting all non-payroll checks on its website. 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.oocea.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 on the Authority's website. OOCEA policy also requires public meeting notices to be posted at OOCEA Headquarters, the Orange County Administration Building and the City of Orlando Administration Building. As previously noted, the State Attorney's Office is currently conducting an investigation into possible violations of Florida's Sunshine Law regarding possible discussions between Board members about the Executive Director's employment outside of a publicly noticed meeting.

Other than the ongoing State Attorney's investigation into possible Sunshine Law violations, it appears that required notice of public meetings is in compliance with OOCEA policy and Florida Statutes.

Procurement

OOCEA's Procurement Policy, updated at least annually, requires prior Board approval for:

- All contracts, supplemental agreements, amendments, purchase orders and contract renewals obligating the Authority to an amount of $50 thousand or more (except for emergency purchases and procurements made under the Micro-Contracts Program)
- Advertisements for proposals and bids valued at $50 thousand or more
- Procurements of $50 thousand or more
- Undisclosed sub consultant contracts of $25 thousand or more in aggregate

For solicitations under the Micro-Contracts Program, the Executive Director can authorize advertisement and award of small contracts between $50 thousand and $200 thousand each without prior Board action to expedite the bidding and award process. Each award by the Executive Director shall be submitted to the Board for

ratification and approval at the next regularly scheduled Board meeting.

The Director of Procurement is authorized to approve any type of procurement in an amount less than $50 thousand per contract or purchase order without Board approval. The Director of Procurement is authorized to execute all contract amendments and renewals with Board approval required for those valued at $50 thousand or more. Additionally, the Director of Procurement can execute amendments for extensions of contract time that do not include an increase in compensation to the contractor. Emergency purchases in excess of $50 thousand require Executive Director approval and shall be submitted to the Board for approval at the next scheduled Board meeting.

Consultant Contract Reporting

OOCEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2013. As indicated in Table 14, 39 sub consultants were used by the general consulting firms for a total cost of $6.0 million in FY 2013.

Compliance with Bond Covenants

Bonds are payable from and secured by a pledge of net revenue from the operation of the Expressway System. As of June 30, 2013, bonds in the principal amount of approximately $2.5 billion are 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 (Atkins).
- OOCEA utilizes a nationally recognized Traffic and Revenue Consultant (CDM Smith, Inc.). An updated Traffic and Revenue Forecast is expected to be published in June, 2014 which will include the Wekiva Parkway.
- Debt service coverage ratios exceed bond requirements.

Bond Restructuring Program

In September 2012, OOCEA established a goal to reduce its percentage of total variable rate debt to total bond indebtedness from 38 percent to 25 percent. OOCEA also began considering a restructuring program that would utilize savings from a fixed rate refunding of $274.2 million of its 2003B Bonds to offset estimated costs of restructuring $241.6 million of its Series 2003C1 and 2003C3 variable rate bonds. OOCEA explored the possibility of a direct loan to fund the swap termination payments. After acquiring several indicative rates, it was determined that the cost of a direct loan (subordinate debt) would be comparable to senior lien bonds.

OOCEA compiled a refinancing plan that included the following:

- Refinance $274.2 million of its traditional fixed rate 2003B Bonds, for an estimated savings of $20 million on a forward basis (2013A Bonds).
- Restructure $241.6 million of its variable rate Series 2003C1 and 2003C3 Bonds and terminate the related swaps with fixed rate bonds at a lower interest rate (Series 2012 Bonds). Finance the termination payment for the swaps related to the 2003C1 and 2003C3 Bonds with a fixed rate direct loan to be competitively bid (Series 2012 Bonds and

Table 14
Orlando-Orange County Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2013

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
URS Corporation	**Design Consultant Services - Interchange Improvements**	
Stantec (formerly C3TS)	Structures Design	$88
WBQ	Roadway Design	$99
Parsons Transportation Group, Inc.	**Design Consultant Services**	
Southeastern Surveying	Surveying Services	$90
Antillian Engineering	Geotechnical Services	$125
GEC Consultants	Environmental Investigations	$125
GEODATA Consultants	Surveying Services	$227
The Balmoral Group	Geotechnical Services	$192
Jorgensen Contract Services, LLC	**Roadway and Bridge Maintenance**	
Bob's Barricade	Traffic Supplies	$39
Procopio & Associates	Staffing	$646
SouthEast Attenuators, Inc.	Attenuator, Fence and Guardrail	$33
Reynolds, Smith & Hills, Inc.	**Design Consultant - Turnpike Interchange**	
DRMP	Engineering Services	$299
Nodarse & Associates	CEI Inspection	$69
Nadic Engineering Services	Geotechnical Services	$42
OM Engineering Services	CEI Inspection	$103
BASE Consultants	Structures Design	$88
HNTB Corp.	**Wekiva Parkway Consultant Services**	
Geodata Consultants	Survey	$353
IDA Consulting Engineers	Structural Design	$146
GEC Consultants	Geotechnical Services	$429
Nadic Engineering	Geotechnical Services	$153
Traffic Engineering Data	Lightning and ITS Design	$114
Dewberry Engineers, Inc. (formerly Bowyer-Singleton & Assc.)	**Wekiva Parkway Consultant Services**	
The Balmoral Group	Engineering Services	$168
Ardaman & Assc.	Geotechnical Services	$110
Nadic Engineering	Geotechnical Services	$119
Atkins North America, Inc.	Signing and Markings	$118
TBE Group, Inc.	**CEI Services**	
JBS Engineering Technical	Engineering Services	$287
CDM Smith	**CEI Services - System Interchange**	
Page One Consultants, Inc.	Geotechnical Services	$35
CDM Smith	**Traffic and Earnings Consultants**	
BCC Engineering	Traffic Engineering	$96
Transcore	**VES Camera Maintenance**	
Professional Services Engineering	Camera Maintenance	$47
WBQ Design & Engineering, Inc.	**Miscellaneous Design Consultant Services**	
Reynolds, Smith & Hills, Inc.	Engineering Services	$60
Atkins North America	Landscape Design	$127
URS Corporation	Conceptual Study	$280
Atkins North America	**Design Services - Wekiva Parkway Interchange**	
Ardaman & Assc.	Geotechnical Services	$182
WBQ Design	Signing and Pavement	$191
URS Corporation	Surveying and Mapping	$218
Antillian Engineering	Geotechnical Services	$121
Geotechnical Consultants	Geotechnical Services	$30
GEODATA	Geotechnical Services	$247
PEC Surveying & Mapping	Surveying and Mapping	$36
A2 Group, Inc.	**CEI Services - Boggy Creek Interchange**	
Gannett-Fleming	Materials Testing	$26
Total Sub consultants > $25 K		$5,958

Loan). The new Series 2012 fixed rate bonds were expected to generate over $46 million in savings, with a net cost of approximately $9 million.

The transaction was executed in November 2012, but because of further reductions in absolute interest rates and a significant reduction in the credit spreads leading up to the pricing, OOCEA realized a present value savings on the refinancing of the 2003B Bonds of $35.8 million, while the cost of the partial restructure of the Series 2003C1 and 2003C3 Bonds was approximately $1.9 million, yielding a net savings of $33.9 million on a present value basis.

Upon achieving greater than anticipated savings, OOCEA opted to refund the remaining $166.7 million of 2003C variable rate bonds (Series 2003C2 and 2003C4) in December 2012. The net present value savings achieved on the Series 2012, 2013A and 2013B bond transactions was approximately $30 million. OOCEA's percentage of variable rate debt to total senior lien bonded debt was reduced to 24 percent, exceeding the Authority's 25 percent goal. Table 15 provides a summary of the new refunding bonds that OOCEA issued as part of its Bond Restructuring Program in FY 2013.

Table 15
Orlando-Orange County Expressway Authority
Refunded and Refunding Senior Lien Bonds[1] Issued in FY 2013

Bonds Refunded (in millions)		*New Refunding Bonds (in millions)*	
Series	*Par Value*	*Series*	*Par Value*
2003B	$274.2	2013A	$242.3
2003C1, 2003C3	$241.6	2012	$201.9
2003C2, 2003C4	$166.7	2013B	$174.3

(1) A $59 million subordinate bank loan was used to terminate swap agreements related to the refunded bonds.

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 all 17 of the management objectives established for performance measures in FY 2013. Significant improvement was noted in debt service coverage ratios reporting in FY 2013.

Operating indicator trend analysis showed that construction in progress decreased $305 million and infrastructure assets increased $333 million in FY 2013 primarily due the completion of the SR 414/SR 429 interchange, improvements to the SR 408/SR 417 interchange, widening a section of SR 408, ramps and toll plazas at the SR 429/CR 437A interchange, and construction of east bound lanes of SR 408 at SR 50.

FY 2013 operating revenue grew by $36.8 million, or 13.8 percent, over FY 2012 while toll transactions grew by 3.2 percent. The significant increase in revenue is primarily attributed to the July 1, 2012, indexed toll rate increase implemented at approximately 98 percent of OOCEA's toll collection sites. FY 2013 total operating expenses decreased $11.9 million, or 13.2 percent, over FY 2012 primarily due to a decrease in preservation needs (resurfacing and restriping) and because projects started later than expected. Toll collection and maintenance expenses for FY 2013 increased 3.6 percent and 9.9 percent, respectively, over FY 2012 while administrative expenses decreased 1.9 percent.

In the area of governance, the OOCEA Chairman called for an investigation into possible violations of Florida's Sunshine Law regarding possible discussions between Board members about the Executive Director's employment outside of a publicly noticed meeting. As a result, the State Attorney's Office initiated an investigation. All

OOCEA Board members were invited by the State Attorney's Office to voluntarily testify before a Grand Jury on April 24, 2014, and three members testified. On April 24, 2014, the Grand Jury for Orange County indicted OOCEA Vice Chairman Scott Batterson on one count of solicitation of bribery, and two counts of solicitation of unlawful compensation for official behavior. On that same date Governor Scott issued an Executive Order suspending Scott Batterson from public office until a further Executive Order is issued, or as otherwise provided by law. Marco Peña resigned from the Board on May 16, 2014 and subsequently pled guilty to violating state public-records laws on June 4, 2014. Later the same day, the Grand Jury indicted Scott Batterson, former State Representative Chris Dorworth and Department employee Rebekah Hammond for violating state public records laws. Department employee Rebekah Hammond resigned after the indictment was announced.

The FY 2013 independent financial statement audit reflected an unmodified opinion. OOCEA routinely conducts a number of internal audits and reviews each year and has implemented many of the recommendations contained therein. An outside consulting firm, Protiviti Inc., provides independent internal audit support services to OOCEA's Audit Committee and Board and independently verifies and reports the status of all audit/review recommendations. The status of all recommendations for OOCEA improvements since 2005 that have not yet been implemented is provided in Appendix C. The following list identifies audits and reviews that were issued during, or subsequent to, FY 2013.

- 2013 Procurement Audit - Phase I (September 2012) - Reviewed current state procurement processes and internal controls in place at OOCEA for large contract awards specific to Request for Proposal (RFP) generation, scoring, selection, awarding and contracting. Phase II was performed later in the fiscal year to test the procurement process to validate that OOCEA is following policies and procedures as outlined.

- 2013 Contracts Audit (November 2012) - Audited contracts from a sample of large engineering, service, maintenance, operations, and construction projects. Audit objectives were to determine the accuracy of items billed to OOCEA and to test processes and controls around contract bidding and execution, budgeting, billing, project oversight, reporting and supplemental agreement management.

- PCI Compliance Audit (November 2012) - Tested OOCEA's conformity with Payment Card Industry (PCI) Data Security Standard (DSS) - report is exempt from public records disclosure.

- DHSMV Security Assessment (February 2013) – Completed a Security Assessment related to data received from the Department of Highway Safety and Motor Vehicles by OOCEA relating to vehicle registrations – report is exempt from public records disclosure.

- PCI Compliance Audit (February 2013) - Tested OOCEA's conformity with Payment Card Industry (PCI) Data Security Standard (DSS) - report is exempt from public records disclosure.

- 2013 Toll Revenue Audit (March 2013) - Reviewed and tested key controls of cash and electronic toll collections for reported toll revenue. Audit objectives were to ensure revenue data captured at the point of origin was properly recorded to the financial statements, and to verify that controls over the

physical safeguarding of cash, revenue adjustments to customer accounts, information technology, and revenue monitoring are in place.

- 2013 Procurement Audit - Phase II (April 2013) - Selected five procurements, including the RFP, related contracts, and bid packages from a population of large engineering, service, maintenance, operations, and construction projects for review. Audit objectives were to test the procurement process and internal controls for bid authorization, bid advertisement and notification, scoring and award of contract.

- 2014 Contracts Audit (October 2013) - Audited two active contracts from a sample of large engineering, service, maintenance, operations, and construction projects. Audit objectives were to determine the accuracy of items billed to OOCEA and to test processes and controls around contract bidding and execution, budgeting, billing, project oversight, reporting and supplemental agreement management.

In February 2012, OOCEA and the Department entered into a Memorandum of Understanding (MOU) that delineates the plan to fund, design, construct, own, operate and maintain the Wekiva Parkway (codified in HB 599, passed by the 2012 Legislature). OOCEA will independently finance, build, own and manage certain sections of the Wekiva Parkway, primarily in Orange County, while the Department is responsible for the remaining portions in Lake and Seminole Counties. As part of this agreement, OOCEA has agreed to repay long-term debt owed to the Department by paying the Department $10 million in July 2012 and $20 million each year thereafter until the long-term advances are eliminated.

A forward looking toll structure was approved in 2009 that indexes tolls to the Consumer Price Index with a three percent annual floor beginning in FY 2013, and every five years thereafter. On July 1, 2012, OOCEA implemented a toll rate increase at approximately 98 percent of its toll collection sites.

In September 2012, OOCEA entered into a MOU with Florida's Turnpike Enterprise, Miami-Dade Expressway Authority and Tampa-Hillsborough County Expressway Authority to develop and implement a Centralized Customer Service System (CCSS). This system is expected to provide a single point of contact for all non-cash toll collection customers, improve and simplify customer service, reduce the cost of non-cash toll collection, and provide a single centralized service center with regional satellite offices. An Invitation to Negotiate to develop and implement the CCSS was issued by Florida's Turnpike on behalf of the four agencies in November, 2013. The four agencies short-listed the firms to provide technical and price proposals in early 2014. The project has been delayed due to protests filed after a final ranking of the vendors. Implementation of the CCSS is expected in 2016.

In November and December 2012, OOCEA issued $618.6 million in fixed rate Refunding Revenue Bonds (Series 2012, 2013A and 2013B) in order to capitalize on historically low interest rates and to convert variable rate debt to fixed rate debt. OOCEA realized a net present value savings of $30 million while reducing its percentage of variable rate debt from 38 to 25 percent of its total bond indebtedness.

In May 2014, the Florida Legislature passed Senate Bill (SB) 230, which renames OOCEA as the "Central Florida Expressway Authority" (CFX). It expands the area served by CFX to include the counties of Seminole, Lake and Osceola, in

addition to Orange County, and expands the Board from five to nine members. The bill provides for the transfer of governance and control, legal rights and powers, responsibilities, terms and obligations of OOCEA to CFX immediately upon the signature of Governor Scott, when the bill becomes law. In addition, SB 230 transfers governance and control of the Osceola County Expressway Authority (OCX) system, including all OCX assets and liabilities, to CFX sometime after December 31, 2018 when the debt service coverage ratio is greater than or equal to 1.5. OOCEA has been preparing for the transition to CFX, and on June 20, 2014, Governor Scott signed SB 230 into law. Due to the deadline imposed for report production, no further details are available for inclusion in this report.

Based on the Commission's 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 conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission except for those instances noted above relating to the Grand Jury indictments of former Vice Chairman Scott Batterson, Chris Dorworth and Rebekah Hammond, and the guilty plea of former Board member Peña for Sunshine law violations.

The Commission recognizes the positive performance results and 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. The Commission looks forward to working with the new Central Florida Expressway Authority.

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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 IV, 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. 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. Although the Authority's fiscal year (FY) is October 1 through September 30, the FY for SRBBA, as reported herein, runs from July 1 to June 30, corresponding to the Florida Department of Transportation's (Department) FY and the Authority's bond year for debt service payments.

As provided in Table 16, 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 Department 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. An affirmative vote of at least four Board members is needed for any action to be taken by the Authority.

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

Highlights

- SRBBA is in default on its bonds by failing to meet toll covenants relating to debt service coverage and reserve account requirements and for failure to make required debt service payments.
- In November 2011, the Trustee retained legal counsel and a financial advisor to assist in developing restructuring alternatives for the SRBBA bonds.
- SRBBA bonds are considered "non-investment grade." Two of the three rating agencies have withdrawn their ratings.
- On January 1, 2013 the Trustee declared that the principal of all outstanding SRBBA bonds, in the amount of $131.2 million, is immediately due and payable.
- In September 2011, the Trustee agreed to pay for Directors and Officers liability insurance for Board members. Necessary appointments were made to reform an active SRBBA Board in December 2011. Despite Directors and Officers liability insurance, three Board vacancies continue to exist on the seven-member Board.
- SRBBA met 7 of the 12 applicable performance measure objectives.
- FY 2013 toll revenue increased 3.1 percent while toll transactions increased 1.6 percent primarily due to normal traffic growth after the recovery from the recession and the rebound from the BP oil spill that began in April 2010, and the effects of the toll increase that occured in January 2011.
- An independent financial statement audit was not performed.
- SRBBA does not currently have a Traffic and Revenue Consultant as required in the bond resolution.

Table 16
Santa Rosa Bay Bridge Authority
Current Board Members

Name	*Appointment*	*Position*
A. Morgan Lamb	Governor	Chairman
Gerry Goldstein	Santa Rosa County BOCC	Vice Chairman
Don Richards	Santa Rosa County BOCC	Secretary/Treasurer
Vacant	Santa Rosa County BOCC	Board Member
Vacant	Governor	Board Member
Vacant	Governor	Board Member
James T. Barfield, P.E.	District Three Secretary	Ex-Officio

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 and is the responsible party for all associated debt of the Authority. 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 loans totaling $8.5 million 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 3 provides maintenance for Garcon Point Bridge.

Turnpike Enterprise provides toll operations.

O&M costs are deferred until revenues are sufficient to pay debt service and the 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 loans (including interest income earned on the loans) 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 these liabilities on June 30, 2013 was $27.1 million.

Table 17
Santa Rosa Bay Bridge Authority
Long-term Debt Payable to the Department (in millions)
Year Ended June 30, 2013

Transaction	*(millions)*
Advances for Operating, Maintenance and R&R Expenses	$19.2
Loan from Toll Facilities Revolving Trust Fund	$7.9
Total Due the Department	$27.1

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

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 2013 results, as reported by the Department for SRBBA, are provided in Table 18. Results for the last five fiscal years are included in Appendix B.

Of the 17 performance measures established by the Commission, only 12 are currently applicable to SRBBA. Of these 12 measures, SRBBA met or exceeded 7 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 five 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

ETC transactions for SRBBA constituted 38.5 percent of total transactions during FY 2013 compared to 37.6 percent reported during FY 2012. This is significantly lower than the established objective due to the large number of tourists and seasonal residents using the bridge. Based on the current level of ETC transactions, SRBBA is not expected to meet the goal of greater than 75 percent ETC participation by June 30, 2012.

ETC users are provided a retroactive 50 percent toll discount after reaching 30 transactions per month on the Garcon Point Bridge. This discount totaled $332 thousand in FY 2013 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.

Cost to Collect a Toll Transaction

The FY 2013 cost to collect a toll transaction of $0.63 decreased slightly from $0.65 reported in FY 2012. Actual results far exceed the $0.16 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.

Debt Service Coverage

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

SRBBA is in 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 and for failure to pay the required principal and interest on bonds when they became due and payable pursuant to Section 9.02 of the bond resolution.

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 2011 debt service of approximately $7.4 million, SRBBA withdrew approximately $230 thousand from the Debt Service Reserve Account to make the January 1, 2011 required interest payment. Proceeds from the SRBBA Revenue Bonds, Series 1996, originally funded the Debt Service Reserve Account at $9.2 million. However, continued draws from the Debt Service Reserve Account up to January 1, 2011 significantly decreased the account to a level that would not support the full payment of debt service based on the level of gross revenues. As such, the Trustee for SRBBA Bonds (Bank of New York Mellon) did not make the July 1, 2011 required principal and interest payment or the required

Table 18
Santa Rosa Bay Bridge Authority
Summary of Performance Measures
FY 2013

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 6/30/12	38.5%	X
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	1.5%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.0	✓
Customer Service	% customers satisfied with level of service	> 90%	95.0%	✓
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	$0.63	X
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	96.2%	✓
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	0.44	X
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	0.44	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 five established authorities. Actual results based on CY 2012 data.

interest payment due January 1, 2012. On March 6, 2012, the Trustee disbursed from available funds in the Debt Service Reserve Account a pro rata portion of the interest due July 1, 2011 on the current interest bond and a pro rata portion of the accreted interest due to the holders of the Capital Appreciation Bond that matured on July 1, 2011. On January 1, 2013, the Trustee noticed that it will not be making any debt service payments to bondholders on January 1, 2013 and declared that the principal of all outstanding SRBBA bonds, in the amount of $131.2 million, is immediately due and payable. Such notice permits the Trustee to make regular distributions to all bondholders from the revenues made available. Subsequently, semiannual pro rata disbursements have been made to bond holders from available revenues.

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. On December 1, 2010, the Board approved a toll rate increase, effective January 5, 2011 (FY 2011), whereby the two-axle toll increased from $3.50 to $3.75. The toll increase was originally planned for July 1, 2010, but was postponed to determine the traffic impacts resulting from the BP oil spill. The Authority filed a $184 thousand insurance claim with BP for traffic and toll revenue declines on the Garcon Point Bridge attributable to the Deep Water Horizon oil spill. On September 12, 2012, the SRBBA Board agreed to accept a negotiated settlement from BP in the amount of $168 thousand. At the February 15, 2012 meeting, the SRBBA Board recognized that it no longer has traffic and revenue consultants as required in the bond resolutions and that no current revenue projections are available. The Board agreed to defer discussion of this issue to a future meeting. At the October 2013 (FY 2014) meeting, the SRBBA Board approved piggybacking on a Turnpike contract with CDM Smith to conduct a Traffic and Revenue Study for the Garcon Point Bridge. Funding for the study would be shared between the Department and the Trustee. However, the Traffic and Revenue Study has not yet been funded and no agreement has been reached.

The Trustee indicated that gross revenues will be insufficient for the foreseeable future to continue to pay debt service on the bonds and retained legal counsel and a financial advisor in November 2011 to represent the Trustee. Greenberg Traurig (Orlando Office) will provide legal counsel and FTI Consulting, Inc. (FTI) will provide financial advisory and consulting services. FTI's scope of services includes assistance with the development and negotiation of restructuring alternatives for the Bonds and monitoring and participating in meetings and discussions among interested parties. Currently, no specific proposals for refinancing/restructuring have been submitted for consideration.

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 2013 operating indicators are provided in Table 19.

Also, to assist in trend analysis, FY 2011 and FY 2012 operating results are provided. Results for the last five fiscal years are included in Appendix B.

As previously noted, the Department maintains and operates the Garcon Point Bridge and reports revenue, expense and other operating information based on its FY ending June 30. Some balance sheet data related to SRBBA are not currently 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. For several years, the Department's Inspector General's Office completed 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 FY 2010 Compilation Report was issued in April 2011. The Department's Inspector General's Office indicated that it will not prepare a Compilation Report for FY 2011 and subsequent years because compiled financial statements do not comply with the provisions of the Bond Resolution.

Table 19
Santa Rosa Bay Bridge Authority
Summary of Operating Indicators (in millions)
FY 2011 through FY 2013

Indicator	*Detail*	*Actual 11 Results (millions)*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	N/A	N/A	N/A
	Infrastructure Assets	N/A	N/A	N/A
	Construction in Progress	N/A	N/A	N/A
	Total Value of Transportation Assets	N/A	N/A	N/A
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	N/A	N/A	N/A
	Routine Maintenance of Infrastructure	$0.2	$0.2	$0.1
	Total Preservation Costs	$0.2	$0.2	$0.1
Toll Collection Transactions	Revenue from Electronic Transactions	33.5%	34.0%	34.8%
Annual Revenue Growth	Toll and Operating Revenue	1.7%	7.4%	3.1%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	59.4%	78.3%	86.6%
	Routine Maintenance Expense as % of Operating Expense	9.8%	15.1%	12.9%
	Administrative Expense as % of Operating Expense	0.0%	0.0%	0.0%
	Operating Expense as % of Operating Revenue	38.2%	28.3%	24.1%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	26.4%	26.4%	24.0%
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	D	D	D
	Moody's Bond Rating	Ca	Withdrawn	Withdrawn
	Fitch Bond Rating	D	D	Withdrawn

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

It is important to note FY 2013 operating indicators that significantly differ from prior year trends.

Annual Revenue Growth (Toll and Operating Revenue)

FY 2013 toll revenue increased 3.1 percent while toll transactions increased 1.6 percent over FY 2012. The modest increase in FY 2013 traffic and revenue can be attributed to normal traffic growth after the recovery from the recession and the rebound from the BP oil spill that began in April 2010, and the effects of the toll increase that occurred in January 2011. FY 2012 toll revenue increased 7.4 percent while toll transactions increased 3.1 percent over FY 2011 primarily due to a rebound in traffic and the full impact of the January 2011 toll rate increase (i.e., the toll rate increase was in effect throughout FY 2012).

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

As previously noted 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. The FY 2011 ratio of toll collection expenses to total operating expenses significantly decreased due to a $500 thousand increase in total operating expenses related to periodic maintenance expenses for bridge repairs. In FY 2012, total operating expenses significantly decreased from FY 2011 primarily as a result of a decrease in periodic maintenance expenses. This resulted in a ratio more consistent with historical levels. FY 2013 total operating expenses decreased 12.2 percent over FY 2012 while toll collection expenses decreased 2.9 percent which resulted in a ratio of 86.6 percent in FY 2013. The decrease in total operating expenses is primarily the result of a decrease in routine and periodic maintenance expenses.



Garcon Point Bridge

Operating Efficiency (Routine Maintenance Expense as Percent of Total Operating Expense)

FY 2013 routine maintenance expenses decreased $48 thousand, or 24.7 percent, over FY 2012 due to a decrease in general maintenance on the facility and bridge inspection 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 expenses, TFRTF Loans and lastly State Transportation Trust Fund (STTF) - Department funded items (operating,

maintenance, renewal and replacement, SunPass and other improvements). In January 2009, the SRBBA Board adopted an amendment to the Lease-Purchase Agreement between SRBBA and the Department. Pursuant to the agreement, the Department will provide limited administrative assistance and funding to SRBBA for concerns of vital interest. The administrative costs are considered operational in nature and are included in operating costs reported by the Department and the Authority.

Operating Efficiency (Total Operating Expense as Percent of Total Operating Revenue)

Total operating expenses for FY 2013 decreased approximately $158 thousand, or 12.2 percent, over FY 2012 while total operating revenues increased $144 thousand, or 3.1 percent. The decrease in the FY 2013 ratio is primarily attributed to a $48 thousand decrease in routine maintenance expenses and an $81 thousand decrease in periodic maintenance expenses.

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). All three rating agencies further downgraded SRBBA bonds in FY 2011 because the required July 1, 2011 debt service payment was not made. Moody's downgraded the bonds from B1 to B2 in FY 2008, from B2 to B3 in FY 2009, from B3 to Caa3 in FY 2010, from Caa3 to Ca in FY 2011, and withdrew their rating in FY 2012 due to insufficient information. In February 2008 (FY 2008), Fitch placed the underlying BB- rating on Rating Watch Negative, downgraded the bonds from BB- to CCC in FY 2009, from CCC to C in FY 2010, further downgraded the bonds from C to D in FY 2011, and withdrew their rating in FY 2013 as it was no longer considered analytically meaningful. Standard & Poors downgraded the bonds from B- to CC in FY 2009 and from CC to D in FY 2011.

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. The Authority does not have an executive director, secretary or any staff. Although not required, the Department's District Three Office 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 SRBBA 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 in January 2008 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).

Due to lack of administrative support and funding, the SRBBA Board did not meet for approximately one year (the Board met in January 2008 and in January 2009). Subsequent to the Lease-Purchase Agreement amendment adopted by the Board in January 2009, the Board met in April 2009 and did not meet again until April 2010. During FY 2011, the Board met three times (August 2010, October 2010 and December 2010). The SRBBA Board did not meet again until December 2011, a year later. Subsequent to December 2011, the Board met in February 2012, April 2012, September 2012, April 2013, August 2013, and October 2013, with the next SRBBA Board meeting scheduled for June 2014.

There are specific requirements contained in the Lease-Purchase Agreement that SRBBA must meet. As a result of the Board not meeting regularly, the following Authority noncompliance issue was noted during the Commission staff 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.



View of Garcon Point Bridge.

As noted above, because of the infrequent and irregular SRBBA Board meetings, Commission staff finds there was inadequate governance of the Authority.

The SRBBA Board is comprised of seven members with four members constituting a quorum. An affirmative vote of at least four members is needed for any action taken by the Authority. Currently, there are three vacant positions on the SRBBA Board. Due to vacancies, the Board has been unable to meet on many occasions due to lack of a quorum. Within a five month period of time (November 2010 through March 2011), six members resigned from the SRBBA Board.

On November 17, 2010, the U.S. Securities and Exchange Commission (SEC) requested that the SRBBA Chairman provide documents relating to the Authority's bonds and to testify before the SEC. Subsequently, the Vice Chairman, General Counsel, and FDOT's Administrative Assistant were also requested to testify. Documents requested include: annual reports, financial statements, minutes of Board meetings, materiality and reporting of listed events and all other documents given to SRBBA's dissemination agent pursuant to the Series 1996 Bonds Continuing Disclosure Agreement. In response to this request, SRBBA sent two cases of documents to the SEC Office. The SEC also reviewed SRBBA documents, in person, at the FDOT Milton Operations Center on December 14 and 15, 2010. Additional documents flagged by the SEC were subsequently copied and sent to the SEC office. Currently, no additional information regarding the SEC inquiry is available. At the December 1, 2010 SRBBA Board meeting, concerns were expressed by Board members about their potential liability and legal costs that might be incurred as a result of the SEC investigation because there is no funding or insurance to protect Board members.

Recognizing the need to reform an active SRBBA Board so that decisions can be made about how to deal with the continuing default, in August 2011, Representative Doug Broxson provided recommendations to the Trustee that included the purchase of a Directors and Officers liability insurance policy. The Trustee subsequently agreed to pay for a $2 million insurance policy for Board members from the trust estate for one year with subsequent years subject to further review. The Trustee further agreed to set aside funds from amounts held under the Resolution for a period of one year in order to fund a monthly retainer for legal counsel to the Authority. This allows Roy Andrews to continue as SRBBA's legal counsel. Mr. Andrews had been working pro-bono. Subsequent to the expiration of the original Directors and Officers liability insurance policy, a new policy was obtained for an additional year.

Although Directors and Officers liability insurance is currently provided to SRBBA Board members, three vacancies have continued to exist on the seven-member Board making it difficult to consistently achieve the four member quorum required to conduct official business. The current Board has aggressively worked with both the Governor's Office and Santa Rosa County Board of County Commissioners in attempting to fill vacant positions on the Board.

Ethics

SRBBA has adopted the provisions of Chapter 112, Florida Statutes, related to ethics. Commission staff reviewed Board meeting minutes and, from that 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. Commission staff reviewed Board meeting minutes and 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 an annual independent financial statement audit as well as quarterly financial statements, signed by the Chairman and prepared in accordance with GAAP. For several years, the Authority has not had an annual audit performed because funding has not been available for administrative expenses. All revenue of the Garcon Point Bridge is used to pay debt service on outstanding bonds. As noted earlier, the Department's Inspector General's Office has completed several Annual Accountant's Compilation Reports, which are limited in presentation but are in accordance with the requirements for "Statements for Accounting and Review Services" issued by the American Institute of Certified Public Accountants. However, these

reports do not include all disclosures required by GAAP and, therefore, do not meet the requirement established by the Commission or bond resolution. The FY 2010 Compilation Report was issued in April 2011. However, the Department's Inspector General's Office indicated that it will not prepare a Compilation Report for FY 2011 and subsequent years. Pursuant to the Lease-Purchase Agreement amendment, the Department has also elected not to fund administrative expenses related to an independent audit of SRBBA for FY's 2010 through FY 2013.

Quarterly financial statements are not being prepared by the Authority's accounting firm and are not being submitted to the Trustee as required in the bond resolution. Even if the quarterly financial statements were prepared, Board approval could not always have been obtained because of the infrequent and irregular SRBBA Board meetings.

SRBBA did not file required quarterly financial statements.

Public records requests and various correspondence was not always responded to by the Authority in a timely manner.

In addition, during the Commission review, it was noted that SRBBA did not file an Annual Financial Report or Annual Financial Audit Report with the Department of Financial Services (DFS) for FY 2012 as required by Section 218.32(d), Florida Statutes. The Annual Financial Audit Report (financial statements) was also not filed with the Auditor General's Office as required under Section 218.39(7), Florida Statutes. Pursuant to Section 11.45(7)(a), Florida Statutes, the Auditor General is required to notify the Joint Legislative Auditing Committee (JLAC) of any governmental entities that do not timely file the required audit report. A similar situation was noted for the required FY 2011 financial reports where the JLAC requested SRBBA to provide the status of the Authority's financial situation to determine if further state action was warranted. Regarding the FY 2010 financial reports, the JLAC adopted a motion to continue to delay state action and to continue to monitor SRBBA. On September 12, 2012, the Board authorized SRBBA legal counsel to request funds from the Trustee to engage a firm to conduct the currently required audit and to upgrade the Peachtree Accounting System to expedite numbers needed to perform the audit. The SRBBA Board also authorized legal counsel to draft a response letter to Department of Economic Opportunity, Special District Information Program, and the State of Florida Auditor General advising that SRBBA is moving forward to try to get funding for the required audit. Because the SRBBA Board had no response or funding from the Trustee regarding the required audits, in October 2013 (FY 2014), the Board authorized SRBBA legal counsel to send another formal letter to the Trustee requesting funding of all audits required by the Bond Documents. Currently, the Trustee has not indicated if audit funding will be provided.

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. During the review, Commission staff noted that public records requests and various correspondence was not always responded to by the Authority in a timely manner. Some factors that contributed to the untimely response include: infrequency of Board meetings; no Authority staff; and, an increase in requests related to the SRBBA bond default.

Regarding open meetings, Commission staff reviewed agendas, meeting minutes and a sample of public meeting notices provided by SRBBA, and attended numerous Board meetings. From this limited review, it appears that SRBBA has been operating within procedure and statute; however, a review of the SRBBA website www.garconpointbridge.com

indicated that only the upcoming Board meeting notice has been posted. Due to a lack of administrative funding, updating of the website is limited to posting of monthly revenue and transactions and other critical information. At the December 2011 Board meeting, three new County Commission appointees were sworn in and SRBBA General Counsel conducted a briefing on Sunshine Laws for all Board members.

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

The Enterprise prepares a Traffic Engineer's Annual Report for Enterprise Toll Operations that is provided to the rating agencies. Included in the report is traffic and revenue information for the five Department-owned and two Department-operated facilities, one of which is the Garcon Point Bridge. This report provides information required under SEC Rule 15c2-12. The Department also provides for disclosure by making this report available on its website www.dot.state.fl.us. Beginning with the FY 2011 report, toll revenue, traffic and expense forecasts for the Garcon Point Bridge are no longer provided.

Because SRBBA does not currently have a traffic and revenue consultant, recommendations for revisions to the toll schedule, as required in the bond resolutions, cannot be considered by the Board.

Summary

The Florida Transportation Commission review of SRBBA was conducted with the cooperation and assistance of SRBBA 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. The SRBBA Board met in January 2009 and adopted an amendment to the Lease-Purchase Agreement, whereby the Department provides funding for administrative expenses, as approved by the Department at its sole discretion. The Authority is required to reimburse the Department in the same manner and priority as operating and maintenance expenses (after debt service payments).

Subsequent to the amended Lease-Purchase Agreement, the Board met in April 2009 and did not meet again until April 2010. The Board met three times in FY 2011 (August 2010, October 2010 and December 2010) and did not meet again until December 2011 because of a lack of quorum necessary to conduct business. Subsequent to December 2011, the Board met in February 2012, April 2012, September 2012, April 2013, August 2013, and October 2013, with the next SRBBA Board meeting scheduled for June 2014. Within a five month period of time (November 2010 through March 2011), six members resigned from the SRBBA Board. Currently, there are three vacant positions on the Board.

SRBBA met or exceeded 7 of the 12 applicable management objectives established for performance measures. The five performance measure objectives not met include: electronic toll collection transactions; cost to collect a toll transaction; and, the three objectives established for debt service coverage. SRBBA is in default on its bonds by failing to meet toll covenants relating to debt service coverage and reserve account requirements and for failure to make required principal and interest payments on SRBBA bonds

as they become due and payable. The Trustee for the SRBBA Bonds (Bank of New York Mellon) indicated that gross revenues will be insufficient for the foreseeable future to continue to pay debt service on the bonds and retained legal counsel and a financial advisor in November 2011 to represent the Trustee. The scope of services for the financial advisor includes assistance with the development and negotiation of restructuring alternatives for the Bonds and monitoring and participating in meetings and discussions among interested parties. Currently, no specific proposals for refinancing/restructuring have been submitted for consideration. On January 1, 2013, the Trustee noticed that it will not be making any debt service payments to the bondholders on January 1, 2013 and declared that the principal of all outstanding SRBBA bonds, in the amount of $131.2 million, is immediately due and payable. Such notice permits the Trustee to make regular distributions to all bondholders from the revenues made available. Subsequently, semiannual pro rata disbursements have been made to bond holders from available resources.

Operating indicator trend analysis showed that FY 2013 toll revenue increased 3.1 percent while toll transactions increased 1.6 percent over FY 2012 levels. The increase in traffic and revenue is attributed to normal traffic growth after the recovery from the recession and the rebound from the BP oil spill that began in April 2010, and the effects of the toll increase that occurred in January 2011. As previously noted, there are no administrative expenses reported for SRBBA because all revenue is used to pay debt service on outstanding bonds. Pursuant to the Lease-Purchase Agreement amendment, administrative support and funding provided by the Department are considered operational in nature and are included in operating costs reported by the Department and SRBBA. Total operating expenses for FY 2013 decreased approximately $158 thousand, or 12.2 percent, over FY 2012 while total operating revenues increased $144 thousand, or 3.1 percent. The decrease in operating expenses is primarily attributed to a $48 thousand decrease in routine maintenance expenses and an $81 thousand decrease in periodic maintenance expenses. 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. All three rating agencies further downgraded SRBBA bonds in FY 2011 because the required July 1, 2011 debt service payment was not made. There were no changes in SRBBA bond ratings in FY 2013, except that Fitch withdrew their rating as it was no longer considered analytically meaningful.

In the area of governance, SRBBA has not had a required independent financial statement audit performed for several years as required in the bond resolution and various Florida Statutes. Quarterly financial statements are not being prepared and are not being submitted to the Trustee as required in the bond resolution. SRBBA has been working with the Trustee to obtain funding for the required audits and to upgrade the accounting system. Currently, the Trustee has not indicated if audit funding will be provided. 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 Department noncompliance were noted. SRBBA does not currently have a traffic and revenue consultant. As such, recommendations for revisions to the toll schedule, as required in Section 5.02 of the bond resolution, cannot be considered by the Board. The Board has been working with the Trustee to obtain funding for the required Traffic and Revenue Study and in October 2013 (FY 2014) the Board approved piggybacking on a Turnpike contract with CDM Smith to conduct

the study for Garcon Point Bridge. Funding for the study would be shared between the Department and the Trustee. However, the Traffic and Revenue Study has not yet been funded and no agreement has been reached. It was also noted that public records requests and various correspondence was not always responded to by SRBBA in a timely manner.

In November 2010, the SEC requested numerous SRBBA documents and requested that the SRBBA Chairman, Vice Chairman, General Counsel and FDOT's Administrative Assistant testify before the SEC. Requested documents were provided and no further information regarding the SEC inquiry is available at this time. At the December 2010 SRBBA Board meeting, concerns were expressed by Board members about their potential liability and legal costs that might be incurred as a result of any SEC investigation because there is no funding or insurance to protect Board members. In September 2011, the Trustee agreed to pay for Directors and Officers liability insurance for Board members and to fund legal counsel for SRBBA. As such, necessary appointments were made to reform an active SRBBA Board in December 2011 so that decisions can be made about how to deal with the continuing default. Although Directors and Officers liability insurance is currently provided to SRBBA Board members, three vacancies have continued to exist on the seven-member Board making it difficult to consistently achieve the four member quorum required to conduct official business. The current Board has aggressively worked with both the Governor's Office and Santa Rosa County Board of County Commissioners in attempting to fill vacant positions on the Board.

Based on the Commission's limited review of Board meeting minutes, SRBBA policies and procedures, Florida Statutes, Bond Covenants, and other documentation provided by the SRBBA 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 was not meeting on a regular basis, Commission staff finds there was inadequate governance of the Authority. The Commission further recognizes that SRBBA defaulted on its bonds on July 1, 2011 and the Trustee has retained legal counsel and a financial advisor to assist in developing restructuring alternatives for the bonds. The Commission will continue to monitor SRBBA, its reformed Board, and the operations of the Garcon Point Bridge and will coordinate with the Department on any issues that arise. The Commission will continue to keep the Governor and Legislature apprised of the situation. The Commission would like to acknowledge with appreciation the assistance of the Department and SRBBA in providing information necessary for completion of this report.

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 pursuant to Chapter 348, Part II, 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 to finance improvements or extension of the Expressway System. The 2009 Legislature revised Section 348.54, Florida Statutes, enabling THEA to issue their own revenue bonds without having to go through the Division of Bond Finance (DBF) of the State Board of Administration (SBA). The 2010 Legislature further amended and clarified various bond related provisions of the Tampa-Hillsborough County Expressway Authority Law. In December 2012, THEA issued its own bonds in the amount of $445 million. The primary use of bond proceeds was to defease the Series 2002 and 2005 bonds to enable termination of the Lease-Purchase Agreement between THEA and the Florida Department of Transportation (Department).

As provided in Table 20, 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 Department.

Highlights

- THEA met or exceeded all 17 performance measure objectives.
- FY 2013 total operating revenues decreased $1.2 million, or 2.7 percent, over FY 2012 and total operating expenses decreased $1.0 million, or 7.2 percent.
- In September 2012, THEA entered into a Memorandum of Understanding with the Turnpike Enterprise, Miami-Dade Expressway Authority and Orlando-Orange County Expressway Authority to develop and implement a Centralized Customer Service System (CCSS). The CCSS will provide statewide back office operation for administration of electronic toll collection activities including customer account maintenance, transponder distribution, and violations processing. An ITN was issued, however, the project has been delayed due to protests filed after a final ranking of the vendors.
- THEA deferred its annual toll rate indexing adjustment, originally scheduled for July 1, 2013 (FY 2014), due to major construction effects on services. The first annual system-wide indexed toll rate increase will be implemented at all THEA tolling locations on July 1, 2014 (FY 2015).
- In December 2012, THEA issued $404 million in Refunding Revenue Bonds and $40 million in Taxable Revenue Bonds. Bond proceeds were primarily used to fully defease THEA's current outstanding bonds, pay all amounts owed to the Department under the SIB and TFRTF loans, and fund THEA's portion of the I-4 Selmon Connector.
- Subsequent to the THEA 2012 Bond issue, the lease-purchase agreement with the Department terminated. THEA now owns, operates, and retains title and absolute ownership of the expressway system. THEA is required to fully repay its remaining long-term debt to the Department in 20 equal installments beginning July 1, 2025.

Table 20
Tampa-Hillsborough Expressway Authority
Current Board Members

Name	*Affiliation*	*Position*
Stephen Diaco, Esq.	Adams & Diaco, P.A.	Chairman
Curtis Stokes	Fifth Third Bank	Vice Chairman
Rebecca J. Smith	A.D. Morgan Corporation	Secretary
Robert Buckhorn	City of Tampa Mayor	Board Member
Vincent Cassidy	Majesty Title Services	Board Member
Lesley Miller	Hillsborough County Commissioner	Board Member
Paul Steinman, P.E.	District Seven Secretary	Board Member

THEA owns and operates the Selmon Expressway (officially named the Lee Roy Selmon Expressway), a 15-mile, four-lane, limited-access toll road that crosses the city of Tampa from Gandy Boulevard in the south, through downtown Tampa and east to 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 Avenue in the Tampa Central Business District and Town Center Boulevard in Brandon started in January 2002 and opened in August 2006. The REL is approximately 10 miles in length and added approximately 45 lane-miles, including non-tolled connector roads, to the Expressway. The REL was constructed in the median of the existing Selmon Expressway and is comprised of three concrete segmental bridges (5.3 miles total length) with two at-grade portions to accommodate the I-4 Selmon Expressway Connector. The REL connects to the THEA-owned and maintained Brandon Parkway, a 3.1 mile set of non-tolled feeder roads built prior to the opening of the REL, and provides five slip ramps to allow traffic to enter/exit the REL from the "local lanes." The REL operates in the peak travel direction with tolls collected with all electronic technology. The REL is the first reversible all electronic toll road in the world and Florida's first all-electronic toll facility.

THEA reported toll revenue of approximately $41.8 million in FY 2013 based on 32.5 million transactions. Significant projects in the Five-Year Work Program (FY 2014 through FY 2018) include construction of the 1.7 mile Selmon Greenway project, a pedestrian and bicycle path to be built under the Expressway in downtown Tampa. The Greenway will be built using Federal funds (TIGER Grant). THEA has also been designated as a test bed for Autonomous Vehicle technology and is currently working with hardware and software companies to develop a pilot project to be tested on the Selmon Expressway.

The Selmon Expressway has used All Electronic Tolling (AET) to collect tolls since 2010. With AET, the toll is collected electronically through an overhead gantry allowing for at-speed toll collection. Tolls are collected through the use of either SunPass or Video Toll Collection (VTC). VTC utilizes cameras to record license plate images and a bill for the tolls is sent to the registered owner of the vehicle.

The I-4/Selmon Expressway Connector (Connector) is a one-mile, 12-lane, elevated interchange between I-4 and the Selmon Expressway which utilizes AET and provides a limited-access route to and from downtown Tampa. The facility also provides exclusive truck lanes for direct access to



Selmon Expressway Viaducts.

and from the Port of Tampa removing trucks from the local roads. The facility was constructed through a partnership with the Department, THEA, Florida's Turnpike Enterprise (FTE), the City of Tampa and Hillsborough County. FTE owns and operates the Connector which opened to traffic in January 2014 (FY 2014). However, THEA receives a 20 percent share of the "S" movement toll on the facility. This mutually agreed toll sharing was in exchange for use of two miles of the Selmon Expressway that is not tolled and that directly feeds and receives "S" movement traffic.

In December 2012, THEA issued $404.3 million in fixed rate Refunding Revenue Bonds (Series 2012A, 2012B and 2012D, of which $70.1 million is taxable) and $40.4 million in fixed rate Taxable Revenue Bonds (Series 2012C). THEA attained financial independence from the State of Florida and the Lease-Purchase Agreement (LPA) between THEA and the Department was terminated. The Department confirmed THEA's absolute ownership of the Lee Roy Selmon Expressway and other assets. Pursuant to the LPA, the Department agreed to pay, from sources other than revenues, the costs of operations, routine maintenance and renewals and replacements on the facility, if needed. Since FY 2001, the Authority had reimbursed the Department for its annual operating and routine maintenance expenses pursuant to the adopted budget. Pursuant to other agreements with the Department, renewal and replacement costs were added to THEA's long term debt until 2013. Table 21 indicates that as of June 30, 2013, approximately $204 million is owed to the Department for operating, maintenance, and renewal and replacement expense advances, and Department STTF loans to facilitate expansion of the Selmon Expressway. THEA agreed to a repayment schedule of 20 annual installments of $10.2 million to be paid by THEA to the Department beginning in 2025.

Table 21
Tampa-Hillsborough Expressway Authority
Long-Term Debt Payable to the Department (in millions)
Year Ended June 30, 2013

Transaction	*(millions)*
Advances for Operating, Maintenance and R&R Expenses	$190.2
State Transportation Trust Fund Loans	$13.8
Total Due Department	$204.0

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 2013 results, as reported by THEA, are provided in Table 22. Results for the last five fiscal years are included in Appendix B.

THEA met or exceeded all 17 performance measure objectives established by the Commission. Presented below are examples of some of the notable performance measures where THEA met the objective. Explanations are provided to clarify the source of the data or the methodology utilized by the Authority, or differences between adopted performance measure objectives and those required in bond documents.

Cost to Collect a Toll Transaction

From December 2009 until July 1, 2013, THEA's AET services were provided by Electronic Transaction Consultants Corporation (ETCC) under an Inter-Local Agreement (ILG) with Miami-Dade Expressway Authority (MDX). That service included image processing, billing, and account

Table 22
Tampa-Hillsborough Expressway Authority
Summary of Performance Measures
FY 2013

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	94.0	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	100.0%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	96.9%	✓
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 6/30/12	100.0%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.8%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.00	✓
Customer Service	% customers satisfied with level of service	> 90%	95.0%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	-8.3%	✓
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	< 110%	84.1%	✓
Applicable Laws				
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	95.6%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.93	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.55	✓
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 five established authorities. Actual results based on CY 2012 data.

management for video customers. ETCC acted as a "pass-through agent" for billing of SunPass customers.

Lessons learned during that period, along with concerns about significant growth in common THEA and FTE video customers and the new business model anticipated with the Centralized Customer Service System (CCSS), lead THEA to make several decisions about its future toll systems. THEA declined to engage ETCC for its first option year to renew their contract; brought video imaging processing in-house; and engaged FTE directly for electronic billing and account management services.

THEA contracted with Q-Free, a leading global supplier of Road User Charging and Advance Transportation Management System solutions, to process the video images in-house at THEA's Traffic Management Center office building. Q-Free presented a unique application of integrating the human and automated elements of image processing, providing a significant improvement over THEA's existing system. According to THEA, Q-Free performance over the first 10-months has gone very well.

Driven by the imminent opening of the I-4 Connector/Selmon Connector and the future development of the CCSS, THEA asked FTE if they would provide account billing and management services for THEA's video billing customers in addition to the SunPass services. THEA viewed this arrangement as an interim measure that would presage the CCSS and provide both agencies with some valuable experience in understanding the future challenges of implementing the CCSS. Implementation of the hardware/software system was accomplished through an Interlocal Agreement with FTE. FTE has been performing AET billing and account management services for 10 months. According to THEA, the service and inter-agency relations are going well.

In FY 2013, THEA met the cost to collect a toll transaction objective with actual results of 10.5 cents, compared to 11.3 cents reported in FY 2012. The toll collection cost savings are attributed to THEA bringing image processing in-house and the FTE billing and account management services. FTE charges a $2.50 administrative fee per invoice for video billing and account management, therefore, FTE does not charge a transaction fee to THEA for this service.

On September 12, 2012, THEA entered into a Memorandum of Understanding (MOU) with FTE, MDX, and Orlando-Orange County Expressway Authority (OOCEA) to develop and implement a CCSS. This system is expected to provide a single point of contact for all non-cash toll collection customers, improve and simplify customer service, reduce the cost of non-cash toll collection, and provide a single centralized service center with regional satellite offices. As a result of the MOU, the participating agencies intend to implement the CCSS through a jointly developed Interlocal Agreement that will address specific issues including, but not limited to, the establishment and maintenance of customer accounts, distribution of transponders, violations processing and enforcement, common business rules, and interoperability with non-participants.

An Invitation to Negotiate (ITN) to develop and implement the CCSS was issued by Florida's



Selmon Expressway Toll Signage.

Turnpike on behalf of the four agencies in November, 2013. The four agencies short-listed the firms to provide technical and price proposals in early 2014. On April 9, 2014, OOCEA, FTE, THEA and MDX ranked the CCSS proposers. The initial vendor rankings were:

1. Xerox State and Local Solutions, Inc.
2. Accenture, LLP
3. Cubic Transportation Systems, Inc.
4. Egis, Projects, Inc.
5. Indra USA, Inc.

Negotiations have been delayed because Accenture, LLP and Cubic Transportation Systems, Inc. filed protests after the ranking. Implementation of the CCSS is expected in 2016.

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

THEA debt service coverage was in compliance with bond covenants and the performance measure objectives for Debt Service Coverage. Debt service coverage for Bonded/Commercial Debt slightly decreased from 2.00 in FY 2012 to 1.93 in FY 2013, while debt service coverage for Comprehensive Debt increased from 1.41 to 1.55. In December 2012, THEA issued bonds, restructured its debt, and terminated the Lease-Purchase Agreement with the Department. The new covenants contained in the THEA Series 2012 bonds define the requirements for how debt service coverage is calculated, which differ from debt service coverage ratios as standardized in the Commission's performance measure calculations.

THEA's Revenue Sufficiency Certification letter, prepared by CDM Smith and adopted by resolution of the Board on January 27, 2014, provides actual and projected debt service coverage pursuant to bond resolutions. For FY 2013, bond covenants require "net" debt service coverage of 1.30, and actual was reported as 1.80. This compares to the 1.93 as reported in the performance measures table. THEA includes all revenue generated from the system (i.e., lease and investment revenue) when calculating debt service ratios and deducts administrative expenses as well as operating and maintenance expenses in the calculation.

State Highway System Roadway Maintenance Condition Rating

THEA's policy is to maintain the roadway condition at a Maintenance Rating Program (MRP) rating of 90 or better. In FY 2013, the MRP rating was 94.

Electronic Toll Collection - Transactions

ETC transactions and toll revenue for THEA constituted 100 percent of total transactions and toll revenue during FY 2013.

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 2012 data. There have been no accident fatalities reported on THEA facilities since CY 2009.

The Road Ranger Program promotes highway safety and provides assistance to disabled vehicles, provides for the removal of road debris, and secures accident scenes. THEA successfully partnered with State Farm Insurance for sponsorship of the Road Ranger Program on the Selmon Expressway. Currently, the Road Ranger Service Patrol operates from 6:30 a.m. to 6:30 p.m., Monday through Friday, and helps address highway safety issues. The AET conversion has the added benefit of eliminating toll plazas which account for a significant number of accidents on toll facilities. As part of THEA's AET construction, 1,288 feet of new median-barrier was installed to prevent median-crossover accidents.

Customer Service

THEA exceeded the Customer Service objective with 95 percent of customers satisfied with the value received from the SunPass Program. Results from the biennial FTE Customer Satisfaction Survey have been used to report THEA Customer Service performance. Although THEA oversees, operates and maintains its own toll facilities and equipment and provides for its own video toll collection and violation enforcement, FTE maintains SunPass accounts and processes SunPass payments to the Authority. FTE emailed approximately 1.9 million surveys to active SunPass account holders statewide, and approximately 40 thousand surveys were completed.

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 and contractual services contracts that included total amounts and SBE amounts expended for FY 2013, 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 95.6 percent of its SBE goal, exceeding the Commission's performance measure objective of greater than 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 2013 operating indicators, as reported by THEA, are provided in Table 23. Also, to assist in trend analysis, FY 2011 and FY 2012 operating results are provided. Results for the last five fiscal years are included in Appendix B.

It is important to note FY 2013 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. In FY 2013, the $59.1 million increase in construction in progress is primarily due to the viaduct deck replacement and widening project.

Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)

FY 2013 renewal and replacement expenses increased $1.0 million over FY 2012 primarily due to resurfacing and restriping projects and straddle bent maintenance.

Toll Collection Transactions (Revenue from Electronic Toll Transactions)

As previously reported in the Performance Measures section of this chapter, electronic toll collection transactions and toll revenue comprised 100 percent of total transactions and toll revenue on the system. Subsequent to the full conversion to AET in September 2010, cash is no longer

Table 23
Tampa-Hillsborough Expressway Authority
Summary of Operating Indicators (in millions)
FY 2011 through FY 2013

Indicator	*Detail*	*Actual 11 Results (millions)*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$91.0	$91.0	$91.0
	Infrastructure Assets	$510.1	$531.8	$532.9
	Construction in Progress	$14.9	$38.5	$97.6
	Total Value of Transportation Assets	$616.0	$661.3	$721.5
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.0	$0.6	$1.6
	Routine Maintenance of Infrastructure	$3.3	$3.4	$2.6
	Total Preservation Costs	$3.3	$4.0	$4.2
Toll Collection Transactions	Revenue from Electronic Transactions	79.1%	100.0%	100.0%
Annual Revenue Growth	Toll and Operating Revenue	1.1%	6.2%	-2.7%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	28.1%	31.5%	33.8%
	Routine Maintenance Expense as % of Operating Expense	22.9%	24.9%	20.5%
	Administrative Expense as % of Operating Expense	16.6%	19.7%	22.0%
	Operating Expense as % of Operating Revenue	35.2%	32.0%	30.6%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	18.0%	18.1%	16.6%
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.

accepted as a form of payment on THEA's facilities.

Annual Revenue Growth (Toll and Operating Revenue)

FY 2012 revenue increased 6.2 percent due to a 5.8 percent increase in toll transactions primarily attributed to the steadily improving local economy in addition to ongoing improvements in revenue collected from video accounts following the conversion to AET. FY 2013 revenue decreased 2.7 percent primarily due to a 3.0 percent decrease in toll transactions primarily attributed to the Viaduct Widening and Bridge Replacement, I-4/Selmon Connector construction activities and road closures, as well as the hockey strike.

THEA was scheduled to begin annual toll increases on July 1, 2013 (FY 2014). Tolls will be adjusted annually at a minimum of 2.5 percent, or the latest five-year average of the Consumer Price Index, in order to keep pace with inflation. In addition, the video toll rate differential may be adjusted annually to recover the cost above that to collect tolls with transponders. Due to increased construction activities, THEA management decided to defer the toll increase until July 1, 2014 (FY 2015). An eight percent toll rate increase (2.5 percent annual inflation compounded over three years) will be applied to all tolls at all tolling locations.

Operating Efficiency

FY 2013 total operating expenses decreased $1.0 million, or 7.2 percent, over FY 2012 while operating revenues decreased $1.2 million, or 2.7 percent. FY 2013 total toll collection expenses remained virtually unchanged while routine maintenance expenses decreased $0.8 million, or 23.5 percent, over FY 2012. Administrative expenses for FY 2013 increased $0.1 million, or 3.9 percent, over FY 2012.

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, buildings and improvements, and vehicles. FY 2013 depreciation expenses decreased $1.3 million, or 56.0 percent, over FY 2012 primarily due to AET equipment and SunPass equipment components that were fully depreciated.

FY 2013 toll collection expenses remained virtually the same as FY 2012 while routine maintenance expenses decreased $0.8 million, or 23.5 percent.

FY 2013 administrative expenses increased $0.1 million, or 3.9 percent, while depreciation expenses decreased $1.3 million, or 56.0 percent, due to AET equipment and SunPass equipment components that were fully depreciated.

Right-of-Way

THEA has not acquired right-of-way in the past five 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. In connection with the December 2012 bond issue, THEA received new bond ratings from two of the three major bond rating agencies. The underlying bond ratings remained the same but Moody's changed the rating from A3 Stable to A3 Positive. Standard and Poor's rating was A- Positive. Due to cost constraints, THEA elected to only obtain ratings from these two agencies. In February 2014 (FY 2014), Standard and Poor's raised its credit rating on THEA bonds from A- to A citing strong debt service coverage, high amount of liquidity, the area's deep and diverse economy, and the Board agreeing to index tolls.

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 January 28, 2013. 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 prevail. 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 2013). Commission staff conducted a 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 not disclose any instances where a Board member recused himself from discussion and voting due to a conflict of interest.

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 these forms (THEA Conflict Disclosure Circular). Each disclosure form, submitted by Board members, indicated a review by THEA in-house General Counsel and no conflict of interest determinations were noted.

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. The Chairman of the Budget and Finance Committee shall receive and review the independent auditor's report and thereafter report to the THEA Board his or her findings and make recommendations to the Board to accept or reject the report as well as make any recommendations warranted by the independent audit.

An annual independent audit of THEA's financial statements for the fiscal years ended June 30, 2013 and 2012 was performed. The Independent

Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unmodified 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 its major state financial assistance project. 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.

The FY 2013 independent financial statement audit reflected an unmodified opinion.

In FY 2013, THEA's General Counsel provided training on Sunshine and Public Records laws for new THEA Board members and staff.

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 Administrative Services Manager 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 various public meeting notices 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, amended January 28, 2013, THEA's General Counsel will brief all new Board Members and employees on the relevant Florida Public Records and Sunshine laws. Thereafter, on an annual basis, General Counsel will provide a written update to THEA employees and Board Members on Florida's Public Records and Sunshine laws. General Counsel briefed all new employees on THEA's Code of Ethics and policies and procedures relevant to their status. One new Board member, a private sector gubernatorial appointee, was thoroughly briefed on Florida's Sunshine and Public Records law as well as given a copy of THEA's Code of Ethics. Two new Board members were not briefed because of their confirmed training in their current positions as Mayor of Tampa and the Department's District Secretary. A handout is currently being prepared to reflect recent legislative changes effecting THEA and will be distributed prior to the end of FY 2014.

Procurement

THEA provided its Procurement Policy, last amended September 10, 2009. The Executive Director may approve and execute change orders for construction contracts up to $50 thousand, or 10 percent of Board approved contract value, 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. Change orders for construction contracts greater than the thresholds established

for the Executive Director 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 $30 thousand (Purchase Orders, Letters of Contract and Written Agreements) that are not construction project related. The Executive Director is authorized to approve these purchases up to $30 thousand and is required to provide an annual report to the Board summarizing procurements from $15 thousand to $30 thousand.

Consultant Contract Reporting

THEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2013. As indicated in Table 24, six sub consultants were used by the general consulting firms for a total cost of $0.3 million in FY 2013.

Compliance with Bond Covenants

Prior to the December 2012 bond issue, THEA issued Revenue Bonds in 2002 and 2005. The Series 2002 and Series 2005 bonds were payable from and secured by a pledge of gross revenues of the Expressway System. In December 2012, THEA issued $445 million in Revenue Bonds, Series 2012 A, B, C & D. The series 2012 bonds are payable from and secured by a pledge of net revenues of the Expressway System and were issued under a new THEA Master Bond Resolution. Bond proceeds were used to defease $322.2 million of all outstanding Series 2002 and Series 2005 bonds, prepay the outstanding balances of the SIB and TFRTF loans, fund THEA's portion of the I-4 Connector project (bridge deck replacements) and AET conversion, and fund a Debt Service Reserve, OM&A Reserve, and a Renewal and Replacement Fund. As of June 30, 2013, bonds in the principal amount of approximately $444.7 million remained outstanding from the Series 2012 Bonds.

Table 24
Tampa-Hillsborough Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2013

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
American Consulting Engineers of Florida, LLC	**Downtown Viaduct PD&E Study**	
CDM Smith (Formerly Wilbur Smith Associates)	**Traffic & Revenue Consultant**	
Renaissance Planning Group, Inc.	Economic Analysis	$29
HNTB Corporation	**General Engineering Consultant**	
Analytic Engineering	General Administrative Services	$41
Kisinger Campo & Associates Corp.	PD&E Management & Civil Design Services	$58
Parsons Brinckerhoff	**Bus Toll Lane Study**	
AECOM Technical Services	Travel Demand & Revenue Forecasts	$102
Quest Corporation of America, Inc.	Communication Production	$32
Tyndal-Oliver & Associates	Transit Planning	$35
Total Sub consultants > $25 K		$297

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, pursuant to Rule 15c2-12.
- An annual financial statement audit was performed.
- Debt service coverage ratios for FY 2013 exceed bond requirements.
- THEA utilizes a nationally recognized General Engineering Consultant (HNTB). An independent inspection and report concerning the condition of the Selmon Expressway system are required at least every two years. HNTB will be submitting the 2013 biennial inspection report to THEA in June 2014.
- THEA utilizes a nationally recognized Traffic Engineering firm (CDM Smith, formerly Wilbur Smith Associates) as required by bond covenants. The Traffic Engineers are required to provide an annual Traffic and Revenue Report to the Authority. In November 2012, CDM Smith completed a Comprehensive Traffic and Revenue Report for the Series 2012A, 2012B, 2012C, and 2012D Bonds that THEA issued in December 2012. CDM Smith also completed the FY 2013 Traffic and Revenue Report in January 2014.
- Section 5.07(E) of the Series 2012 bond covenants requires THEA to review its financial condition for the next fiscal year and determine whether pledged funds are sufficient to comply with bond covenants specified in Section 5.07 (B) and, by resolution, make a determination with respect thereto. The Determination Resolution was adopted by the Board on January 27, 2014.

Summary

The 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 all 17 of the management objectives established for performance measures.

Operating indicator trend analysis showed that the $59.1 million increase in construction in progress is primarily due to the viaduct deck replacement and widening project. FY 2013 total operating expenses decreased $1.0 million, or 7.2 percent, over FY 2012 while operating revenues decreased $1.2 million, or 2.7 percent. The operating revenue decrease is attributed to the Viaduct Widening and Bridge Replacement and I-4/Selmon Expressway Connector (Connector) construction activities. FY 2013 total toll collection expenses remained virtually unchanged while routine maintenance expenses decreased $0.8 million, or 23.5 percent, over FY 2012. Administrative expenses for FY 2013 increased $0.1 million, or 3.9 percent, while depreciation expenses decreased $1.3 million, or 56.0 percent, primarily due to All Electronic Tolling (AET) equipment and SunPass equipment components that were fully depreciated. In February 2014 (FY 2014), Standard and Poor's raised its credit rating on THEA bonds from A- to A.

In the area of governance, the FY 2013 independent financial statement audit reflected an unmodified opinion. No findings were noted in the areas of internal control and compliance and no recommendations for improvement were noted in the Auditor's Management Letter.

In September 2012, THEA entered into a Memorandum of Understanding with the Florida Turnpike Enterprise (FTE), Miami-Dade Expressway Authority and Orlando-Orange County Expressway Authority to develop and implement a Centralized

Customer Service System (CCSS). This system is expected to provide a single point of contact for all non-cash toll collection customers, improve and simplify customer service, reduce the cost of non-cash toll collection, and provide a single centralized service center with regional satellite offices. An Invitation to Negotiate to develop and implement the CCSS was issued by Florida's Turnpike on behalf of the four agencies in November, 2013. The four agencies short-listed the firms to provide technical and price proposals in early 2014. The project has been delayed due to protests filed after a final ranking of the vendors. Implementation of the CCSS is expected in 2016.

In November 2012, the THEA Board amended its Toll Rate Policy whereby an annual system-wide toll increase will be implemented at all THEA tolling locations, with the first toll increase scheduled for July 1, 2013 (FY 2014). Tolls will be adjusted annually at a minimum of 2.5 percent, or the latest five-year average of the Consumer Price Index, in order to keep pace with inflation. In addition, the video toll rate differential may be adjusted annually to recover the cost above that to collect tolls with transponders. Due to increased construction activities, THEA decided to defer the toll increase until July 1, 2014 (FY 2015). An eight percent toll rate increase (2.5 percent annual inflation compounded over three years) will be applied to all tolls at all tolling locations.

Pursuant to an amended Memorandum of Agreement between the Department and THEA, in December 2012, THEA issued $404 million in fixed rate Refunding Revenue Bonds and $40 million in fixed rate Taxable Revenue Bonds. Bond proceeds were used to: fully defease THEA's current outstanding bonds; pay all amounts owed to the Department under the SIB and TFRTF loans; and fund THEA's portion of the I-4/Selmon Expressway Connector and a portion of the costs related to THEA's AET conversion. Upon issuance of the Bonds, the Lease-Purchase Agreement with



Selmon REL Gantry.

the Department terminated. THEA now operates and maintains the expressway system and retains title and absolute ownership of the expressway system. The agreement also requires THEA to fully repay its long-term debt to the Department in 20 equal annual installments beginning July 1, 2025 (currently estimated at approximately $10.2 million annually).

The I-4 Connector opened to traffic in January 2014 (FY 2014). This one-mile, 12-lane, elevated interchange between I-4 and the Selmon Expressway utilizes AET and provides a limited-access route to and from downtown Tampa. The tolled facility also provides exclusive truck lanes for direct access to and from the Port of Tampa removing trucks from the local roads. The facility was constructed through a partnership with the Department, THEA, and FTE. FTE owns and operates this new expansion project and THEA receives a 20 percent share of the "S" movement toll on the facility. This mutually agreed toll sharing was in exchange for use of two miles of the Selmon Expressway that is not tolled and that directly feeds and receives "S" movement traffic.

Based on the Commission's review of Board meeting minutes, THEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by THEA, 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 further recognizes THEA's efforts in securing financial independence from the State of Florida. 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.

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July 14, 2014

Chairman Ronald Howse, P. E.
Florida Transportation Commission
605 Suwannee Street, Mail Station 9
Tallahassee, FL 32399

BOARD MEMBERS:

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CITY OF TAMPA

COMMISSIONER LES MILLER
HILLSBOROUGH COUNTY

VINCENT J CASSIDY
MEMBER

PATRICK T MAGUIRE, ESQ
GENERAL COUNSEL

Dear Chairman Howse:

The Tampa Hillsborough County Expressway Authority (THEA) continues its pursuit of options to improve efficiency and performance while enhancing our customer's experience. This letter provides information on THEA developments over the last 12 months that directly align with this goal.

The recently completed Viaduct Deck and Replacement and Widening project was developed with an eye toward the opening of the I-4 Selmon Expressway Connector. THEA partnered with the Florida Department of Transportation (FDOT) for each project with FDOT managing the construction. The Viaduct project was completed prior to opening of the Connector and we are happy to report that the new connections and new capacity are meeting expectations. Our thanks and congratulations go to FDOT for a job well done.

In June of 2013, THEA's Board initiated efforts to assess the potential benefits and opportunities of Autonomous Vehicle (AV) technologies. In November of 2013, THEA and FDOT co-sponsored an Automated Vehicle Summit in Tampa. In January of 2014, the Lee Roy Selmon Expressway was approved by the Research and Innovative Technology Administration (RITA) and the United States Department of Transportation (USDOT), as an automated vehicle test bed. The Selmon Expressway is only the second test bed in Florida and joins a small affiliation of other test bed locations nationwide. More information on THEA efforts can be found at this website: http://www.tampa-xway.com/Projects/AutomatedConnectedVehicles.aspx .

AV technologies offer opportunities for:

- Improved roadway safety, and capacity
- Attracting new high-tech industry to Florida, and
- Making Florida a leader in policy and research – (see the Center for Urban Transportation Research's (CUTR) new Automated Vehicle Institute website: http://www.usfav.com/

THEA is working with FDOT as a regional proponent of AV technologies. Specifically, we are focused on attracting partners to develop an AV pilot project that will make use of the Selmon Expressway assets. Copies of the THEA AV brochure are attached.

The standards and measures set by the Commission will continue as benchmarks by which THEA measures its success. Indeed, meeting those measures enables us to move forward with initiatives like those discussed above.

Sincerely,

Joe Waggoner
Executive Director, CEO

Attachments

CC: Thomas DiGiacomo, FTC Executive Director
Mark Reichert, FTC Deputy Executive Director
Rick Gallant, FTC Manager of Finance and Performance Monitoring

Florida's Turnpike System (Turnpike)

Background

Florida's Turnpike Enterprise (Enterprise) is responsible for the management of Florida's Turnpike System (Turnpike) and the collection of tolls on seven other facilities owned or operated by the Florida Department of Transportation (Department). Of the seven other toll facilities, five are Department-Owned (Alligator Alley, Beachline East Expressway, Pinellas Bayway System, Sunshine Skyway Bridge and 95 Express) and two are Department-Operated (Garcon Point Bridge and Mid-Bay Bridge). Effective July 1, 2014 (FY 2015), the Beachline East Expressway will become part of Florida's Turnpike System.

The Florida State Turnpike Authority, created in 1953, became part of the Department in 1969. The Turnpike was reorganized as an Office within the Department in 1988 and as a District in 1994. In 2002, the Turnpike became an Enterprise within the Department. The Turnpike conducts its operations as an enterprise fund within the Department. The Department is an agency of the State of Florida.

The Department operates under the Florida Transportation Code, which includes Chapter 338, Florida Statutes (Limited Access and Toll Facilities). In addition to the powers granted to the Department, the legislature provided additional powers and authority to the Enterprise to enable autonomy and flexibility in order to more easily pursue innovations as well as best practices found in the private sector in management, finance, organization and operations. Sections 338.22 through 338.241, Florida Statutes (Florida Turnpike Enterprise Law), authorizes the Enterprise to plan, develop, own, purchase, lease,

Highlights

- Turnpike met or exceeded 13 of the 16 applicable performance measure objectives. The measures not met were State Highway System Roadway Maintenance Condition Rating, Revenue Variance and Safety.
- FY 2013 record toll revenue of $756 million reflected an increase of 24.1 percent over FY 2012. This increase is attributed to the first full year of a system-wide toll rate increase for inflation implemented on June 24, 2012, as mandated under Section 338.165, Florida Statutes.
- Moving forward, cash toll rates will be adjusted for inflation every five years and SunPass and TOLL-BY-PLATE toll rates will be adjusted annually. As such, on July 1, 2013 (FY 2014), Turnpike increased SunPass and TOLL-BY-PLATE toll rates by 2.1 percent, rounded to the nearest penny.
- The I-4 Connector opened to traffic in January 2014 (FY 2014) and construction continues on another Turnpike expansion project, the First Coast Expressway, which is planned to open to traffic in March 2016 (FY 2016).
- In September 2012, Turnpike entered into a Memorandum of Understanding with the Miami-Dade Expressway Authority, Orlando-Orange County Expressway Authority, and Tampa-Hillsborough Expressway Authority to engage a third-party private sector vendor to provide a Centralized Customer Service System (CCSS). The CCSS will provide statewide back office operation for processing electronic customer transactions and managing customer accounts.
- During and subsequent to FY 2013, Turnpike issued four series of bonds: Series 2012A issued in February 2013 for $306.1 million; Series 2013A issued in May 2013 for $183.1 million; Series 2013B issued in August 2013 for $206.0 million; and Series 2013C issued in February 2014 for $267.4 million. Bond proceeds were used to refund outstanding bonds to achieve interest cost savings and to finance acquisition and construction of Work Program projects.

or otherwise acquire, demolish, construct, improve, relocate, equip, repair, maintain, operate, and manage the Turnpike; to expend funds to publicize, advertise and promote the advantages of using the Turnpike and its facilities; and to cooperate, coordinate, partner, and contract with other entities, public and private, to accomplish these purposes. The Department may also fix, adjust, charge, and collect tolls and is further authorized to issue Turnpike bonds.

The Turnpike's organizational structure is depicted in Figure 4. Unlike other transportation authorities included in this report that are governed by a Board of Directors, the Department is headed by the Secretary of Transportation (Secretary) who is appointed by the Governor from among three persons nominated by the Florida Transportation Commission (Commission). The Secretary is subject to confirmation by the Senate and serves at the pleasure of the Governor. The Department is

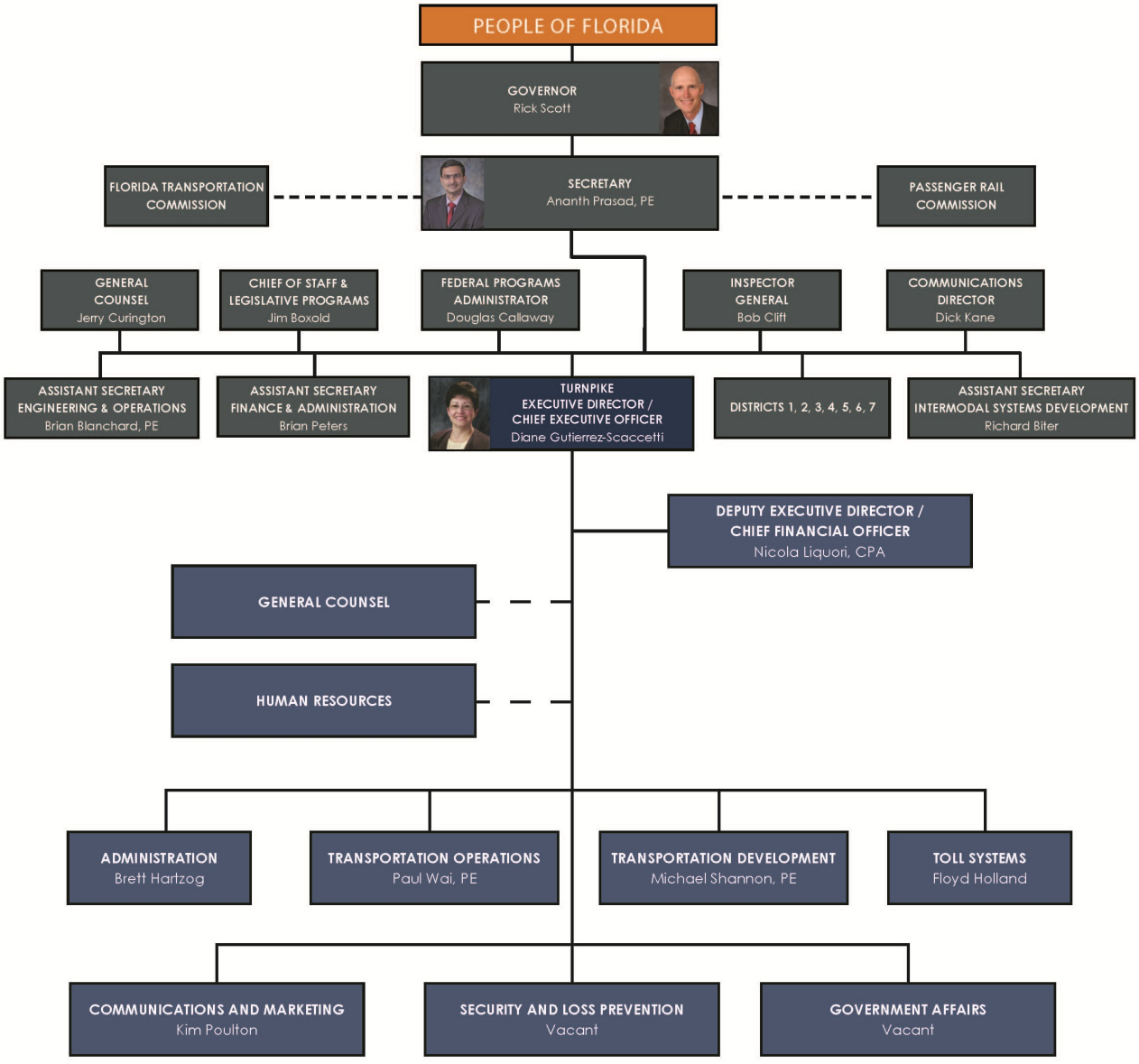


Figure 4: Florida's Turnpike Organizational Structure.

decentralized into seven Districts and the Enterprise. The District Secretaries and the Executive Director of the Enterprise report to the Secretary and sit on the Executive Board of the Department. Commission staff routinely attend and monitor the monthly Department Executive Workshop and Performance Review meetings. There are eight major functional areas which report to the Executive Director: Chief Financial Officer (CFO), Communications and Marketing, Government Affairs, Security and Loss Prevention, Administration, Transportation Operations, Transportation Development and Toll Systems.

As previously noted, the Enterprise is responsible for management of the Turnpike and collection of tolls on seven other facilities owned or operated by the Department. For this report, only financial and operating data for Turnpike is presented. Table 25 provides a summary of the various components of the Turnpike including transactions, toll revenue, centerline miles, average toll and year opened. Florida's Turnpike Mainline is a 320-mile, multi-lane facility extending from Florida City in Miami-Dade County northward to Wildwood in Sumter County. This contiguous roadway consists of the 47-mile Homestead Extension of Florida's Turnpike (SR 821), the 43-mile Southern Coin System, the 155-mile Ticket System, the 67-mile Northern Coin System (collectively SR 91), and the 8-mile Beachline West Expressway (SR 528). The first four facilities are contiguous in a north-south

Table 25
Florida's Turnpike System
Traffic/Transactions and Gross Toll Revenue
FY 2013

		Transactions		Gross Toll Revenue			
Component	*Centerline Miles*	*Volume (000)*	*Percent of Total*	*Amount ($000)*	*Percent of Total*	*Average Toll*	*Year Opened*
HEFT	47	176,698	26.6%	$148,397	19.6%	$0.84	1974
Southern Coin System	43	132,796	20.0	133,334	17.7	1.00	1957
Ticket System	155	44,928	6.8	139,427	18.5	3.10	1957 [1]
Northern Coin System	67	62,919	9.5	107,593	14.2	1.71	1963 [2]
Beachline West Expressway	8	25,516	3.8	21,964	2.9	0.86	1973
Total Mainline	**320**	**442,857**	**66.7%**	**$550,715**	**72.9%**	**$1.24**	
Sawgrass Expressway	23	72,195	10.9	66,579	8.8	0.92	1986 [3]
Seminole Expressway	18	30,819	4.6	38,473	5.1	1.25	1989 [4]
Veterans Expressway	15	49,542	7.5	41,616	5.5	0.84	1994
Southern Connector Extension	6	8,773	1.3	6,794	0.9	0.77	1996
Polk Parkway	25	26,350	4.0	23,649	3.1	0.90	1999
Suncoast Parkway	42	26,394	4.0	21,349	2.8	0.81	2001
Western Beltway, Part C	11	6,337	1.0	6,367	0.9	1.00	2005 [5]
Total Expansion Projects	**140**	**220,410**	**33.3%**	**$204,827**	**27.1%**	**$0.93**	
Total System	**460**	**663,267**	**100.0%**	**$755,542**	**100.0%**	**$1.14**	

Source: Traffic Engineer's Annual Letter Report and Florida's Turnpike System Comprehensive Annual Financial Report.

[1] The Mainline opened from Miami to Fort Pierce in 1957 and from Fort Pierce to Orlando South in 1963.

[2] The Mainline opened from Fort Pierce to Orlando South in 1963 and Orlando South to Wildwood in 1964.

[3] Originally constucted by Broward County Expressway Authority and opened to traffic in 1986, Sawgrass Expressway was acquired by the Department in 1990. With the defeasance of all outstanding bonds in 2000, title to the facility now vests with the Turnpike.

[4] The southerly half-mile of Seminole Expressway, which opened in 1989, was acquired from Seminole County Expressway Authority in 1990. The next 11.5 miles opened to traffic in 1994, and the 6-mile extension was completed in 2002.

[5] Five miles of the Western Beltway, Part C opened in 2005 and the remaining six miles opened in 2006.

direction. The Beachline West Expressway intersects with the Northern Coin System and has an east-west orientation. Expansion Projects include the 23-mile Sawgrass Expressway (SR 869), the 18-mile Seminole Expressway (SR 417), the 15-mile Veterans Expressway (SR 589), the 6-mile Southern Connector Extension (SR 417), the 25-mile Polk Parkway (SR 570), the 42-mile Suncoast Parkway (SR 589), and the 11-mile Western Beltway, Part C (SR 429). The entire Turnpike System, financed primarily by toll and concession revenues, consists of 460 centerline miles of limited-access toll facilities that generated 663 million transactions and $756 million in gross toll revenues in FY 2013. A map of the Turnpike System, including existing and planned expansion projects, is presented in Figure 5.

There are eight service plazas located along the Turnpike Mainline that provide services such as food and beverage, fuel and other conveniences. The Turnpike's concessionaire recently completed construction and renovation of six service plazas and will complete renovation of the remaining two by 2016. Numerous other Turnpike facilities that support daily operations are also located primarily on the Mainline and include the Enterprise Headquarters, the SunWatch Operations Center, and the Pompano Operations Center. The primary toll operations facilities include the Boca Raton Data Center (which houses Toll Systems staff and the Boca Raton SunPass Service Center staff) and the Orlando SunPass Service Center. The two Traffic Management Centers (TMCs) are located at the Turkey Lake Service Plaza complex and the Pompano Operations Center.

A new Turnpike expansion project, the I-4 Connector, opened to traffic in January 2014 (FY 2014) and was built through a partnership with the Department's District Seven and the Turnpike. Approximately one mile in length, this 12-lane elevated interchange between I-4 and the Lee Roy Selmon Crosstown Expressway utilizes All Electronic Tolling (AET) and provides a limited-access alternative route to and from downtown Tampa. Additionally, the truck lanes provide direct access to and from the Port of Tampa removing trucks from the local roads.

Another new Turnpike expansion project, the First Coast Expressway, is a 15-mile, four-lane, limited access AET facility in Duval and Clay Counties (Jacksonville) that connects Blanding Boulevard to Interstate 10. This project is currently under construction with joint funding from the Turnpike and the Department's District Two and is planned to open to traffic in March 2016 (FY 2016).

The Turnpike capital program is made up of a number of ongoing projects, which include a system-wide toll systems enhancement project and conversion of the Sawgrass Expressway and the Veterans Expressway to AET. Other significant projects in Turnpike's Five-Year Work Program include various widening projects: lane additions from I-4 to the Turnpike Mainline on the Beachline West Expressway; from Memorial Highway to Van Dyke Road on the Veterans Expressway; and from Biscayne Drive to SR 836 on SR 821. All three widening projects include the addition of express lanes. Customers using the general toll lanes can choose to access express lanes at limited entrance and exit points along the toll facility for a nominally higher toll. Various interchange modifications and/or improvements are also planned on SR 821 and along the Mainline: on I-4 in Orange County, I-595 in Broward County, Sunrise Boulevard in Broward County, PGA Boulevard in Palm Beach County, and Golden Glades in Miami-Dade County. In addition, numerous resurfacing and safety projects, including canal protection, are included in the Work Program.

In concert with roadway improvements, the Turnpike continues to invest in current tolling technologies which provide customers with a more convenient travel experience while ensuring that toll transactions are captured efficiently. These upgrades will help the Turnpike meet the

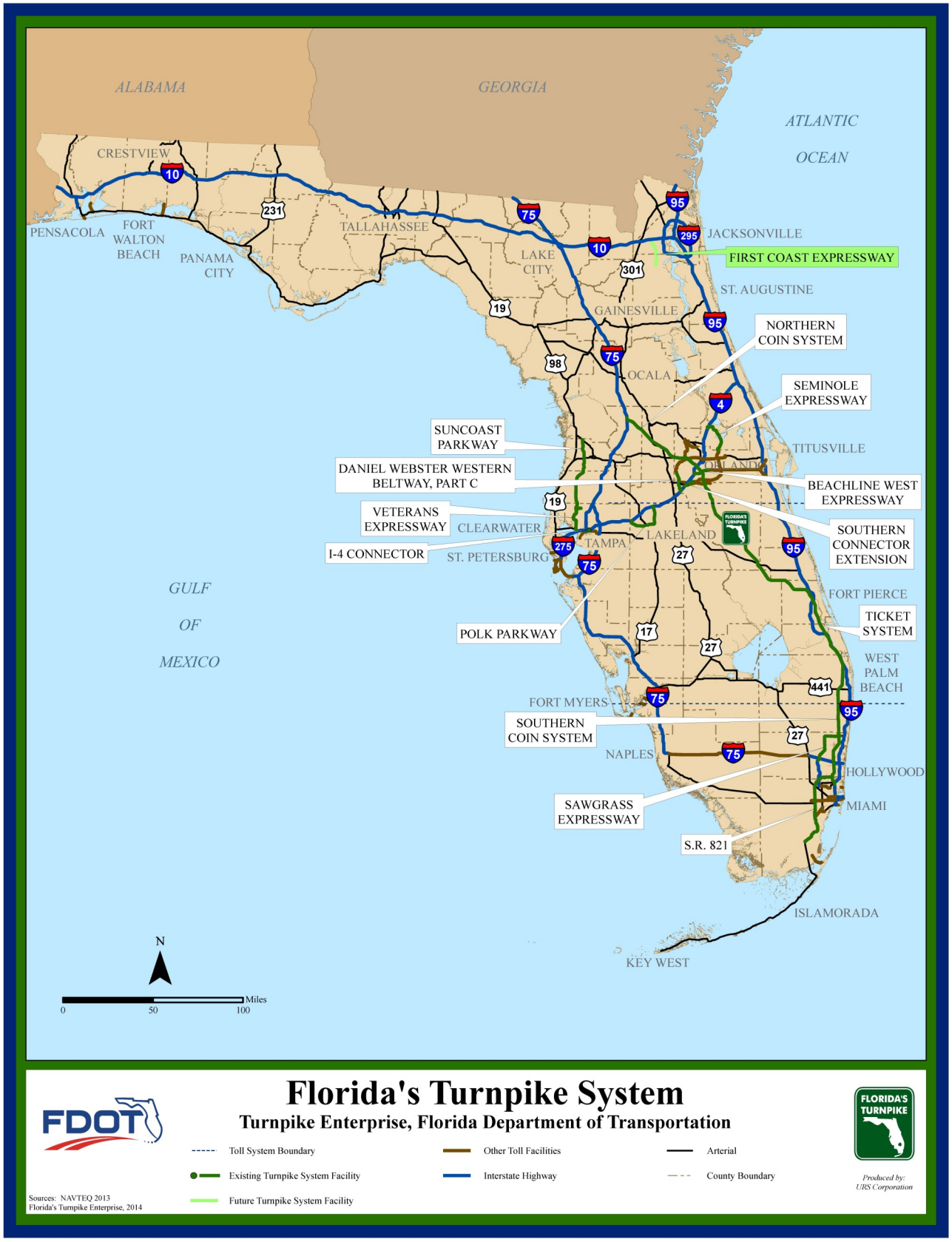


Figure 5: Florida's Turnpike System Map.

challenges of the Moving Ahead for Progress in the 21st Century Act (MAP-21) requirement that all Federal-aid highway toll facilities implement technologies and business practices that provide for the interoperability of electronic toll collection by October 1, 2016. In July 2013, North Carolina and Florida joined forces to welcome each other's transponder based customers on their toll roads. The Turnpike leadership team continues to work closely with tolling agencies across the country and is a primary player in the endeavor to make regional and national interoperability a reality.

On September 12, 2012, a Memorandum of Understanding (MOU) was entered into between the Enterprise, Miami-Dade Expressway Authority (MDX), Orlando-Orange County Expressway Authority (OOCEA), and Tampa-Hillsborough County Expressway Authority (THEA) for the purpose of implementing a Centralized Customer Service System (CCSS) for statewide back office operation for administration of electronic toll collection activities in order to: provide a single point of contact for all non-cash toll collection customers; improve and simplify customer service; reduce the cost of non-cash toll collection; and provide a single centralized service center with regional satellite offices. As a result of the MOU, the participating agencies intend to implement the CCSS through a jointly developed agreement that will address specific issues including, but not limited to, the establishment and maintenance of customer accounts, distribution of transponders, violations processing and enforcement, common business rules, interfacing with third parties and interoperability with non-participants. The agreement is subject to approval by the OOCEA, THEA and MDX Board of Directors. The Enterprise will be the contracting agency for the CCSS vendor. It is estimated that the new CCSS will be operational by the Fall of 2015.

The Turnpike has received loans from the Department's State Transportation Trust Fund (STTF), Toll Facilities Revolving Trust Fund (TFRTF) and State Infrastructure Bank (SIB) to fund various projects and provide for operations and maintenance subsidies. Table 26 indicates that approximately $148.9 million in outstanding debt is due to the Department as of June 30, 2013. The Turnpike will repay the STTF loans on July 1, 2015.

Table 26
Florida's Turnpike System
Long-Term Debt Payable to the Department (in millions)
Year Ended June 30, 2013

Transaction	*(millions)*
State Transportation Trust Fund Loans (1)	$94.4
Toll Facilities Revolving Trust Fund Loans (2)	$9.0
State Infrastructure Bank Loans (3)	$45.5
Total Due Department	$148.9

Source: Turnpike Notes to Audited Financial Statements and CAFR Statistical Section.
(1) STTF loans used for Operations and Maintenance subsidies on the SR 80 interchange, Seminole Expressway II, and Suncoast Parkway and advanced land acquisition.
(2) TFRTF loans used for advances related to acquisition of Seminole County Expressway, design costs of Western Beltway, and two interchange modifications on the Mainline. SB 1998 repealed the TFRTF and requires the cash balance in the TFRTF and all future payments obligated to the trust fund be deposited in the STTF, effective July 1, 2012.
(3) SIB loans used for Seminole Expressway II project, interest subsidy for the Series 2003C Bond issue and construction of southern Mainline ramps at SR 50 and SR 429.

Performance Measures

Fiscal Year (FY) 2013 is the first year that the Turnpike is included in the Commission's *Transportation Authority Monitoring and Oversight Report* that has been produced annually since FY 2007. Various legislation amended Section 20.23, Florida Statutes, requiring the Commission to monitor transportation authorities established in Chapters 343, 348, and 349, Florida Statutes. Although the Turnpike is not an authority established under Chapters 343, 348, or 349, Florida Statutes, it falls under Commission oversight being part of the Department and has been included in the Commission's annual *Review of the Department of Transportation Tentative Work Program* and *Performance and Production Review of the Florida Department of Transportation*. As a result of a legislative mandate, the Commission conducted a study and published the *FTC Study of Cost Savings for Expressway Authorities Report* in December 2012. One of the significant recommendations contained in the report was to add the Turnpike reporting to

the Commission reporting for Authorities to which both the Department and the Commission concurred.

Pursuant to the Commission's 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. The Turnpike was at the table and played an integral role in helping to establish performance measures, objectives, operating indicators and governance criteria used for authority reporting.

As previously noted, the Commission conducts statutorily required reviews of the Department's performance and issues an annual report titled *Performance and Production Review of the Florida Department of Transportation*. The Commission currently uses 37 measures to evaluate the Department's overall statewide performance, but also breaks down some performance results by Department District. Beginning in FY 2014, three measures specific to the Enterprise (Management of Toll Facility Operational Costs, Toll Revenue Variance and SunPass Participation) will no longer be reported in the Commission's report on the Department's performance but will be reported in this Authority report as part of the overall evaluation of the Turnpike. In some instances, the objectives established for Authority reporting are more stringent than those utilized in the Department's overall statewide reporting. The Turnpike will continue to be included as part of the Department's statewide performance.



Turnpike and North Carolina Interoperable July 29, 2013.

FY 2013 results, as reported by the Turnpike, are provided in Table 27. Results for the last five fiscal years are included in Appendix B.

The Turnpike met or exceeded 13 of the 16 applicable performance measure objectives. The Turnpike did not close out any consultant contracts in FY 2013 therefore the Consultant Contract Management performance measure is not applicable. The three performance measure objectives the Turnpike did not meet (State Highway System Roadway Maintenance Condition Rating, Revenue Variance and Safety) are described below and include trend data, explanations and any action plans that the Turnpike has developed to assist in meeting the measures. Explanations are based on input from Turnpike management.

State Highway System Roadway Maintenance Condition Rating

For FY 2013, the roadway maintenance condition rating of 88 fell short of the objective of at least 90. This compares to actual results of 91 or greater reported for the previous five fiscal years. The Department monitors the quality and effectiveness of the System's routine maintenance program by periodic surveys, using the Maintenance Rating Program (MRP). The Department has used the MRP since 1985 to

Table 27
Florida's Turnpike System
Summary of Performance Measures
FY 2013

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	88.0	X
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	97.4%	✓
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 6/30/12	80.9%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	5.4%	X
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.55	X
Customer Service	% customers satisfied with level of service	> 90%	95.0%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	NA	NA
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	$0.14	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	89.5%	✓
Applicable Laws				
Minority Participation[2]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	100.0%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	2.51	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	2.43	✓
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 five established authorities. Actual results based on CY 2012 data.

[2] Turnpike's objective is to increase MBE expenditures year over year and reported achieving $72.3 million in MBE expenditures in FY 2013, compared to MBE expenditures of $54.6 million in FY 2012, a 32.5 percent increase.

evaluate routine maintenance in five areas: roadway, roadside, vegetation and aesthetics, traffic services and drainage. The MRP results in a maintenance rating of 1 to 100 for each category, as well as an overall rating for the System's routine maintenance performance. The Department standard is to achieve an overall routine maintenance rating of 80 or higher. In FY 2013, the Department's methodology for developing the MRP rating was modified to provide equal weightings to the various maintenance categories which resulted in a lower score. The Turnpike believes the change in methodology does not affect the overall condition assessment of the System. Although the Turnpike did not meet the authority objective, it exceeded the minimum maintenance condition rating standard of 80 currently established by the Department for State Highway System roadways.

Revenue Variance

FY 2013 actual Turnpike toll revenue, without recovery of fines, represents a 5.4 percent variance from indicated revenue, exceeding the established objective of less than 4.0 percent. This compares to a 4.6 percent and 5.4 percent revenue variance reported in FY 2012 and FY 2011, respectively. As toll facilities convert to AET and remove cash toll collection from the lanes, the revenue variance, which is based on *gross* revenues, will be negatively affected. It is important to note, however, that *net* revenue remains consistent due to the reduction in operating costs associated with manual toll collection. The 4.0 percent revenue variance objective was established by the Commission in 2007, prior to any of the toll authorities operating in an all-electronic environment.

Safety

The Florida 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 (VMT) measure is based on CY 2012 data. Accident fatalities reported on the Turnpike facilities decreased from 58 fatalities reported in CY 2008 to 43 in CY 2009 and CY 2010. Fatalities increased to 46 in CY 2011 and decreased to 43 (a 6.5 percent decrease) in CY 2012. Although improvement was noted, the Turnpike actual performance of 0.55 fatalities per 100 million VMT slightly exceeded the Safety objective of less than 0.53.

The Turnpike continues to take steps to improve on safety. In FY 2013, the Turnpike continued canal protection projects to install cable barrier and guardrail to prevent errant vehicles from entering canals and retention ponds along the System, including the completion of a project in Osceola County and beginning construction of a project in Sumter County. To date, as part of the Canal Protection Program initiated in 2006, the Turnpike has completed approximately 83 miles of cable barrier and 77 miles of guardrail in areas where these barriers did not previously exist, but were warranted based upon current design standards and crash potential. The Turnpike also continues to target investments in reducing the impacts that incidents have upon motorists, by targeted investments in the Road Ranger and Traffic Management Center programs. The effective dispatch and response of resources to traffic crashes and other incidents reduces the potential for secondary incidents, a major goal towards safety.

Presented below are examples of some of the notable performance measures where Turnpike met the objective. Explanations are provided to either clarify the source of the data, the methodology utilized, or to identify differences between adopted performance measure objectives and those required in bond documents.

Electronic Toll Collection (ETC) Transactions

The percentage of Electronic Toll Collection (ETC) transactions to total transactions increased from

79.1 percent in FY 2012 to 80.9 percent in FY 2013, exceeding the goal of greater than 75 percent ETC participation by June 30, 2012. Total toll transactions in FY 2013 deceased 0.1 percent over FY 2012 levels. Non-ETC transactions decreased 8.6 percent while ETC transactions increased 2.1 percent. With the planned conversion of numerous Turnpike facilities to AET, it is expected that ETC transactions will continue to grow in the future.

Customer Service

The Turnpike exceeded the Customer Service objective with 95 percent of customers satisfied with the value received from the SunPass Program. Results from the biennial Enterprise Customer Satisfaction Survey were used to report Turnpike Customer Service performance. The Enterprise emailed approximately 1.9 million surveys to active SunPass account holders statewide and received responses that were statistically significant. It is expected that when the CCSS is fully implemented, it will have a positive impact on customer service.

As previously noted, on September 12, 2012, the Enterprise entered into a MOU with MDX, OOCEA and THEA for the purpose of implementing a CCSS for statewide back office operation for administration of electronic toll collection activities. As previously indicated, the Enterprise will be the contracting agency for the CCSS vendor. It is estimated that the new CCSS will be operational by the Fall of 2015.

Cost to Collect a Toll Transaction

During the reporting period, the cost to collect a toll transaction has decreased annually from $0.173 in FY 2009 to $0.136 in FY 2013, the lowest in Turnpike's history. FY 2013 results are below the established $0.160 objective and compare favorably to the $0.141 reported in FY 2012. Although FY 2013 toll transactions remained virtually flat, toll collection costs (net of exclusions) decreased 4.2 percent from FY 2012.

Minority Participation

The Department, including the Turnpike, strives to improve economic opportunities for the state's women and minority owned businesses by ensuring equity in the execution of contracting provisions.

The current Minority Business Enterprise (MBE) program began with the "Small and Minority Business Assistance Act of 1985." This established state agency goals for the percentage of expenditures with certified minority businesses. The goals were set according to industry group: construction, architecture and engineering, commodities, and contractual services. Criteria for certification as an MBE were also detailed. These included ethnic group, business size, and being a Florida business owned by minority Florida residents. There have been refinements over the years, but the essence of the Act is still in place in Chapter 287, Florida Statutes. Under the One Florida Initiative, emphasis has shifted from tracking percentage goals by industry type to tracking total expenditures with MBEs and the increase in such expenditures annually. As the work program size increases, the MBE expenditures are expected to increase



Recently Renovated - Turkey Lake Service Plaza in Ocoee.

correspondingly. In addition, One Florida has de-emphasized the use of set-asides or price preferences for MBEs in favor of aggressive outreach and encouragement.

Consistent with Department goals, the Turnpike's objective is to increase MBE expenditures over the prior year. For FY 2013, the Turnpike's actual MBE expenditures totaled $72.3 million, compared to FY 2012 MBE expenditures of $54.6 million, a 32.5 percent increase.

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

Turnpike debt service coverage was in compliance with bond covenants and the performance measure objectives for Debt Service Coverage. FY 2013 debt service coverage significantly increased over FY 2012 for both Bonded/Commercial Debt and Comprehensive Debt primarily due to an increase of $164.1 million of net operating revenues available for debt service, due to the effects of a system-wide toll indexing implemented on June 24, 2012. The debt service coverage for Bonded/Commercial Debt increased from 1.82 in FY 2012 to 2.51 in FY 2013, while the debt service coverage for Comprehensive Debt increased from 1.78 to 2.43.

Senior lien bonds are secured by a pledge and first lien on the net revenues of the Turnpike. The Turnpike bond covenants require that net revenues (gross revenues less operating and maintenance expenses) be sufficient to pay at least 120 percent of the annual debt service requirements of the bonds. For FY 2013, the debt service coverage calculation pursuant to the bond resolution was 2.51, the same as the Bonded/ Commercial Debt performance measure result. Pursuant to legislation adopted in 1997, the Department covenanted to pay all costs of operation and maintenance of the Turnpike from the STTF, in effect making 100 percent of Turnpike gross revenues available for debt service. The costs of operation and maintenance paid from the STTF are reimbursed from the Turnpike General Reserve Fund only after payment of debt service and other amounts required to be paid with respect to Turnpike bonds.

In addition, the Turnpike met its own Debt Management Policy requirements that annual debt coverage ratios be at least 1.5 times net revenue or 2.0 times gross revenue. Actual FY 2013 results indicate 2.51 net revenue coverage and 3.15 gross revenue coverage.

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 2013 operating indicators, as reported by the Turnpike, are provided in Table 28. Also, to assist in trend analysis, FY 2011 and FY 2012 operating results are provided. Results for the last five fiscal years are included in Appendix B. It is important to note FY 2013 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.). In FY 2013, infrastructure assets increased approximately $121 million primarily due to the completion of renovations to six of the

Table 28
Florida's Turnpike System
Summary of Operating Indicators (in millions)
FY 2011 through FY 2013

Indicator	*Detail*	*Actual 11 Results (millions)*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$863.9	$863.4	$866.6
	Buildings[1]	$0.0	$0.0	$49.0
	Infrastructure Assets	$5,958.8	$6,311.6	$6,432.8
	Construction in Progress	$624.8	$399.2	$598.8
	Total Value of Transportation Assets	$7,447.5	$7,574.2	$7,947.2
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$34.5	$44.1	$81.9
	Routine Maintenance of Infrastructure	$40.8	$40.3	$35.9
	Total Preservation Costs	$75.3	$84.3	$117.8
Toll Collection Transactions	Revenue from Electronic Transactions	70.3%	72.9%	76.5%
Annual Revenue Growth	Toll and Operating Revenue	0.1%	1.3%	23.8%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	59.9%	53.6%	44.3%
	Routine Maintenance Expense as % of Operating Expense	17.5%	16.2%	13.1%
	Administrative Expense as % of Operating Expense	NA	NA	NA
	Operating Expense as % of Operating Revenue	38.0%	40.1%	35.7%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	29.4%	28.0%	20.5%
Property Acquisition				
Right-of-Way	Agency Appraisals	$1.2	$0.0	$4.3
	Initial Offers	$2.1	$0.0	$2.5
	Owners Appraisals	$6.0	$0.0	$0.0
	Final Settlements	$3.3	$0.0	$2.5
Revenue Management and Bond Proceeds				
Underlying Bond Ratings (Uninsured)	Standard & Poor's Bond Rating	AA-	AA-	AA-
	Moody's Bond Rating	Aa3	Aa3	Aa3
	Fitch Bond Rating	AA-	AA-	AA-

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

[1] Buildings are related to Service Plazas on the Mainline and are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 60 - Accounting and Financial Reporting for Service Concession Arrangements.

eight service plazas along the Mainline; completion of the Jupiter ramp bridge replacement on the Mainline at Milepost 116 in Palm Beach County; and the completion of a widening project on the Mainline from Sunrise Boulevard to Atlantic Boulevard in Broward County.

In addition, construction in progress increased by approximately $200 million in FY 2013 primarily due to the I-4 Connector in Hillsborough County and continued progress on the First Coast Expressway project in Jacksonville. Additional construction projects include interchange

improvements at Kendall Drive, Bird Road and NW 57th/Red Road; express lane direct connect ramp construction at the SR 836/Dolphin Expressway and SR 874/Don Shula Expressway; widening from four to eight lanes on the Veterans Expressway from Memorial Highway to south of Gunn Highway; as well the system-wide toll systems enhancement project.

Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)

The Turnpike utilizes the Modified Approach to report infrastructure assets (highway system and improvements) whereby renewal and replacement costs associated with maintaining the existing roadway system at a certain level are expensed, and the asset is not depreciated. Renewal and replacement costs for FY 2013 are reported at $81.9 million. This $37.8 million increase over FY 2012 is primarily due to an increase in resurfacing projects in FY 2013.

Preservation of Transportation Assets (Routine Maintenance of Infrastructure)

FY 2013 routine maintenance expenses decreased $4.4 million from FY 2012. This decrease is primarily due to efficiencies in new maintenance contracts.



I-4 Connector in Tampa.

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 to total transactions increased from 79.1 percent in FY 2012 to 80.9 percent in FY 2013. ETC revenue from these transactions increased from 72.9 percent of total toll revenue in FY 2012 to 76.5 percent in FY 2013.

Annual Revenue Growth (Toll and Operating Revenue)

Total operating revenue for FY 2013 increased 23.8 percent over FY 2012 primarily due to record high toll revenue of $756 million which represents a $147 million, or 24.1 percent, increase over FY 2012. The significant increase in revenue is attributed to the first full year of a system-wide implementation of toll indexing on June 24, 2012, as mandated by the Florida Legislature.

The 2007 Legislature amended Section 338.165, Florida Statutes, to require the Turnpike and other Department-owned facilities to index toll rates on existing toll facilities to the annual Consumer Price Index (CPI) or similar inflation indicator effective July 1, 2007. Toll rate adjustments for inflation may be made no more frequently than once a year and must be made no less frequently than once every five years as necessary to accommodate cash toll rate schedules.

The Statutes required the indexing of tolls to occur on or before June 30, 2012. Pursuant to this requirement, on June 24, 2012 (FY 2012), cash toll rates were indexed using the percentage change between CPI for the year ending December 31, 2010, and the CPI for the year ending December 31, 2005, which is 11.7 percent. This cash toll rate was then adjusted up to the next higher quarter for collection efficiency. The SunPass toll rates were set to be a quarter less

than the adjusted cash toll rates and the TOLL-BY-PLATE toll rates were increased to be equal to the adjusted cash toll rates.

For subsequent years, the cash toll rate will be adjusted every five years by the change in CPI over the previous five years and adjusted to the next higher quarter. The SunPass and TOLL-BY-PLATE toll rates will be adjusted annually based on the year-over-year change in CPI and rounded to the nearest penny. Accordingly, on July 1, 2013 (FY 2014), the SunPass and TOLL-BY-PLATE toll rates were adjusted up by 2.1 percent and rounded to the nearest penny.

FY 2013 total operating revenues increased $147.8 million, or 23.8 percent, over FY 2012 due to the first full year of a system-wide toll rate increase implemented on June 24, 2012.

FY 2013 total operating expenses increased $25.7 million, or 10.3 percent, over FY 2012.

FY 2013 toll collection expenses decreased $11.9 million, or 8.9 percent, over FY 2012 and routine maintenance expenses decreased $4.4 million, or 10.9 percent.

The overall increase in total operating expenses in FY 2013 is attributed to increases in renewal and replacement and depreciation expenses. Renewal and replacement expenses increased $37.8 million, or 85.9 percent, over FY 2012 due to an increase in resurfacing projects, while depreciation expenses increased $4.1 million.

Operating Efficiency and Rating Agency Performance

As previously noted, FY 2013 total operating revenues increased $147.8 million, or 23.8 percent, over FY 2012 primarily due to the June 24, 2012 toll indexing while total operating expenses increased $25.7 million, or 10.3 percent. This resulted in an overall decrease in the ratio of operating expenses to operating revenues in FY 2013. Toll collection and maintenance expenses for FY 2013 decreased 8.9 percent and 10.9 percent, respectively, over FY 2012 levels. The overall increase in FY 2013 total operating expenses is attributed to increases in renewal and replacement and depreciation expenses. As previously noted, renewal and replacement expenses increased $37.8 million, or 85.9 percent, due to an increase in resurfacing projects in FY 2013. Depreciation expenses increased $4.1 million as a result of additional assets placed in service in FY 2013. Assets subject to depreciation include buildings and improvements (excluding buildings associated with the service concession arrangement), furniture and equipment, and intangible assets. The Turnpike does not separately present administrative expenses as such amounts are allocated to programs by way of the Department's Indirect Cost Application as approved by the Federal Highway Administration.

Right-of-Way

Although no parcels were acquired in FY 2012, Turnpike acquired parcels, totaling $2.5 million through its Right-of-Way Program in FY 2013. Turnpike policy requires total purchase costs to be within verified fair market value inclusive of closing costs but excluding any property owner costs (attorney fees, etc.). The Turnpike began voluntary acquisition of property needed for the Suncoast Parkway 2 Project, which has not been funded for construction at this time.

Underlying Bond Ratings

For FY's 2010 through 2013, the underlying (uninsured) ratings assigned to Turnpike bonds from the three nationally recognized bond rating agencies did not change. The Turnpike currently holds an "AA-" rating from Standard & Poor's, an "Aa3" rating from Moody's Investors Service, and an "AA-" rating from Fitch Ratings for its bond issues. The agency attributes these industry-leading ratings to the consistently strong financial

performance of the Turnpike and management's commitment to controlling expenditure growth.

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

The Turnpike provided a copy of the Executive Office of the Governor Code of Ethics policy that was revised on January 4, 2011 by Governor Scott through Executive Order 11-03. This policy imposes clear, enforceable standards that incorporate and exceed the current requirements of the statutory code of ethics set forth in Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees). This ethics policy applies to all employees in the Office of the Governor and to all secretaries, deputy secretaries, and chiefs of staff of the executive agencies under the purview of the Governor. Each agency secretary was directed to review the current policies adopted by each agency, with a view towards using the revised Executive Office of the Governor Code of Ethics as the base standard to revise current policies to the extent practicable.

The Department last amended its Ethics Policy on January 4, 2012. The Department's Ethics Policy applies to all employees and the standards and requirements incorporate the guidance in the Governor's Code of Ethics which was effective January 4, 2011. The Ethics Policy designates the Department's Deputy General Counsel as the Department's Ethics Officer who will make reasonable efforts to ensure employees are familiar with the Ethics Policy, and receive annual training on the subjects of ethics, public records, open meetings, records retention, equal opportunity and proper personnel procedures, as required by the Governor's Code of Ethics. Turnpike management indicated that required annual ethics training was provided to all Turnpike employees beginning September 25, 2013. Employees were advised that the mandatory Computer Based Training (CBT) should be completed within 30 days. In addition, training was provided to all Turnpike employees on public records requests and defensive driving.

All new Department employees are required to read Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) and Sections 334.193 and 334.195, Florida Statutes, related to conflicts of interest. The Document/ Receipt Acknowledgement (Form 250-015-06) is signed by all new Department employees indicating such and is filed in the employee's personnel file. The Department also has a Public Private Partnership Conflicts of Interest policy (No. 001-375-020), that was last revised on June 17, 2010, which provides guidance to firms and individuals directly or indirectly performing services for the Department in connection with Public Private Partnership Projects either solicited or unsolicited.

According to Turnpike management, no findings with regard to ethics violations were noted during FY 2013. From time to time, employees submit concerns to the Office of the Inspector General (OIG). These concerns are addressed in accordance with the OIG's policies and procedures.

Audits

The Department's Executive Board assumes the role of the Audit Committee. According to Turnpike, Management is responsible for reviewing the audited financial statements and addressing

issues contained in the auditor's management letter or other auditor concerns. Upon completion of the audit, the auditors present their findings to the Committee.

An annual independent audit of the Turnpike's financial statements for the fiscal years ended June 30, 2013 and 2012 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unmodified opinion. The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Turnpike's internal audit function is handled at the agency level through the OIG. Commission staff reviewed a listing of audit reports issued by the OIG during FY 2012 and FY 2013 and did not identify any reports specific to the Turnpike.

The FY 2013 independent financial statement audit reflected an unmodified opinion.

Annual training was provided to all Turnpike employees on Ethics, Public Records Requests and Defensive Driving.

Public Records and Open Meetings

The Turnpike, consistent with the Department, is operating under Chapter 119, Florida Statutes, relating to public records and has adopted procedures to process public records requests. The procedures appear to be comprehensive and include a prescribed process to identify information that is confidential or exempt that would require redaction.

The Turnpike, as part of the Department, has adopted policies for various public meetings that include basic public meeting requirements, Project Development and Environment (PD&E) public meeting requirements, rule development and rulemaking pubic meeting requirements, and exemptions. Unlike other transportation authorities contained in this report, the Turnpike does not fall under the purview of Chapter 189, Florida Statutes, which relate to Special Districts.

- Basic public meeting policy requirements provide for open, accessible, and non-discriminatory public meeting locations and the use of technology in conducting meetings (Sections 286.26 and 286.011(6), Florida Statutes, and Chapter 28-109, Florida Administrative Code). Reasonable notice of public meetings must be provided and the notice must advise the public that a record of the meeting is required for an appeal of any decision made at the meeting (Sections 286.011(1) and 286.0105, Florida Statutes). The policy requires that public meeting notices be published on the Department's website and that minutes of public meetings must be taken, promptly recorded and available for public inspection. The minutes may be posted or provided upon request (Section 286.011(2), Florida Statutes). An agenda is required when a meeting is held pursuant to Section 120.525, Florida Statutes, and must be published on the agency's website no less than seven days prior to the event.

- PD&E public meeting policy requirements provide that notices should indicate the purpose, date, time and location of the meeting and are required to be published in the Florida Administrative Register (FAR) and on the Department's Public Notices website. Public hearings are required by Section 339.155, Florida Statutes, and the Department

PD&E manual, and shall be conducted during the development of major transportation improvements. In addition to the FAR and the Departments Public Notices website, other required notifications include newspaper ads, notification letters to public officials, and notification letters to property owners (Section 339.155, Florida Statutes, and the Department PD&E manual).

- Rule development and rulemaking public meeting policy requirements provide that the Turnpike works with the Department's Central Office General Counsel's Office to submit new administrative rules and subsequent rule amendments. Administrative rules are published in the Florida Administrative Code. Except when the intended action is the repeal of a rule, the Department shall provide notice of the development of proposed rules by publication of a notice of rule development in the FAR (Section 120.54(2), Florida Statutes). The Department may, but is not required to, hold public workshops for the purposes of rule development. However, if a public workshop is requested by any affected person, the Department must hold a public workshop unless the Department head explains in writing why a workshop in unnecessary (Section 120.54(2)(c), Florida Statutes). A notice of rule development workshop shall be by publication in the FAR not less than 14 days prior to the date on which the workshop is scheduled to be held and shall indicate the subject area which will be addressed; the agency contact person; and the place, date and time of the workshop (Section 120.54(2)(c), Florida Statutes). Notice of proposed rulemaking is also published in the FAR. The Department must hold a hearing if requested within 21 days after publication of the notice of rulemaking.



The Future First Coast Expressway in Jacksonville.

- Exemptions to public meeting requirements under Section 286.0113, Florida Statues, include meetings in which all or part of a security system plan would be revealed and procurements under Section 287.057, Florida Statues, in which there are negotiations with a vendor or there are oral questions and answers of a vendor. A complete recording of the negotiations or oral presentations must be made and no portion may be off the record. The recordings will be exempt from public records requirements until a notice of decision or intended decision is provided or 30 days after the bids, proposals, or final replies are opened.

The Turnpike posts public meeting notices on the Department's website, consistent with all Department Districts. The Turnpike provided typical public meeting documentation for a PD&E Study and Rule Development Workshop that was reviewed by Commission staff. During the course of this review, Commission staff did not identify any public records or open meeting violations or investigations, except for a State Attorney's investigation as described below.

As a result of a complaint from the OOCEA Chairman, the State Attorney's Office initiated an investigation into possible Sunshine Law violations whereby OOCEA Board members may have discussed Board actions concerning the OOCEA Executive Director among themselves, or through intermediaries, before the Board meeting. Florida's Sunshine Laws prohibit elected officials and

members of public boards from discussing public agency business in private. At the conclusion of the investigation, four individuals, including two OOCEA Board members, were charged with various violations of the law. One of the individuals charged with violating the Sunshine law was a Department employee assigned to the Turnpike. The employee subsequently resigned from the Department. Additional detailed information regarding the OOCEA Board investigation can be found in the OOCEA chapter of this report.

Procurement

The Department's Commodities and Contractual Services Procurement Manual (No. 375-040-020, amended September 18, 2013) provides uniform processes for the procurement and contracting of commodities and contractual services in accordance with Chapter 287, Florida Statutes (Procurement of Personal Property and Services). Chapter 287 gives the Department of Management Services (DMS), State Purchasing, the authority to adopt rules to govern the procurement of goods and services and has promulgated these rules in Chapter 60A-1, Florida Administrative Code. State Purchasing has delegated to the Department the conditional authority for the contracting for, or the purchase, lease, or acquisition of, commodities or contractual services. The Department has further delegated this procurement authority to the District Offices. The Department has established procurement units in the Central Office and Districts that are responsible to provide guidance, oversee the procurement function, and monitor the procurement activity, as applicable, to assure compliance with applicable law, rule and manual. Procurement methods detailed in the Manual include: Department district warehouse items; other state agencies; RESPECT; PRIDE; DMS state term contracts; Department term contracts; alternate contract sources; state purchasing agreements; exempt procurements; single sources; discretionary purchases of Category Two or less; and competitive solicitations greater than Category Two (Invitation to Bid [ITB], Request for Proposals [RFP], and Invitation to Negotiate [ITN]). Section 287.017, Florida Statutes, provides dollar thresholds used to distinguish specific procurement requirements: Category 1 - $20 thousand; Category 2 - $35 thousand; Category 3 - $65 thousand; Category 4 - $195 thousand; and Category 5 - $325 thousand.

In accordance with the Department of Financial Services (DFS) Chief Financial Officer Memorandum No. 02 (2012-2013), all contractual services contracts (both written agreements and purchase orders) that meet the following requirements must be submitted to the DFS Bureau of Auditing for review upon execution:

- Contractual services contracts based on state term contracts having a value of $500 thousand or more.
- Contractual services contracts with a value of $750 thousand or more.
- Contractual services contracts which are amended to $750 thousand or more.

Prior to commitment of funds (or additional funds) through a contract, amendment, supplement, letter of authorization, purchase order or change order, funds approval must be obtained through the Department's Office of Comptroller, Contract Funds Management Section. A web based Contract Funds Management (CFM) System is used by the Department to validate funds availability and encumber funds in the State's Accounting System for all commodity and contractual services contracts.

Separate procedures are provided for procurement of services for Purchasing Card (No. 350-030-010-f), Road and Bridge Contract Procurement (No. 375-000-001-u), Design-Build Procurement and Administration (No. 625-020-010-k), and Acquisition of Professional Services (No. 375-030-



Sawgrass Canal Revetment.

002-k). Purchasing Card procedures provide that the purchasing card (a VISA credit card) may only be issued to Department employees and that the card may be used to purchase commodities and contractual services within the cardholder's transaction limits. However, the card may not be used as a method of payment in My Florida Market Place, encumbered contracts, moving expenses, fuel for Department owned fleet vehicles, and to purchase mobile equipment. Single transaction limits for each purchasing card range from $2,500 to $35,000 and the Department Secretary has delegated approval of single transaction limits to Senior Management Service (SMS) level employees. Single transaction limits are based on historical purchasing and travel requirements for each cost center. Cardholders with single transaction limits exceeding $20,000 (Category One) are required to file a financial disclosure statement with the Florida Commission on Ethics. Monthly credit limits are typically $25,000 per month but higher credit limits may be requested for cost centers that historically purchase in excess of $25,000 per month. An SMS level employee must designate an "approver" who has knowledge of the purchases to review and approve purchasing card charges in the Florida Accounting Information Resource (FLAIR) System. A "payer" is required for final review and approval of all purchasing card charges in FLAIR. In addition, a Monthly Paid Transaction Report must be approved by the cost center manager and purchasing card audits are conducted at least annually by the Disbursement Operations Office in Central Office and Financial Services Offices in the districts.

The Road and Bridge Contract Procurement procedures apply to all offices responsible for processing low bid, design-bid-build, construction, and maintenance projects for work performed on roads and bridges in Florida. All solely state-funded projects of $10 million or less and all maintenance projects can be let from the appropriate district contracts office, which includes the Turnpike Enterprise. All projects with federal funds are let by the central office contracts office, with the exception of emergency projects, which are let by district offices. All Turnpike projects are let by the Turnpike Contracts Office. With the exception of Turnpike projects, a construction proposal for advertisement by a district contracts office with a budget estimate over $10 million must be approved by the Department Secretary or designee prior to advertising. For bids on projects greater than $250 thousand, the recommendation to award and concurrence to award or reject must be made by the Technical Review Committee and Awards Committee. For bids on projects of $250 thousand or less, a separate individual appointed by the Secretary or District Secretary may be used to make recommendations and award decisions. A committee will be utilized when the award is not being made to the low bidder.

The Design-Build Procurement and Administrative Services procedures establish the Department's process for procuring and administering the design and construction of a project(s) within one contract to allow the contractor to participate in the design in an effort to reduce costs and expedite construction. The Department's standard technical qualification requirements apply to each entity providing professional services and pre-qualification is required for contractors performing specialty work. Under the Adjusted Score Design-

Build (ASDB) process, evaluations and scores of Expanded Letters of Interest will be developed by Proposal Evaluators for each responsive Design-Build Firm and will be presented to the Selection Committee for review and confirmation. Proposal Evaluators are comprised of, at a minimum, the Project Manager, District Construction Engineer and District Design Engineer with other evaluators required depending on the type of project. The Contracting Unit will notify responsive Design-Build Firms of all the Expanded Letters of Interest scores and the responsive firms may elect to continue to participate in phase two of the procurement process. The Department's intent is to contract directly with each shortlisted Design-Build Firm for preparation of a responsive written technical, oral



Turnpike Resurfacing in Palm Beach County.

technical, and price proposal in response to the Design-Build RFP (Design-Build Stipend Agreement). The two non-selected shortlisted firms with the highest Expanded Letter of Interest score will also be compensated. In phase two, the Proposal Evaluators will submit a final technical proposal score for each Design-Build Firm, based on the criteria provided in the RFP, to the Contracting Unit. A time and location will be determined where the Contracting Unit will publicly announce the technical scores and the opening of the sealed price quotations whereby the firm whose adjusted score is the lowest will be selected by the Selection Committee. The adjusted score is determined by dividing the price proposal by the combined Expanded Letters of Interest score (phase one) and Technical Proposal score (phase two).

The Low Bid Design-Build (LBDB) process is generally used on projects where the design and construction criteria are concise, clearly defined, and innovation or alternatives are not being sought (such as resurfacing projects). Projects awarded based on the LBDB approach will not utilize the Expanded Letters of Interest and short-listing process. Firms submit Technical Proposals and lump sum Price Proposals separately. The appropriate District or Central Office will publicly open the price proposal and send the Proposal Evaluators the technical proposals. The Contracting Unit will evaluate the pre-qualifications of the construction contractor(s) and design consultant members of the Design-Build Firm. The Proposal Evaluators will review the design concepts and preliminary designs of the lowest bidder in order to assess the responsiveness of the technical proposal compared to the Design and Construction Criteria Package. The Proposal Evaluators will notify the Selection Committee of the lowest bidder having a responsive technical proposal and the Selection Committee will approve the lowest responsive bid whereby the Department will enter into a contract for the price proposed. The Department reserves the right to reject all proposals. In certain instances, contracts may also be subject to full oversight by the Federal Highway Administration.

The Acquisition of Professional Services procedures defines the method used by the Department to acquire qualified professional architectural, engineering, landscape architectural, land surveying and mapping, planning, and right of

way services. On an annual basis, immediately after development of the work plan (typically by February), each district will enter the Consultant Acquisition Plan on the Procurement Office website as advance notice of professional services projects. The consultant, or team of consultants, must be qualified or have submitted a qualification package by the response due date for all major types of work listed in an advertisement. A Technical Review Committee (determined by the appropriate Director or designee) evaluates and ranks Letters of Responses, Letters of Qualification, Interviews, Oral Presentations, and/ or Written Technical Proposals submitted by consultants and provides results to the Selection Committee for final selection. At a minimum, the Selection Committee is comprised of three members: the District Secretary (Assistance Secretary for Central Office), the appropriate Director, and one other Director or the appropriate Office Head. Negotiations for contract fees and work effort will begin with the number one ranked consultant. Should the Department be unable to negotiate a fair and reasonable fee for the services as determined by the Department, the Department will terminate negotiations with the consultant and then initiate negotiations with the consultant previously ranked second by the Department's Selection Committee. The Professional Service Unit coordinates the execution of the professional services agreement and requires the review and signature of the Department's General Counsel, Office of Comptroller, Procurement Office, and Secretary (or designee). In certain instances, consultant contracts may also be subject to full oversight by the Federal Highway Administration. A project may include the following:

- Services associated with a specifically identified project.
- A grouping of professional services assignments where the grouping of assignments provides advantage to the Department because of geographic proximity of the existing proposed transportation facility involved, or use of shared resources for multiple projects, or to allow multiple use of a single design concept. The period of service for this type of project may not exceed five years and a total fee of $5 million without the approval of the Assistant Secretary.
- Miscellaneous minor professional services, performed on a task assignment basis, with a not to exceed limit of $1.5 million and individual assignments not to exceed $300 thousand. These limits may be exceeded for unplanned cost increases or to complete previously authorized work or post design services.
- Professional services provided on a continuing basis with no time limitation except that the contract will provide a termination clause and will be restricted to services for projects which the construction costs do not exceed $2 million each or for each study activity for professional services that does not exceed $200 thousand, or for work of a specified nature as outlined in the contract. Without the approval of the Secretary, the period for a continuing contract may not exceed 5 years and the total fee may not exceed $5 million.
- Professional Services for General Consultant services may not exceed five years and there is no dollar threshold for these services.

Consultant Contract Reporting

Turnpike provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2013. As indicated in Table 29, 37 sub consultants were used by the general consulting firms for a total cost of $10.9 million in FY 2013.

Compliance with Bond Covenants

The Department is authorized to borrow money as provided by the State Bond Act for the purpose of paying the cost of any legislatively approved

Table 29
Florida's Turnpike System
Summary of General Consultant Sub Consultant Activity
FY 2013

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
URS Corporation Southern	**Traffic Engineering General Consultant**	
BCC Engineering, Inc.	Forecasting Model Development & Traffic Engineering Analysis	$176
GMB Engineers & Plannners, Inc.	Design Traffic Volumes/Factors & Traffic Engineering Analysis Through Simulation	$86
Peggy Malone & Associates, Inc.	Traffic Counts, Turning Movements and Analysis	$177
Resource Systems Group, Inc.	Traffic Simulation Model Development, Stated Preference Surveys & Origin/Destination Studies	$559
The Heimburg Group, Inc.	Transportation System Planning & Traffic Engineering Reviews	$204
HNTB Corporation	**General Engineering Consultant**	
Brindley Pieters and Associates, Inc.	Utility Coordination Support	$42
Cotleur & Hearing, Inc.	Landscape Design Services	$116
JCR Consulting	Landscape Design Services	$268
Mehta and Associates, Inc.	Survey Technical & Management Support Services	$162
Montgomery Consulting Group, Inc.	CADD and IT Support Services	$417
Navigant Consulting, Inc.	Tolls Financial/Risk Assessment & Claims Review & Support	$144
NW Financial Group, LLC	Financial Analysis Support	$36
RTD Group, LLC	Property Management/Appraisal & Property Acquisition Support	$154
Terracon Consultants, Inc.	Hazardous Waste/Contamination Technical, Management & Coordination Services	$174
T.Y. Lin International, Inc.	Engineering Design Support Services	$186
Atkins North America, Inc.	**General Engineering Consultant**	
Faller, Davis and Associates, Inc.	Contractual Services & Shop Drawing Support	$325
Montgomery Consulting Group, Inc.	Project Management/Data Maintenance, Plans Processing/Asset Management Support	$1,050
Technology Assurance Labs, Inc.	Support Services For Tolls Systems & Toll Equipment Network Design & Installation	$118
Jacobs Engineering Group, Inc.	**Maintenance & Traffic Operations General Engineering Consultant**	
AECOM Technical Services, Inc.	Traffic Management Center Oversight & Staffing	$629
Airquest Environmental, Inc.	Environmental Services & Asbestos Abatement	$29
Atkins North America, Inc.	Traffic Engineering Services	$331
Delcan Corporation	Incident Management Support for Roadway Maintenance	$450
Faller, Davis and Associates, Inc.	Traffic Management Center Staffing & Roadway Maintenance Support Services	$758
Procopio & Associates, Inc.	Roadway & Facilities Maintenance Support Services	$389
Roy Jorgensen Associates, Inc.	Contract Management for Roadway and Facilities Maintenance	$859
Scheda Ecological Associates, Inc.	Contract Management & Environmental Management Services	$375
T.Y. Lin International, Inc.	Contract Management & Structures Maintenance Support For Roadway Maintenance	$368
Parsons Brinckerhoff, Inc.	**Construction & Materials General Engineering Consultant**	
Allied Engineering & Testing, Inc.	Materials Sampling & Testing/Asphalt Plant Inspection	$145
AMEC Environment & Infrastructure, Inc.	Materials Sampling & Testing/Asphalt Plant Inspection/Asphalt Coring	$205
Castillo Engineering, Inc.	Construction Project Management & Utility Coordination	$506
CES Consultants, Inc.	Ashpalt Plant Inspection Services	$36
Foundation & Geotechnical Engineering, Inc.	Geotechnical Engineering & Inspection Services	$77
Gary Draper & Associates of Atlanta, Inc.	Construction Project Management, Cost Estimating & Production Liason Support	$555
LPE Enterprises, Ltd.	Document Control	$169
Network Engineering Services, Inc.	Coatings Engineering & Inspection Services	$39
Page One Consultants, Inc.	Materials Sampling & Testing/Asphalt Plant Inspection	$243
Terracon Consultants, Inc.	Materials Sampling & Testing/Asphalt Plant Inspection	$379
Total Sub consultants > $25 K		$10,936

Turnpike project in the Work Program. Pursuant to Section 338.223, Florida Statutes, expansion projects are also subject to required tests of economic feasibility prior to the sale of bonds. The principal and interest on such bonds are payable solely from Turnpike revenues pledged for their payment and are not a general obligation or indebtedness of the State of Florida, and the full faith and credit of the State of Florida is not pledged to payment of the bonds. The State Board of Administration, Division of Bond Finance, issues revenue bonds on behalf of the Department in

order to help fund Turnpike expansion projects, new interchanges and other capital projects. Pursuant to Section 338.2275, Florida Statutes, the Turnpike's legislative bond cap was revised to $10 billion revenue bonds outstanding, effective July 1, 2007. At June 30, 2013, the Turnpike has issued $2.8 billion of outstanding revenue bonds related to the financing of the construction of expansion projects and system improvements and $7.2 billion remains of the statutory limitation on outstanding bonds. The following Turnpike bonds were issued during, and subsequent to, FY 2013:

- In February 2013 (FY 2013), the Turnpike issued $306.1 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012A. Bond proceeds are primarily being used to refund all or a portion of the outstanding Series 1998A, 1999A and 2003C Turnpike Revenue Bonds and to finance a portion of the costs of acquisition and construction of various Work Program projects. The refunding is estimated to result in a net present value savings of $35.6 million due to lower interest costs.
- In May 2013 (FY 2013), the Turnpike issued $183.1 million in State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013A to refund all of the Series 2003B Turnpike Revenue Refunding Bonds maturing in years 2014 through 2025. The refunding is estimated to result in a net present value savings of $40.8 million due to lower interest costs.
- In August 2013 (FY 2014), the Turnpike issued $206.0 million in State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013B to refund all of the outstanding Series 2003A Turnpike Revenue Refunding Bonds. The refunding is estimated to result in a net present value savings of $25.2 million due to lower interest costs.
- In February 2014 (FY 2014), the Turnpike issued $267.4 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2013C to finance a portion of the costs of acquisition and construction of various Work Program projects and to refund a portion of the outstanding Series 2004A Turnpike Revenue Bonds. The refunding is estimated to result in a net present value savings of $11.1 million due to lower interest costs.

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 15(c)2-12.
- The Turnpike System financial statements were audited by a nationally known and recognized firm of certified public accountants.
- The Turnpike utilizes nationally known and recognized General Engineering Consultants (Atkins and HNTB Corporation).
- An independent inspection and report concerning the condition of the Turnpike is required annually. The FY 2013 inspection report, dated November 8, 2013, was provided by the Turnpike.
- Section 5.06(E) of the Bond Trust Indenture requires the Turnpike to review its financial condition and determine whether net revenues for the year are sufficient to enable it to comply with bond covenants specified in Section 5.01 (B). The Determination resolutions were properly filed with the State Board of Administration.
- The Turnpike submitted its FY 2013 detailed operating and maintenance budgets to the State Board of Administration as required

under Section 5.09 of the Bond Trust Indenture.

- The Turnpike utilizes a nationally known and recognized Traffic and Revenue Consultant (URS Corporation).
- Debt service coverage ratio for FY 2013 exceeds bond requirements.
- Section 4.03(4) of the Bond Trust Indenture requires a debt service reserve be established in an amount as defined in the resolution. The debt service reserve requirement is to be funded from revenues or through a reserve account credit facility as provided for in the resolution. The debt service reserve account has been fully cash funded since June 30, 2011.

Summary

The Commission's review of the Turnpike was conducted with the cooperation and assistance of the Turnpike and relied heavily on documentation and assertions provided by Turnpike management.

The Turnpike met or exceeded 13 of the 16 applicable management objectives established for performance measures. The three performance measure objectives not met include state highway system roadway maintenance condition rating, revenue variance and safety. Although the Turnpike did not meet the authority objective for the state highway system roadway maintenance condition rating, it exceeded the minimum maintenance condition rating standard established for the Department.

Operating indicator trend analysis showed that FY 2013 infrastructure assets increased $121 million over FY 2012 primarily due to renovations to six of the eight service plazas along the Mainline. Construction in progress increased by $200 million in FY 2013 primarily due to new facility construction in Hillsborough County and interchange improvements in south Florida. Total operating revenues for FY 2013 increased 23.8 percent over FY 2012 primarily due to record high toll revenues of $756 million, a $147 million, or 24.1 percent, increase over FY 2012. The significant increase in revenue is attributed to the first full year of a system-wide toll indexing implemented on June 24, 2012, as mandated by the 2007 Florida Legislature. Section 338.165, Florida Statutes, requires toll rates on existing Turnpike facilities (and other Department-owned facilities) to be adjusted for inflation no more frequently than once a year and must be made no less frequently than once every five years as necessary to accommodate cash toll rate schedules, with the indexing of tolls to occur on or before June 30, 2012. As such, on June 24, 2012, Turnpike increased cash toll rates by 11.7 percent (the change in the Consumer Price Index [CPI] for the five year period ended 2010) adjusted up to the next higher quarter for collection efficiency. The SunPass toll rates were set to be a quarter less than the adjusted cash toll rates and the TOLL-BY-PLATE toll rates were increased to be equal to the adjusted cash toll rates. For subsequent years, the cash toll rate will be adjusted every five years by the change in CPI over the previous five years and adjusted to the next higher quarter. The SunPass and TOLL-BY-PLATE toll rates will be adjusted annually based on the year-over-year change in CPI and rounded to the nearest penny. Accordingly, on July 1, 2013 (FY 2014), the SunPass and TOLL-BY-PLATE toll rates were adjusted up by 2.1 percent and rounded to the nearest penny.

FY 2013 total operating expenses increased $25.7 million, or 10.3 percent, over FY 2012. Toll collection and maintenance expenses for FY 2013 decreased 8.9 percent and 10.9 percent, respectively, over FY 2012 levels. The overall increase in FY 2013 total operating expenses is attributed to increases in renewal and replacement and depreciation expenses. Renewal and replacement expenses increased $37.8

million, or 85.9 percent, due to an increase in resurfacing projects in FY 2013. Depreciation expenses increased $4.1 million as a result of additional assets placed in service in FY 2013.

In the area of governance, the FY 2013 independent financial statement audit reflected an unmodified opinion. Annual training was provided to all Turnpike employees on ethics, public records requests, and defensive driving. As a result of a State Attorney's Office investigation into possible Sunshine Law violations by Orlando-Orange County Expressway Authority Board members, four individuals, including two OOCEA Board members, were charged with various violations of the law. One of the individuals charged with violating the Sunshine law was a Department employee assigned to the Turnpike. The employee subsequently resigned from the Department. Additional detailed information regarding the OOCEA Board investigation can be found in the OOCEA chapter of this report.

In September 2012, the Enterprise entered into a Memorandum of Understanding with the Miami-Dade Expressway Authority, Orlando-Orange County Expressway Authority and Tampa-Hillsborough Expressway Authority to adopt an agreement to manage the procurement and engagement of a third-party private sector vendor to provide a Centralized Customer Service System that will provide statewide back office operation for processing electronic customer transactions and managing customer accounts.

During, and subsequent to, FY 2013, Turnpike issued four series of bonds:

- In February 2013 (FY 2013), the Turnpike issued $306.1 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012A. Bond proceeds are primarily being used to refund all or a portion of the outstanding Series 1998A, 1999A and 2003C Turnpike Revenue Bonds and to finance a portion of the costs of acquisition and construction of various Work Program projects. The refunding is estimated to result in a net present value savings of $35.6 million due to lower interest costs.
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- In February 2014 (FY 2014), the Turnpike issued $267.4 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2013C to finance a portion of the costs of acquisition and construction of various Work Program projects and to refund a portion of the outstanding Series 2004A Turnpike Revenue Bonds. The refunding is estimated to result in a net present value savings of $11.1 million due to lower interest costs.

Based on the Commission's review of Department/ Turnpike policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Turnpike, 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

a Department employee assigned to the Turnpike being charged with a Sunshine law violation as noted above.

The Commission recognizes Turnpike for its ongoing efforts to implement All Electronic Tolling on its facilities and encourages Turnpike to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission further recognizes Turnpike for taking the lead in implementing a Centralized Customer Service System for statewide back office operation for electronic toll collection activities and for taking a primary role in developing regional interoperability as part of the federal requirement of national interoperability of electronic toll collection by October 2016. The Commission acknowledges with appreciation the assistance of Turnpike management and staff in providing the resources necessary to conduct this review and to complete this report.

TRANSIT AUTHORITIES

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Transit Authorities

Introduction

Legislation passed in 2007, amended Section 20.23, Florida Statutes, expanding the role of the Florida Transportation Commission (Commission) to monitor the efficiency, productivity and management of the authorities created under Chapters 343 and 348, Florida Statutes. The Commission is required to 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 2009, the Commission's responsibility was further expanded to include the authority created under Chapter 349, Florida Statutes. Of the 11 authorities under Commission oversight, three are transit authorities, formally known as the Central Florida Regional Transportation Authority (CFRTA, dba LYNX), the Jacksonville Transportation Authority (JTA) and the South Florida Regional Transportation Authority (SFRTA).

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



LYNX Articulated Bus.

- Performance measures results for fiscal year (FY) 2013
- Operating indicators for FY 2011 through FY 2013
- Governance assessment
- Summary

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

While all three transit authorities share identical performance measures, several of the measures are specific to one of the authorities due to the nature of the transit service the authority provides. One example of performance measures unique to a transit authority relates to safety. CFRTA and JTA provide fixed-route bus service and are required to track safety incidents, while SFRTA provides commuter rail service and is mandated to track reportable incidents as defined by the Federal Railroad Administration. Based on those differences, the performance measure established for CFRTA and JTA is "revenue miles between safety incidents," and for SFRTA the performance



Tri-Rail - Ft. Lauderdale International Airport Station.

measure is "major incidents." Both measures address safety performance; however, the measures themselves differ.

JTA directly operates an automated guideway (Skyway) in addition to fixed-route bus service. Although JTA does not currently operate toll roads, pursuant to the Better Jacksonville Plan, the Authority constructs roads, bridges and interchanges that are then turned over to the Department of Transportation (Department) or to the City of Jacksonville for maintenance and operation. Therefore, a subset of toll authorities' performance measures and operating indicators was adopted for JTA. For those performance measures that were applicable, JTA performance measure objectives mirror those of the toll authorities.

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.

Performance measures and operating indicators established by the Commission for CFRTA, JTA, and SFRTA are presented in Tables 30, 31 and 32.

In addition to performance measures and operating indicators, 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 authorities 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. Governance areas are detailed in each authority's section of this report.

The individual reports for the three "Transit Authorities" are presented after Table 32, beginning with the Central Florida Regional Transportation Authority (CFRTA, dba, LYNX).

Table 30
Florida Transportation Commission
Transit Authority Performance Measures
Bus, Automated Guideway and Rail
FY 2013

Performance Measure	*Detail*
Average Headway	Average time for vehicle/train to complete its portion of total route miles one time
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[5]

[1] Performance measures specific to CFRTA and JTA (bus and Skyway).

[2] Performance measure specific to SFRTA (rail).

[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.

[5] Defined as "successful cycles divided by scheduled cycles" for JTA's Skyway.

Table 31
Florida Transportation Commission
Transit Authority Operating Indicators
Bus, Automated Guideway and Rail
FY 2013

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 locomotives and coaches 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.

Table 32
Florida Transportation Commission
Transit Authority Performance Measures and Operating Indicators
JTA Highway Operations
FY 2013

Performance Measure	*Detail*	*Objective*
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%
Applicable Laws		
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%
Operating Indicator	***Detail***	
Property Acquisition		
Right-of-Way	Agency Appraisals Initial Offers Owners Appraisals Final Settlements	

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Central Florida Regional Transportation Authority (CFRTA/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 343.61, 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.

CFRTA is authorized to issue revenue bonds through the Division of Bond Finance of the State Board of Administration. In addition, the 2010 Legislature amended Section 343.64 (2)(q), Florida Statutes, that allows CFRTA to borrow up to

Highlights

- LYNX met or exceeded 5 of the 12 fixed route objectives established for performance measures. The seven measures not met were Operating Expense per Revenue Mile, Operating Expense per Revenue Hour, Operating Expense per Passenger Trip, Operating Expense per Passenger Mile, Revenue Miles Between Revenue Vehicle System Failures, Customer Service Response Time, and On-Time Performance.
- FY 2013 operating expenses increased $3.9 million, or 4.4 percent, while operating revenues increased $2.4 million, or 6.5 percent, over FY 2012.
- Phase 1 of the SunRail commuter rail system opened for service on May 1, 2014 (FY 2014). This 32.5-mile segment runs from the DeBary station in Volusia County to the Sand Lake station in Orange County.
- LYNX is providing fixed route feeder bus service and complementary paratransit service to SunRail stations.
- LYNX entered into an Interlocal Agreement with the Department to use the Smart Card System as a method of cashless fare collection on the LYNX fixed route services and paratransit services, SunRail, and for patron transfer between transportation systems for seamless interoperability.
- The FY 2013 independent financial statement audit reflected an unmodified opinion.
- The Federal Transit Administration's FY 2013 Triennial Review of LYNX indicated that no deficiencies were found in 15 of the 18 areas examined. Deficiencies were noted in the areas of Technical Capacity, Procurement and Charter Bus.

$10 million in any calendar year to refinance all or part of the costs or obligations of the authority, including, but not limited to, obligations of the authority as a lessee under a lease.

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.

The governing body of LYNX, consists of five voting members. The chairs of the county commissions of Orange, Osceola, and Seminole Counties, or another member of the commission designated by the county chair, each serves 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, serves on the board for the full extent of his or her term. The District Five Secretary of the Florida Department of Transportation (Department), or his or her designee, also serves on the Board as 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 33
Central Florida Regional Transportation Authority
Current Board Members

Name	*Appointment*	*Position*
Buddy Dyer	Mayor of Orlando	Chairman
Frank Attkisson	Osceola County Commissioner	Vice-Chairman
Teresa Jacobs	Orange County Mayor	Secretary
Carlton Henley	Seminole County Commissioner	Board Member
Noranne Downs, P.E.	District Five Secretary	Board Member

The board of directors (Board) generally meets on a bi-monthly basis to conduct Authority business. Responsibility for managing day-to-day operations rests with the Chief Executive Officer (CEO).

LYNX provides transportation services to the general public in the Orlando metropolitan area and throughout Orange, Osceola, and Seminole Counties in the form of fixed route bus service, paratransit service, NeighborLink (Flex) service and carpools/vanpools. In FY 2013, LYNX also provided morning and afternoon express bus service to Lake and Volusia Counties. LYNX operates within a service area of 2,500 square miles that is home to more than 1.9 million residents. The FY 2013 annual operating budget totaled approximately $121.1 million, an increase of 5.1 percent from the previous year. Approximately 28.8 million passenger trips were provided for LYNX fixed route services in FY 2013, an all-time ridership record.

LYNX receives significant financial support from its funding partners. For FY 2013, the Orange County Commission approved $37.6 million for LYNX (a 16.0 percent increase from FY 2012), the Seminole County Commission approved $6.1 million for LYNX (a 48.8 percent increase from FY 2012), and the Osceola County Commission approved $4.3 million in funding for LYNX (a 27.9 percent increase from FY 2012).

LYNX, through the effective leadership of its Board, has continued to enhance public transportation in Central Florida. In FY 2013, LYNX continued implementing enhanced fare technology in coordination with the Department and other vehicle related technology improvements. This additional equipment will improve the customer experience while providing the data necessary to increase operational efficiency and system safety. In FY 2013, LYNX also set a ridership record, providing approximately 29.9 million passenger trips across all services, an increase of approximately 2.0 percent over FY 2012.

LYNX actively initiated several campaigns to promote enhanced communications including renewing the commitment to publishing “In the

Loop" an internal communications piece highlighting key agency initiatives and contributions and completing the second-year annual report. In addition, LYNX continued to focus on overall safety and security, reminding passengers that they play an important role in keeping LYNX vehicles and facilities safe through messaging.

LYNX continued to provide several human service agencies with operating funding from the Federal Transit Administration Job Access and Reverse Commute and New Freedom grants to pay for fifty percent of new or expanded transportation service or service for job access. Agencies receiving funding under these programs included the Opportunity Center, ITN Orlando, and Meals on Wheels.

Another major initiative that LYNX pursued in FY 2013 was the SR 50 Alternatives Analysis (AA) Study, which is reviewing the corridor from West Oaks Mall to the University of Central Florida area. LYNX also continued work on the US 192 AA Study reviewing the corridor from Kissimmee to the Lake County line for premium transit. A locally preferred alternative for bus rapid transit has been chosen in the US 192 AA to undergo further review. Both the US 192 and the SR 50 AA projects provide an opportunity for LYNX to evaluate the need for more premium service types in the Central Florida Community.

On August 9, 2012, the Board ratified the Transit Development Plan (TDP) major update, containing capital and service improvements necessary to meet projected demands for public transportation throughout Central Florida from FY 2013 through FY 2022. LYNX updated the TDP for the period from FY 2014 through FY 2023. This serves as a progress report of the major TDP update and identifies FY 2013 achievements and updates



LYNX Downtown LYMMO Service.

future year plans and services. The TDP's are currently posted on the Authority's website www.golynx.com.

SunRail

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. An Interlocal Governance Agreement establishing the creation of the Central Florida Commuter Rail Commission (CFCRC) was approved and recorded in July 2007. The CFCRC consists of a five-member governing board: Chairman Frank Attkisson, Osceola County Chairman, Vice Chairman Teresa Jacobs, Mayor of Orange County, Secretary Carlton Henley, Seminole County Commissioner, Buddy Dyer, Mayor of the City of Orlando and Jason Davis, Chairman of the Volusia County Council. Pursuant to an Interlocal Operating Agreement, the duties of the governing board are in an advisory capacity to the Department for the first seven years of system operation and will include assisting the Department with policy direction as the

Department moves forward with planning, design, construction, and implementation of the system. After the first seven years of operation, the Department will turn the system over to the governing board. Detailed information about the CFCRC and CFCRC's commuter rail transit project SunRail, including meeting minutes, current status, and contractual documents can be found on the following website: www.corporate.sunrail.com.

SunRail is a 61.5 mile commuter rail system that will extend from the DeLand station in Volusia County to the Poinciana station in Osceola County (17 SunRail stations are planned). Phase 1, a 32.5 -mile segment from the DeBary station in Volusia County to the Sand Lake station in Orange County, opened for service on May 1, 2014, and features 12 stations. Phase two will extend further north into Volusia County (DeLand) and south to Osceola County (Poinciana) and will be completed in 2016. SunRail is anticipated to run on 30 minute intervals during the morning and evening peak hours, with two hour off-peak service.

LYNX will be responsible for the provision of fixed route feeder bus service and complementary paratransit service to SunRail stations, while the Department will assist in funding additional fleet buses as well as providing an incremental operating subsidy for the first seven years of service. LYNX has worked closely with the Department and Votran to develop a SunRail Fare Policy, Equipment, and Implementation Plan to assist with the seamless operation and implementation of the SunRail project. LYNX has collaborated with the Department on the SunRail Feeder Plan, which generally outlines how certain existing routes will change to serve SunRail stations within the LYNX service area, how schedules will likely change, how operating costs will be affected, and how many additional buses will be necessary to meet the needs as outlined in the Plan. In order to avoid duplicative procurement efforts and to assure consistency and interoperability between LYNX and SunRail systems, a joint solicitation between LYNX and the Department was released for the purchase of Fare Collection System Equipment.

On November 8, 2012, the CFRTA Board authorized an agreement with Rida Development Corporation for the joint use and/or development of a 60 foot strip of CFRTA land located adjacent to the LYNX Central Station (LCS) in Orlando and to the east side of the new SunRail station at the LCS. The LCS will be incorporated into the design and construction of Rida's proposed multiuse Transit Oriented Development (TOD) project that will occupy an entire city block. In addition to the connectivity to public transportation, the development will include a mix of residential, retail, office, hotel and meeting space, and will include green space and a pedestrian breezeway for easy access for SunRail and LYNX patrons.

On April 11, 2014 (FY 2014), the CFRTA Board approved to enter into an Interlocal Agreement with the Department to use the Smart Card System as a method of cashless fare collection on the LYNX fixed route services and paratransit services; the Department's SunRail commuter rail service; and for patron transfer among both transportation systems. The Department is responsible for operation of the central system and the clearinghouse that will recognize revenue when a fare is presented to a fare device and transmit the necessary data in order to properly deposit revenue to the appropriate Department or LYNX bank accounts. However, each party is responsible for the provision of fare card customer service, including managing card sales, customer inquiries, account management, refunds, and other services

that may be provided to their customers. The Board also approved to enter into a Joint Participation Agreement with the Department for feeder bus service that will provide access to SunRail stations through June 30, 2014.

Unless otherwise indicated, all statistics, performance measures, and operating indicators in the next two sections of this document refer only to LYNX fixed route service and do not include LYNX paratransit services, NeighborLink (Flex) services or commuter services.

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 2013 results, as reported by LYNX, are provided in Table 34. 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 each of the applicable areas. LYNX performance data used for this report represent information collected during FY 2013, which spans from October 1, 2012 through September 30, 2013 (LYNX reports on a federal fiscal year). LYNX was successful in achieving 5 of the 12 objectives for performance.

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

Average Headway

In FY 2013, LYNX achieved the performance measure objective for average headway of less than 30 minutes with actual results of 25.5 minutes. This was an increase of 0.9 minutes, or 3.7 percent, versus FY 2012. Operating 10 to 15 minute headways on major corridors with small vehicles circulating through neighborhoods and feeding into workforce routes is a long-term goal.

As a customer convenience, in addition to fixed route service, LYNX operates Flex services called NeighborLink in a number of defined areas within the LYNX service area. NeighborLink provides scheduled service between fixed points not on LYNX fixed-route and designated points on LYNX fixed-route. NeighborLink also provides curb-to-curb service to any address within a defined service area. Passengers who want to use the NeighborLink service to go anywhere within the NeighborLink service area can call to make a reservation at least two hours ahead of their requested pick up time.

Operating Expense per Revenue Mile

The relationship between operating expenses and revenue miles provides a measure of the cost efficiency related to the provision of service. LYNX operating cost per revenue mile of $6.40 was higher than the objective of $5.30 by $1.10 (20.8 percent) and exceeded the $6.06 reported in FY

Table 34
Central Florida Regional Transportation Authority
Summary of Performance Measures
FY 2013[1]

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Average Headway	Average time for vehicle to complete its portion of total route miles one time	<30 minutes	25.5	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$5.30	$6.40	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$75	$88.05	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>30%	42.2%	✓
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$3	$3.22	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$0.47	$0.58	X
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>124,513	140,473	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	9,770	X
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles[3]	>.90	0.901	✓
Customer Service	Average time from complaint to response	14 days	20 days	X
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.5	✓
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80%	78.4%	X

[1] Fiscal Year 2013 represents 12 months of data from October 1, 2012 through September 30, 2013.

[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.

2012. FY 2013 operating expenses increased 4.4 percent while revenue miles decreased 1.2 percent.

LYNX fell short of this performance objective and three other expense related objectives (operating expense per revenue hour, per passenger trip, and per passenger mile). Containment of operating expenses will be crucial for LYNX moving forward. LYNX management indicated that some specific expenses that negatively impact total expenses remain mostly outside of the control of the Authority, such as high mileage buses that generate excessive maintenance costs, and fuel costs. LYNX incurred a $1.3 million increase in professional services, related contract bus stop

maintenance, and legal services. LYNX identified the following activities to reduce operating costs moving forward:

- Restructuring service to eliminate low productivity service
- Increasing recruitment efforts for bus operators and mechanics to reduce overtime costs
- Run-cutting (rescheduling operators' shifts) for improved efficiency and reducing overtime
- Continually reviewing fuel prices and utilizing "hedging" options to curb price volatility

LYNX implemented steps to increase its on-time performance by eliminating inefficient services throughout the service area. This effort included reducing 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 20 corridors to provide better service.

Other measures to assist with operating cost reductions include the fuel hedging program and the successful negotiation of union contracts. Beginning in July 2011, LYNX entered into several fuel hedging contracts with a counterparty to cover a significant portion of planned fuel purchases for current and future FY's. The objective is to smooth out the fluctuation in fuel prices and to limit the extent to which the price paid for fuel could increase during the FY. As of September 30, 2013, the maturity dates of the open contracts are September 30, 2014.



LYNX Articulated Bus.

The Amalgamated Transit Union (ATU), Local 1596 contract for operations expired in September 2009. Negotiations over the terms of a new contract have been ongoing between LYNX and ATU. In November 2012, the CFRTA Board approved a new three year contract. In November 2011, the CFRTA Board approved a new contract effective November 2011 through September 2014 for LYNX Transportation and Maintenance Supervisors, ATU Local 1749.

Operating Expense per Revenue Hour

The relationship between operating expenses and revenue hours provides a measure of the cost efficiency of the service provided relative to the time expended in the provision of the service. LYNX operating cost per revenue hour of $88.05 exceeded the objective of less than $75.00 per hour by $13.05 (17.4 percent). FY 2013 operating expenses increased 4.4 percent while revenue hours increased 0.5 percent.

Operating Revenue per Operating Expense

The relationship between operating revenue and operating expense provides a measure of the effectiveness of the use of revenue. Unlike the two previous objectives, where the goal was to achieve a lower cost per revenue mile or revenue hour, the goal for this objective is to be higher than the objective because the higher the revenue per unit of expense, the more efficient the operation is.

With operating revenue being 42.2 percent of operating expense, LYNX surpassed the objective (greater than 30 percent) by 40.7 percent. Compared to FY 2012, FY 2013 operating revenues increased 6.5 percent while operating expenses increased 4.4 percent.

Operating Expense per Passenger Trip

The relationship between operating expenses and passenger trips provides a measure of the cost efficiency to transport passengers. The lower the cost per passenger trip, the more cost efficient the operation is. The LYNX operating cost per passenger trip of $3.22 was higher than the objective of less than $3.00 by $0.22 (7.3 percent). This compares to $3.15 reported for FY 2012. LYNX ridership (passenger trips) for FY 2013 increased 2.2 percent over FY 2012 and represents a record high. However, the 4.4 percent increase in operating expenses negatively impacted FY 2013 results.

Operating Expense per Passenger Mile

The relationship between operating expenses and passenger miles also provides a measure of the general cost efficiency of the service provided. LYNX operating cost per passenger mile of $0.58 exceeded the objective of less than $0.47 by $0.11, and was the same as the $0.58 reported for FY 2012. Although passenger miles increased 4.1 percent in FY 2013, operating expenses increased 4.4 percent, offsetting any improvement.

LYNX indicated that improvement in performance related to this objective would be difficult due to the operating costs associated with the long distance of non-revenue travel that is required to maintain system connectivity for a widely dispersed passenger base within a service area of 2,500 square miles. Nonetheless, efforts on the part of LYNX to eliminate inefficient services throughout the service area by reducing inefficient 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. In December 2010, LYNX took a major step with respect to meeting this objective by opening a satellite operating facility in the southern portion of its service area in the City of Kissimmee. This facility reduces the amount of non-revenue travel associated with operations in Osceola County. LYNX is also pursuing a similar opportunity in the northern portion of its service area in Seminole County.

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. As a result of a change in the definition of safety incidents reported to the National Transit Database, the Commission, with the assistance of the authorities, formally adopted a new safety performance objective for LYNX for FY 2010. The new objective for revenue miles between safety incidents was established at greater than 124,513 miles. LYNX achieved the new objective in FY 2013 with 140,473 revenue miles between safety incidents (12.8 percent above the target). In FY 2013, revenue miles decreased 1.2 percent, while safety incidents increased 1.0 percent (from 102 in FY 2012 to 103 in FY 2013).

LYNX policies require a criminal record and driving record background check for any prospective employee who will operate LYNX vehicles (buses and paratransit vehicles). Driving records are checked annually for all current employees. All safety sensitive employees are subjected to mandatory random drug testing under Federal law. Safety sensitive employees involved in a collision

with injuries are tested for drugs and alcohol. In addition, safety training is provided during each new hire orientation. On May 24, 2012, the CFRTA Board authorized the implementation of Revised Substance Abuse Program Policies for Non-Safety Sensitive Positions as well as For Safety Sensitive Positions.

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 can serve to reinforce customer confidence in on-time bus performance. LYNX did not achieve the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 9,770 revenue miles between failures reported in FY 2013. This compares to 14,041 and 15,071 revenue miles between failures reported in FY 2011 and FY 2012, respectively. Revenue vehicle system failures increased 52.4 percent in FY 2013 (from 972 in FY 2012 to 1,481 in FY 2013).

LYNX management indicated that the significant increase in revenue vehicle system failures in FY 2013 is primarily attributed to fuel contamination and PDF failures on the emission systems. LYNX continues to review failures in service to discover missed opportunities for preventing failures through preventative maintenance.

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 met the performance measure objective of greater than 0.900 with 0.901 for FY 2013. This compares favorably to the 0.894 reported in FY 2012.

LYNX continues to explore ways to improve fixed-route services in order to better serve their customers. LYNX plans to improve service during the upcoming fiscal year through continued evaluation of route performance, service modifications and implementing alternative vehicle sizes resulting from the route evaluation. LYNX will also continue to determine the applicability of Flex services to allow greater community penetration of public transit, while at the same time, making corridor routes more efficient by eliminating their deviation into neighborhoods.

Customer Service – Average Time from Complaint to Response

Although customer complaints decreased 26.4 percent, LYNX did not achieve the performance measure objective of timely response to customer complaints within 14 days of receipt of the complaint with actual response time of 20 days in FY 2013. Prior to FY 2013, LYNX met this objective for all years since reporting to the Commission.

LYNX indicated that the increase in customer complaint response time is attributed to staff turnover and the learning curve associated with new employees.

Customer Service – Number of Complaints per Boarding

LYNX achieved the performance objective of less than one complaint per 5,000 boardings with 0.5 complaints.

On-time Performance

LYNX reported 78.4 percent on-time performance, falling just short of the on-time performance objective of greater than 80 percent of trips end-to-end on-time. On-time is defined as less than five minutes late arriving at a fixed route schedule time point. This compares to 79.7 percent on-time performance reported in FY 2012.

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 2013 operating indicators, as reported by LYNX are provided in Table 35. In order to observe current trends, operating indicators for FY 2011 and FY 2012 are also provided. Results for the last five fiscal years are included in Appendix B.

FY 2013 operating expenses increased $3.9 million, or 4.4 percent, while operating revenues increased $2.4 million, or 6.5 percent, over FY 2012. LYNX logged 0.6 million, or 2.2 percent, more passenger trips and the average trip length increased by 0.1 miles to 5.5 miles in FY 2013. As a result, passenger miles increased by 6.2 million to 158.4 million (an increase of 4.1 percent). FY 2013 revenue miles decreased 0.2 million, or 1.2 percent, while revenue hours increased 0.5 percent from FY 2012. The farebox recovery ratio slightly increased from 29.3 percent in FY 2012 to 29.9 percent in FY 2013 (a record high) and the average fare increased from $0.92 in FY 2012 to $0.96 in FY 2013.

The average age of the fleet increased from 5.7 to 5.9 years and the operating spare ratio increased from 17.6 percent to 20.0 percent allowing the Authority flexibility in terms of providing expanded service in the future. LYNX's unrestricted cash balance decreased $6.6 million (from $29.1 to $22.5 million) and committed 67 percent of capital investment to system preservation and 33 percent to system expansion. Investments in system expansion include funding for rolling stock, bus rapid transit, passenger amenities, technology, security, facilities, support equipment and ARRA projects.

Passenger trips increased 2.2 percent (to a record high 28.8 million) and passenger miles increased 4.1 percent in FY 2013.

FY 2013 revenue miles decreased 1.2 percent, while revenue hours increased 0.5 percent.

The farebox recovery ratio slightly increased from 29.3 percent in FY 2012 to 29.9 percent in FY 2013, while the average fare increased from $0.92 to $0.96.

Intermodal Connections

LYNX currently provides six intermodal connections that include connections to two airports, a circulator, two park & ride lots, and the Kissimmee Intermodal Center which opened in FY 2013.

Airport Connections

Florida Mall Superstop provides connections to Edgewood, south Orlando, south Orange County, the Orlando International Airport, the International Drive resort area, and to the Osceola Square Mall serving Osceola County.

Destination Parkway Superstop serves International Drive (including the Prime Outlets, Wet and Wild, Sea World and the Orlando Premium

Table 35
Central Florida Regional Transportation Authority
Summary of Operating Indicators
FY 2011 through FY 2013

Operating Indicator	*Detail*	*Actual 11 Results*	*Actual 12 Results*	*Actual 13 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$46.84	$47.23	$48.42
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	28.7%	29.3%	29.9%
Service Area Population	Approximation of overall market size	1,837,359	1,878,762	1,913,779
Service Area Population Density	Persons per square mile based on service area population and size	723.9	740.0	754.1
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$86,069,842	$88,727,930	$92,663,107
Operating Revenue[2]	Revenue generated through operations of transit authority	$37,238,587	$36,771,242	$39,143,688
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	14,714,555	14,649,104	14,468,719
Total Annual Revenue Hours	Hours vehicles operated in active service	1,029,656	1,046,880	1,052,451
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	270	273	290
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	225	225	232
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	16.7%	17.6%	20.0%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	26,996,158	28,184,740	28,801,893
Average Trip Length	Average length of passenger trip, generally derived through sampling	5.2	5.4	5.5
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	140,380,022	152,197,596	158,410,412
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	23.0	23.0	23.0
Average Fare	Passenger fare revenues divided by passenger trips	$0.91	$0.92	$0.96
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.83	1.92	1.99
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	26.2	26.9	27.4
Passenger Trips per Capita	Passenger trips divided by service area population	14.7	15.0	15.0
Average Age of Fleet	Age of fleet (in years) average	4.4	5.7	5.9
Unrestricted Cash Balance	End of year cash balance from financial statement	$25,402,118	$29,110,185	$22,530,314
Weekday Ridership	Average ridership on weekdays	85,473	92,319	91,587
Capital Commitment to System Preservation	% of capital spent on system preservation	73.2%	46.0%	67.0%
Capital Commitment to System Expansion	% of capital spent on system expansion	26.8%	54.0%	33.0%
Intermodal Connectivity	Intermodal transfer points available	5	5	6

[1]Passenger fares are revenues generated annually from carrying passengers in regularly scheduled service, including payment from jurisdictions for feeder bus service.

[2]Operating revenue includes passenger fares, special transit fares, school bus service revenues, freight tariffs, charter service revenues, auxillary 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 a transit vehicle.

Outlets), the Orange County Convention Center, Central Orlando, Central Orange County, and the Orlando International Airport.

Circulator Connections

University of Central Florida (UCF) Superstop is located centrally on campus, adjacent to the parking structure at the College of Education. The Superstop serves as the transfer focus between LYNX fixed route service and UCF-provided circulators serving the campus, surrounding apartments and businesses. Links at this stop serve east Orange County, Colonial Drive to west Orange County and Downtown Orlando.

Park & Ride Connections

- Clermont Park & Ride (Highway US 27)
- Saxson Boulevard Park & Ride (I-4 & Saxson Boulevard)

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.

Ethics and Conflict of Interest

On January 22, 2009, the LYNX Board amended and modified Administrative Rule 5, Code of Ethics, to establish additional rules and policies pertaining to the conduct of all officers, managers, employees, or agents of the Authority and Members of the Board pursuant to Part II, Chapter 343, Florida Statutes. The Authority elected to apply certain provisions of the State Code of Ethics, Part III of Chapter 112, Florida Statutes. "The declared policy of this law is to prohibit any Member, Officer or Employee from having any interest in, or engaging in, any obligation "which is in substantial conflict with the proper discharge of his duties in the public interest" § 112.311, Florida Statutes (2005). All Members, Officers and Employees of the Authority shall familiarize themselves with and comply with all applicable provisions of Part III of Chapter 112, Florida Statutes." Administrative Rule 5 details provisions related to the use of official position to secure special privileges or exemptions, disclosure of confidential information, transacting business in an official capacity, and personal investments. In order to comply with financial disclosure and gift reporting requirements, Administrative Rule 5 requires that "the Authority shall maintain current lists of reporting individuals as required by State law, and provides additional requirements to assure ethical conduct of Members, Officers and Employees of the Authority, and shall be, wherever possible, construed as supplemental to Part III of Chapter 112, Florida Statutes." Administrative Rule 5 incorporates the use of Form 8B, Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers. In the event any Member of the Board is presented with a voting conflict of interest under Section 112.3143, Florida Statutes, that person must abstain from voting on such a matter (but may participate in the discussion of such a matter) by first disclosing said conflict. In addition, said Member must complete and file with the Secretary of the Board the Form 8B before making any attempt to influence the decision.

LYNX reported no ethics or conflict of interest violations during the past year and none were noted during the Commission staff review of the minutes of LYNX Board meetings. The meeting

minutes did not disclose any instances where a Board member abstained from voting due to a voting conflict.

Audit

LYNX has established an Audit Committee that mirrors the current composition and leadership of the Board. The Audit Committee meets approximately one hour prior to each regular bi-monthly Board meeting, if necessary. Primary functions of the Audit Committee include the review of financial information, systems of internal control and risk assessment, audit process, compliance with laws, regulations, and the Code of Conduct, and to make recommendations to the Board on other pertinent matters. Typical items reviewed by the committee include proposed amendments to administrative rules, updates on the status of ongoing contracts, consent and agenda items for the next Board meeting, and proposals regarding fare adjustments and service changes. Detailed minutes of the Audit Committee and the Board 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's financial statements for the fiscal year ended September 30, 2013 was performed. The Independent Auditor's Report (dated March 14, 2014) indicated that the financial statements were prepared in conformity with GAAP and received an unmodified opinion. 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 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 for Each Major Program and State Financial Assistance Project and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, identified a significant deficiency in internal control over compliance related to the accuracy of data reported in the National Transit Database (NTD). This NTD Report Statement of Condition (2013-01) is repeated from the preceding annual financial report, noted as Statement of Condition (2012-01). LYNX concurs with the auditor's recommendations and is in the process of enhancing the review and approval process and training staff to ensure better internal controls for the NTD Annual Report submittal.

The United States Code, Chapter 53 of Title 49, requires the Federal Transit Administration (FTA) of the United States Department of Transportation (USDOT) to perform reviews and evaluations of Urbanized Area Formula Grant activities at least every three years. The FTA review, known as the Triennial Review, assesses the transit agency's grant compliance with federal requirements through the examination of grant management practices and program implementation in 18 different areas. The final FY 2013 Triennial Review



LYNX Central Station at Night.

Report indicated that no deficiencies were found with FTA requirements in 15 areas. The report did identify deficiencies in the areas of Technical Capacity, Procurement and Charter Bus as described below:

- Technical Capacity - LYNX's Federal Financial Reports (FFRs) for open grants do not reflect that the accrual method is used. Outstanding expenses related to open grants and the remaining federal expenditure amounts must be reported to accurately reflect all expenditures incurred during the reporting quarter. The FTA requested that LYNX submit to them procedures for including all required information in future reports. In addition, through the quarter ending June 30, 2014, LYNX will submit documentation to FTA to support full accrual reporting on FFRs. This documentation includes the grant register summary and detailed reports, copies of all accrual back up documentation and an accrual/unliquidated obligation detail report.

- Procurement - Deficiencies were found in the areas of: procedures lack required elements, contract administration system, no procedures to avoid unnecessary or duplicative purchases, lacking required cost/price analysis and qualifications based procurement. The FTA requested that LYNX submit to them updated policies and procedures, a description of how revised policies will be implemented and evidence of the cost or price analysis performed for a specific contract.

- Charter Bus - LYNX is prohibited from using federally funded equipment and facilities to provide charter service if a registered private charter operator expresses interest in providing the service. LYNX performed charter services under exception four (no response by registered charter provider), however, the initial charter email notice did not include the approximate number of passengers, type of equipment requested, trip itinerary, or approximate duration. The FTA requested that LYNX submit to them revised procedures for ensuring that services are consistent with the exceptions allowed under the charter regulation.



LYNX Operations Center.

LYNX submitted formal responses to the FTA findings on November 12, 2013 and November 15, 2013. FTA provided a final report on November 25, 2013. LYNX anticipates formal closeout of findings following completion of all corrective actions by September 30, 2014. FTA advised LYNX that corrective actions taken by the Authority had satisfactorily resolved all findings and that the report is closed. In addition to these findings, the FTA provided various recommendations for improvement that are not binding on LYNX but may be helpful in providing overall improvement, enhanced compliance and reduction of findings in future reviews. LYNX is currently evaluating these recommendations for possible implementation.

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 applies to all officers, managers, employees or agents of the Authority and members of the 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, LYNX established Administrative Rule 2, Board Governance (Bylaws). On July 28, 2010, the Board amended and restated the Bylaws. The Bylaws delineate the rules that govern the affairs and conduct of the business of LYNX including the authority and composition of the Board, meetings 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.



LYNX Operations Maintenance Center.

LYNX implemented a Public Participation Program Policy, effective September 2008, which applies to all officers, employees, and agents of LYNX. "It shall be the policy of LYNX to proactively inform and involve the Central Florida public in the planning and implementation of new services, routing adjustments, passenger fare adjustments, new facility construction, and planning activities in accordance with Federal and State Regulations."

The Commission reviewed agendas, minutes of meetings and notices of public meetings available on the LYNX website, and public meeting notices published in the Orlando Sentinel newspaper. Based on this limited review, it appears that LYNX is operating within procedure and statute.

Procurement

On March 22, 2012, the LYNX Board amended and restated Administrative Rule 4, Procurement and Contract Administration, which "applies to the process by which the Authority contracts for labor, services, goods, and materials for its business, both in the normal and ordinary course of business and in emergency situations. It establishes the process and procedure to be followed by the Authority, the Governing Board, and Authority Staff in regard to said matters."

Administrative Rule 4 delineates contracting Authority for eight distinct types of contracts, including major contracts, options for major contracts, minor contracts, bus advertising contracts, emergency purchases, fuel purchases, short-term bus service agreements, and financially exigent agreements. Board approval is required for all major contracts over $150 thousand, and the governing board does have the authority when it approves the contract to delegate authority. If the Board does not specifically authorize staff to exercise options for major contracts, options must go before the Board for approval. Minor contracts

are defined as contracts with a value of $150 thousand or less that are approved in the budget. Minor contracts may be approved by the CEO or delegated by the CEO to the Chief Financial Officer (CFO) and/or the General Manager (GM) (value of $150 thousand or less), any Senior Officer including the Director of Procurement (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 $3 thousand or less) and must be noticed to the Board as an information item at the next scheduled meeting, if the contract exceeds $25 thousand.

Bus advertising contracts are defined as Level 1, Level 2, and Level 3. Level 1 contracts may be approved by the CEO, GM and the 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 contracts receive prior approval of 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 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. A summary of new advertising contracts is required to be provided as information items to the Board at its next meeting. In addition, the Authority delineated limitations on advertising content as specified in Section 4.4.6 C.



Bus Fleet Refueling Tank at Osceola Satellite Facility.

Contracts involving emergency purchases must be reported to the 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 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.

Board approval is required for contracts with vendors to supply fuel to the Authority. The selection of vendors is by the competitive bid process and different vendors can be selected for

different types of fuels to be purchased. For example, fuel contracts are either based upon the Oil Price Information Service (OPIS) pricing, U.S. Gulf Coast Platts Index, or spot market pricing. Board approval of the fuel contracts and their execution does not constitute any obligation by LYNX to purchase fuel but allows LYNX to purchase fuel, if it chooses, in accordance with the terms therein. If the Board approved contract utilizes OPIS or spot market pricing, the CEO, other Senior Officer, or the Director of Procurement is authorized to purchase fuel under the contract provided the fuel is for the present use of the Authority (used within seven days). If the Board approved fuel contract utilizes future contracts, the CEO is authorized to purchase fuel under the contract provided that the price for the fuel is within the Board approved budget for fuel purchases for that particular year. The governing board would generally establish guidelines for fuel purchases every two years.

The CEO may approve short-term bus service agreements, if the dollar value of the agreement does not exceed $500 thousand, and may delegate approval authority, but must report the agreement to the Board at its next scheduled meeting. The CEO may also approve financially exigent agreements if the agreement or renewal is less than $150 thousand. The CEO may delegate approval authority for financially exigent agreements and must report the agreement to the governing board at its next scheduled meeting. 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. In addition, Administrative Rule 6, Dispute Resolution, requires that the Authority notify the FTA of any protests related to procurements involving federal funds and keep the FTA informed of the status of any such protests.

Disadvantaged Business Enterprise Policy

LYNX has established a Disadvantaged Business Enterprise (DBE) program in accordance with regulations of the U.S. Department of Transportation (USDOT), 49 CFR Part 26. As a recipient of federal financial assistance from USDOT and as a condition of receiving this assistance, LYNX has signed an assurance that it will comply with 49 CFR Part 26. It is the policy of LYNX to ensure DBEs, as defined in Part 26, have an equal opportunity to receive and participate in USDOT-assisted contracts.

Consultant Contract Reporting

LYNX provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2013. As indicated in Table 36, eight sub consultants were used by the general consulting firms for a total cost of $2.8 million in FY 2013.

Compliance with Bond Covenants

LYNX has no outstanding revenue bonds issued at this time. LYNX does have two outstanding State Infrastructure Bank (SIB) Loan Agreements with the Department.

Loans Payable

On June 9, 2004, the Authority entered into a State Infrastructure Bank Loan Agreement (SIB #1), allowing draws of up to $7,600,000 for the construction of the new Operating Base Facility. This loan matures in 2016, was non-interest bearing until October 1, 2007, and bears an interest rate of 2 percent, thereafter. On August 14, 2006, the Authority entered into another SIB Loan (SIB #2), allowing draws of up to $7,140,000

Table 36
Central Florida Regional Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2013

Consulting Contract	*Description*	*Sub Consultants >$25k*
AECOM Technical Services, Inc.	**Construction Management, Engineering and Inspection**	
John J. Christie & Associates	Electrical, Mechanical (Heating/AC) Engineering Design	$101
Data Transfer Solutions, LLC	**Transportation & Financial Planning**	
Connetics Transportation Group	Service Planning	$76
Tindale-Oliver & Associates	Transit and Financial Planning	$179
PCL Construction Services, Inc.	**Construction Management, Engineering and Inspection**	
WBQ Design & Engineering	Engineering for BRT	$901
Clever Devices LTD	Real Time Information & On Board Technologies	$321
JCB Construction, Inc.	General Construction Services - Pavement	$420
Spencer Fabrications	Passenger Amenities	$339
Traffic Control Devices, Inc.	Signalization & Electrical	$508
Total Sub Consultants >$25k		$2,845

for the acquisition of rolling stock, including paratransit vehicles. The allowable amount of $7,140,000 for SIB #2 was executed in FY 2006. This was non-interest bearing until October 1, 2008, and bears an interest rate of 1 percent, thereafter. An amendment to SIB #2 was processed July 2012, adjusting the payback schedule by one year, with final repayment now due October 1, 2013. Loans payable activity for fiscal year ended September 30, 2013 is as follows:

Table 37
Central Florida Regional Transportation Authority
Loans Payable
September 30, 2013

Loan	*Beginning Balance*	*Payments*	*Ending Balance*	*Amounts Due Within One Year*
SIB #1	$ 3,909,774	$ 751,296	$ 3,158,478	$ 766,322
SIB #2	$ 4,255,022	$ -	$ 4,255,022	$4,255,022
Total	$ 8,164,796	$ 751,296	$ 7,413,500	$5,021,344

LYNX committed its FTA 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, flex 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 5 of the 12 fixed route objectives established for performance measures. The seven fixed route measures that were not met include: operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, operating expense per

passenger mile, revenue miles between revenue vehicle system failures, customer service response time, and on-time performance. Four of the six objectives not met include operating expense components. The Commission encourages LYNX to focus on containing those costs moving forward.

LYNX provides significant public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2013 operating expenses increased $3.9 million, or 4.4 percent, while operating revenues increased $2.4 million, or 6.5 percent, over FY 2012. LYNX logged 0.6 million, or 2.2 percent, more passenger trips and the average trip length increased by 0.1 miles in FY 2013. As a result, passenger miles increased 6.2 million, or 4.1 percent. Revenue miles decreased 0.2 million, or 1.2 percent, while revenue hours increased 0.5 percent from FY 2012. The farebox recovery ratio slightly increased from 29.3 percent in FY 2012 to 29.9 percent in FY 2013 (a record high) and the average fare increased from $0.92 in FY 2012 to $0.96 in FY 2013. The average age of the fleet increased from 5.7 to 5.9 years and the operating spare ratio increased from 17.6 percent to 20.0 percent allowing the Authority flexibility in terms of providing expanded service in the future.

In the area of governance, the FY 2013 independent financial statement audit expressed an unmodified opinion on CFRTA's financial statements. Except for the accuracy of data reported in the National Transit Database (NTD), no issues related to compliance, internal control, findings or questioned costs were reported by the auditors. The auditors identified a significant deficiency in internal control over compliance related to the accuracy of data reported in the NTD. LYNX concurred with the recommendations and is in the process of enhancing the review and approval process and training staff to ensure better internal controls for the NTD Annual Report submittal.

The Federal Transit Administration (FTA) FY 2013 Triennial Review of LYNX indicated that no deficiencies were found with FTA requirements in 15 of the 18 areas examined. The report did identify deficiencies in the areas of Technical Capacity, Procurement and Charter Bus. LYNX submitted formal responses to FTA findings on November 12, 2013 and November 15, 2013. FTA provided a final report on November 25, 2013. LYNX anticipates formal closeout of findings following completion of all corrective actions by September 30, 2014.

Phase 1 of the SunRail commuter rail system opened for service on May 1, 2014 (FY 2014). This 32.5-mile segment runs from the DeBary station in Volusia County to the Sand Lake station in Orange County, and features 12 stations. LYNX entered into a Joint Participation Agreement with the Department for feeder bus service that will provide access to SunRail stations. LYNX also entered into an Interlocal Agreement with the Department to use the Smart Card System as a method of cashless fare collection on the LYNX fixed route services and paratransit services, SunRail, and for patron transfer between transportation systems for seamless interoperability.

Based on the Commission's review of Board meeting minutes, LYNX policies and procedures, Florida Statutes, financial statements, and other documentation provided by LYNX, 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 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.

Jacksonville Transportation Authority (JTA)

Background

The Jacksonville Transportation Authority (JTA) is an agency of the State of Florida, created under Chapter 349, Florida Statutes. Originally created to construct and operate tolled limited access and bridge facilities, in 1972, JTA became a multimodal transportation agency, with the authority to plan, design, construct, maintain and operate transportation facilities in Duval County, including highways and bridges on the State Highway System, mass transit facilities, and appurtenances to both highway and transit functions. The 2009 Florida Legislature further authorized the Authority to expand its service area outside of Duval County with the respective county's consent.

JTA provides public transportation services to the general public in the Jacksonville metropolitan area and throughout Duval County in the form of fixed route bus service, community shuttle, paratransit service, an automated people mover, trolleys, and stadium shuttle service. JTA also implements roadway projects under its own authority and work plans, and pursuant to its role in the Better Jacksonville Plan, which includes 32 roadway projects totaling more than $800 million. The projects include 12 interchange improvements, roadway widening projects, construction of one major bridge and the design of another.

Chapter 349, Florida Statutes, provides that JTA has the "right to plan, develop, finance, construct, own, lease, purchase, operate, maintain, relocate, equip, repair, and manage those public transportation projects, such as express bus services; rapid transit services; light rail, commuter rail; heavy rail, or other transit services; ferry services; transit stations; park-and-ride lots; transit -oriented development nodes; or feeder roads, reliever roads, connector roads, bypasses, or appurtenant facilities, that are intended to address critical transportation needs or concerns in the Jacksonville, Duval County, metropolitan area. These projects may also include all necessary approaches, roads, bridges, and avenues of access that are desirable and proper with the

Highlights

- JTA met or exceeded 4 of the 12 objectives established for performance measures for bus. The eight measures not met were Average Headway, Operating Expense per Revenue Mile, Operating Expense per Revenue Hour, Operating Expense per Passenger Trip, Revenue Miles between Safety Incidents, Customer Service (Number of Complaints and Response Time), and On-Time Performance.
- JTA's Skyway met or exceeded 9 of the 12 performance measures. The three measures not met were Operating Expense per Revenue Mile, Operating Expense per Revenue Hour, and the Ratio of Operating Revenue to Operating Expense.
- JTA met or exceeded all four of the applicable performance measures for Highways.
- Concurrent with the fare increase and implementation of the STAR Card electronic fare payment system on January 30, 2012, JTA suspended fares on the Skyway system. In August 2013, the Board further extended the free fare to September 30, 2014.
- On December 3, 2012, Nathaniel Ford assumed the position of Chief Executive Officer of JTA. Subsequently, a major reorganization of the Authority was implemented.

concurrence of the Department, as applicable, if the project is to be part of the State Highway System."

The governing body of JTA consists of seven voting members, three members appointed by the Governor and confirmed by the Senate, three members appointed by the Mayor of the City of Jacksonville (the City) subject to confirmation by the Council of the City of Jacksonville, and the district secretary of the Department of Transportation serving in the district that contains the City of Jacksonville (see Table 38). All members with the exception of the district secretary shall be residents and qualified electors of Duval County. Appointed members serve four-year terms that commence on June 1 during the year in which they are appointed, and each member holds office until a successor is appointed and qualified. A vacancy during a term must be filled by the respective appointing authority for the balance of the unexpired term. Any member appointed to the authority for two consecutive full terms is ineligible for appointment to the next succeeding term.

Table 38
Jacksonville Transportation Authority
Current Board Members

Name	*Appointment*	*Position*
Donna L. Harper	Governor's Appointee	Chairman
Scott McCaleb	Governor's Appointee	Vice-Chairman
Greg Evans, P.E.	District Two Secretary	Treasurer
Isaiah Rumlin	Mayor's Appointee	Secretary
Edward E. Burr	Governor's Appointee	Board Member
Kevin Holzendorf	Mayor's Appointee	Board Member
Ava L. Parker	Mayor's Appointee	Board Member

On an annual basis, Board members select one member as chair of the authority, one member as vice chair of the authority, one member as secretary of the authority, and one member as treasurer of the authority. The members of the authority are not entitled to compensation, but may be reimbursed for travel expenses or other expenses actually incurred in their duties as provided by law.

Four voting members of the authority constitute a quorum, and no resolution adopted by the authority becomes effective unless with the affirmative vote of at least four members.

The Authority employs a Chief Executive Officer (CEO) who may hire staff, permanent or temporary and may organize the staff of the authority into departments and units. The CEO may appoint Vice Presidents, Directors, Managers, Supervisors and other staff as he finds to be in the best interests of the Authority for providing transportation services to Northeast Florida. The authority establishes the compensation of the CEO, who serves at the pleasure of the authority. All employees of the authority are exempt from the provisions of Part II, Chapter 110, Florida Statutes. The authority may employ such financial advisers and consultants, legal counsel, technical experts, engineers, and agents and employees, permanent or temporary, as it may require and may fix the compensation and qualifications of such persons, firms, or corporations.

The JTA Board contracted with a firm to conduct a national search for a new CEO and selected Nathaniel P. Ford to assume the position on December 3, 2012. In late January 2013, JTA unveiled a major reorganization plan that includes a chief of staff and five vice presidents which all report directly to the CEO. The new organizational structure will allow for quicker decision-making and has clearer lines of responsibility and accountability. JTA advertised locally and nationally for the new positions and currently has filled all six of the positions. On August 30, 2012, the JTA Board authorized a contract with TransTech Management, the highest ranked firm, to conduct an Agency Management Organization Assessment.

This report, which was completed in March 2014, provided an organizational snapshot of the JTA as of December 1, 2012. The report made numerous findings and recommendations, most of which had already been addressed by JTA's new Executive Leadership Team (ELT) by the time the final report was delivered.

Subsidiary Public Benefit Corporation

Jax Transit Management, Inc. (JTM) is a Florida not-for-profit corporation responsible for the hiring and management of drivers, mechanics and certain other employees who support the transit functions of JTA. JTA owns all of the stock of JTM and members of JTM's Board of Directors are appointed by JTA. The transactions of JTM are consolidated with the primary government (JTA) and are included in the expenses of JTA's enterprise funds.

JTM employees are covered under two union contracts (one for bus operators, and another for maintenance employees). Bus operators are covered under a contract with Amalgamated Transit Local Union No. 1197. In 2011, JTA successfully negotiated a new three-year labor agreement with the Amalgamated Transit Union, effective on October 26, 2011. This was followed quickly by an agreement with the International Association of Machinist and Aerospace Workers Local Union No. 759, representing maintenance employees, for a three-year term effective on November 6, 2011.

Better Jacksonville Plan

JTA entered into Interlocal Agreements (ILA) with the City in 2000 for the purpose of constructing the roadway and infrastructure projects of the Better Jacksonville Plan (BJP), as defined in the ILAs. Pursuant to these agreements, JTA pledged its Charter County Transportation Sales Surtax revenues, and the City pledged its Duval County constitutional gas taxes and its Infrastructure



Beach Boulevard Bridge Arches.

Sales Surtax revenues to pay the debt service on transportation and infrastructure revenue bonds issued by the City to fund transportation projects under the BJP. All bonds are revenue obligations, and there is no guarantee by JTA or the City, nor any other JTA revenues or assets pledged for the bonds. Because transportation projects identified in the BJP are being completed and funding for the BJP is being depleted, JTA construction activities are winding down.

The ILAs continue in effect until all of the bonds have been paid in full or defeased in accordance with their terms. In March 2012, the City of Jacksonville issued $209.4 million in Transportation Refunding Revenue Bonds, Series 2012 ($151.7 million in Series 2012A and $57.7 million in Series 2012B) in order to achieve interest cost savings on debt service. The Series 2012A Bonds refunded the City of Jacksonville, Transportation Revenue Bonds, Series 2001 and the Series 2012B Bonds refunded the State of Florida, Full Faith and Credit, JTA, Senior Lien Refunding Bonds, Series 1997. JTA worked closely with the City and the Division of Bond Finance of the State Board of Administration to execute the transaction. As previously noted, JTA has pledged its Charter County Transportation Sales Surtax

revenues to pay the debt service on transportation and infrastructure revenue bonds issued by the City to fund transportation projects under the BJP. However, as a result of the new Series 2012 Bond issue, there is no longer a full faith and credit pledge of the State of Florida.

The terms of the ILAs also require that the City make available its Local Option Gas Tax (LOGT) to JTA for JTA's operation of its mass transit division. Any excess funds calculated pursuant to the terms of the ILA (as amended) will be allocated entirely to JTA. JTA may use these funds for any lawful purpose. The City's LOGT, used to subsidize JTA's transit operations, is set to sunset in 2016 and if not renewed would negatively impact Authority operations.

Recent Initiative

At the direction of the 2009 Florida Legislature, through the Florida Department of Transportation, JTA facilitated a study effort regarding the framework for the creation of a Regional Transportation Agency (RTA). The RTA Study boundaries included Baker, Clay, Duval, Flagler, Nassau, Putnam and St. Johns counties. A Study Advisory Panel, which was formed to assist JTA and the Department during the study, and members of the public met six times between September 2009 and January 2010. The Final Study Report, submitted to the Florida Legislature on February 1, 2010, contained the key findings of the seven-county study in addition to a recommendation to create a study commission to focus on the framework set forth in the report.

As a result of this report, on June 4, 2010, Governor Crist signed Senate Bill 2470 into law creating the Northeast Florida Regional Transportation Study Commission (NFRTSC). The Chairman of the Board of JTA, serves as the Chair of the NFRTSC. Other members include representatives from each of the seven counties in northeast Florida. Additionally, the Chair of the North Florida Transportation Planning Organization, Chair of the Northeast Florida Regional Council and the District II Secretary of the Department serve as ex-officio, non-voting members. JTA provides staff support and other assistance as deemed necessary for the NFRTSC to carry out its duties. As required, the NFRTSC submitted a report to the Governor, and Legislature prior to December 31, 2012, detailing its findings and making specific legislative recommendations including a regional transportation plan.

The 2013 Legislature passed, and the Governor approved, Senate Bill (SB) 606 that created the Northeast Florida Regional Transportation Commission (NFRTC) under Chapter 343, Florida Statutes, for the purposes of improving mobility and expanding multimodal transportation options for persons and freight throughout Baker, Clay, Duval, Nassau, Putnam, and St. Johns Counties. SB 606 provides for NFRTC membership, powers and duties, and funding with an effective date of July 1, 2013 (FY 2014). Because the new authority is created under Chapter 343, Florida Statutes, it falls under the oversight of the Florida Transportation Commission (Commission). NFRTC met for the first time on October 30, 2013 where the Board elected officers, the Sunshine law was presented, and other organizational issues such as budgets, bylaws, staffing, website and meeting logistics were discussed. In addition, Commission staff provided a presentation to Board members on who the Commission is, its statutory responsibilities, its oversight role of the newly created authority and start-up challenges faced by other "Emerging Authorities" under Commission oversight. The NFRTC will be included in the Commission's FY 2014 Transportation Authority Monitoring and Oversight Report.

Bus Rapid Transit

JTA's Bus Rapid Transit (BRT) program is a premium transit service using existing arterial roadways. The BRT will include: enhanced service with increased frequency and limited stops; BRT superstops that include a real-time passenger information system, a security system, and off-board ticket vending machines; low-floor branded (dedicated BRT) buses; segments of dedicated (bus only) lanes; transit signal priority and possibly queue jumps at selected intersections.

The proposed service would operate with 10-minute headways during weekday peak periods; 15-minute headways during weekday off-peak periods; and 30-minute headways on weekends. With fewer stops and more frequent service, BRT will provide a premium service on more heavily traveled corridors permitting customers to move more efficiently to other parts of the City. The BRT system funded share is 80 percent Federal, 10 percent State, and 10 percent Local.

The BRT system is being developed in five phases: Downtown Transit Service Enhancements, North Corridor, Southeast Corridor, East Corridor and Southwest Corridor. The Downtown Transit Service Enhancements are being advanced as a Federal Transit Administration (FTA) New Starts Exempt project. The North and Southeast corridors are being advanced as FTA New Starts, Very Small Starts projects. Under the FTA's FY 2014 Section 5309 Fixed Guideway Capital Investment Grants (CIG), the North Corridor BRT has been allocated $18.9 million and the Southeast Corridor has been allocated $19.1 million. Previously, $7.7 million in Federal funding had been appropriated for the North Corridor.

With the changes in the New Starts program in the Federal legislation Moving Ahead for Progress in the 21st Century (MAP-21), the East and Southwest Corridors will be advancing as New Starts-Small Starts projects. The five phases of the BRT system are in various stages of the environmental assessment, preliminary engineering, and design phases. The Downtown BRT project is expected to break ground in the summer of 2014. Operations on the North Corridor are planned to begin in December 2015.

Performance Measures

Pursuant to the Commission's 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 public and freight moving through communities that are critical to the overall economic well-being and quality of life in Florida.

JTA 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. JTA performance data used for this report represent information collected during FY 2013, which spans from October 1, 2012 through September 30, 2013 (JTA reports on a federal fiscal year).

Since the inception of the performance metrics and targets, JTA has recently undergone significant leadership changes and the new Executive Leadership Team (ELT) has been focused on assessing and improving JTA practices and overall performance. According to JTA, the ELT team has

dramatically improved the major data reporting processes, data accuracy, and data integrity. In many cases the improvements in data accuracy and integrity result in the appearance that JTA's performance is declining. Since the Department and the public use these performance reports to gauge the progress of agencies like JTA, the ELT has requested that the Commission work with JTA to update the baseline targets so that these targets are challenging and achievable. It is anticipated that the Commission will reconvene its Authority Oversight Committee to evaluate all Authority measures and consider any revisions prior to the issuance of next year's report.

Performance Measures—Bus

JTA was successful in achieving 4 of the 12 objectives for performance. FY 2013 results, as reported by JTA, are provided in Table 39. Results for the last five fiscal years are included in Appendix B.

Since 2009, JTA has introduced Community Shuttle routes to improve transit access in areas that may not support a fixed route service. These routes provide flexible, route-deviation neighborhood circulators using smaller buses. Originally, JTA contracted with a private provider to operate the service but in October 29, 2012 Community Shuttle operations were brought in house. Community Shuttle performance data is no longer reported in the National Transit Database (NTD) as Purchased Transportation (PT) services and is included in the performance measures established by the Commission for directly operated fixed route bus service, thereby impacting certain FY 2013 performance results.

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

Average Headway

In FY 2013, JTA fell short of achieving the performance measure objective for average headway of less than 30 minutes with actual results of 32.7 minutes. Actual results reported for FY 2009 through FY 2012 ranged from 17.7 minutes to 21.3 minutes. The significant increase in average headway in FY 2013 is directly attributed to the change in directional route miles. The new management team has endeavored to assess and improve data integrity for performance management systems. As a result, one of the items JTA identified as being improperly reported was directional route miles. Correcting these errors was a contributor to the significant increase in FY 2013 directional route miles, as well as the inclusion of the Community Shuttle directional route miles.

Operating Expenses

FY 2013 operating expenses increased by $4.9 million, or 8.3 percent, over FY 2012. JTA failed to achieve three operating expense-related objectives (per revenue mile, per revenue hour and per passenger trip) in FY 2013. The increase in FY 2013 operating expenses is primarily attributed to Community Shuttle being consolidated into Motor Bus, instead of being reported separately.

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, for a given population density and related factors. JTA's operating cost per revenue mile of $7.22 did not meet the objective of less than $6.50 by $0.72 (11.1 percent). FY 2013 operating costs increased by 8.3 percent and annual revenue miles increased by 1.1 million (14.9 percent). Improvement was noted over prior year results.

The increase in FY 2013 operating expenses is primarily attributed to the Community Shuttle being consolidated into Motor Bus, instead of being reported separately. The increase in revenue miles is due to errors discovered by JTA, as part of its effort to ensure data integrity, and the results of bringing the Community Shuttle service in house. JTA discovered that the Hastus scheduling database had errors in the bus routes, stops and some of the calculations leading to inaccurate numbers reported in FY 2012.

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

Table 39
Jacksonville Transportation Authority
Summary of Performance Measures - Bus
FY 2013[1]

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Average Headway	Average time for vehicle to complete its portion of total route miles one time	<30 minutes	32.7	X
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$6.50	$7.22	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$91	$106.18	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>20%	20.7%	✓
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$5.30	$5.64	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$1.00	$0.85	✓
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>227,975	94,216	X
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	21,851	✓
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles[3]	>.90	0.94	✓
Customer Service	Average time from complaint to response	14 days	24	X
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	2.6	X
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80.0%	72.1%	X

[1] Fiscal Year 2013 represents 12 months of data from October 1, 2012 through September 30, 2013.

[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.

of the service. JTA's operating cost per revenue hour of $106.18 missed the objective of less than $91.00 by $15.18 (16.7 percent). The increase in FY 2013 operating costs (8.3 percent) was more than offset with an increase in annual revenue hours (13.6 percent) resulting in an increase in efficiency over FY 2012.

The increase in FY 2013 operating expenses is primarily attributed to the Community Shuttle being consolidated into Motor Bus, instead of being reported separately. Similar to revenue miles, revenue hours increased due to errors discovered by JTA in the Hastus scheduling database as well as bringing the Community Shuttle in house.

Operating Revenue per Operating Expense

The relationship between operating revenue and operating expense provides a measure of the required subsidy to operate the transit system. Unlike the previous two objectives, where the goal was to achieve a lower cost per revenue mile or revenue hour, one goal of transit systems is generally to increase the percentage of revenue derived from fares and other revenue sources. JTA's operating revenue per operating expense ratio of 20.7 percent exceeded the objective of greater than 20 percent. This compares to the 21.2 percent reported in FY 2012. FY 2013 operating revenue increase by 5.6 percent but was more than offset by an 8.3 percent increase in operating expenses.



JTA Hybrid Bus.

Fare Structure and Electronic Payment System

Since 1999, JTA has only implemented one fare increase. In 2007, JTA increased its base bus fare from $0.75 to $1.00 and the weekly bus pass from $10 to $12. On December 8, 2011, the JTA Board approved a new fare structure to be effective January 30, 2012 (FY 2012). The base bus fare increased from $1.00 to $1.50 (a 50 percent increase), 31 day passes increased from $40 to $50 (a 25 percent increase), and the weekly bus pass increased from $12 to $16 (a 33 percent increase). Numerous other fares and passes, including reduced fares, also increased. More information can be found at http://www.jtafla.com/RidingJTA/showPage.aspx?Sel=21. The additional revenue from the fares will help offset operating cost increases while enabling JTA to maintain and enhance current levels of service.

JTA also rolled out a new electronic payment system in January 2012 to replace the old fare box system which was 20 years old. The new STAR (Simply Tap And Ride) card and ticket is a contactless smart media that allows JTA riders to pay their bus, trolley and shuttle fare without the need for cash by simply tapping the card on the new fare boxes. Passes changed from a calendar base to a consecutive day period (as such, 31 consecutive days instead of one month). STAR cards and tickets are available from JTA's ticket

vending machines for purchase and reloading. Benefits of STAR include faster boarding, enhanced riding experience and a reduction in abuse.

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. JTA's operating cost per passenger trip of $5.64 fell short of the objective of less than $5.30 by $0.34 (6.4 percent).

Operating Expense per Passenger Mile

An evaluation of the relationship between operating expenses and passenger miles provides a particularly relevant measure of the general cost efficiency of the service provided. JTA achieved the operating expense per passenger mile objective of less than $1.00 with actual results of $0.85 reported in FY 2013. This compares favorably to $0.87 reported in FY 2012. In FY 2013, operating costs increased 8.3 percent while annual passenger miles increased 10.0 percent.

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 a safer experience for customers. As a result of a change in the definition of safety incidents reported to the National Transit Database (NTD), the Commission, with the assistance of the authorities, formally adopted a new safety performance objective for JTA beginning in FY 2010. The new objective for revenue miles between safety incidents was established at greater than 227,975 miles.

In FY 2013, JTA's revenue miles between safety incidents of 94,216 miles missed the objective of greater than 227,975 miles (58.7 percent below the target). This compares to 129,296 miles reported in FY 2012. The number of safety incidents reported by JTA increased from 59 in FY 2012 to 93 in FY 2013. JTA indicated that the increase in safety incidents is attributed to several factors including better and more comprehensive reporting of incidents and the inclusion of Community Shuttle service in the reporting. In addition, minor incidents at the Rosa Parks Station (the systems major hub) were not included prior to FY 2013. JTA conducted an analysis of safety and security data for *major accidents* it submitted to NTD. JTA reported 24 major accidents in FY 2012 and 27 major accidents in FY 2013. This equates to one major accident per 317,852 miles of revenue service in FY 2012 and one major accident per 324,522 miles of revenue service in FY 2013. The increase in revenue miles between safety incidents in FY 2013 is attributed to an increase in minor incidents.

JTA contends that its internal reporting methodology, including FTA safety management system best practices, preventable versus non-preventable accident analysis, operator training pre- and post-accidents, and onboard video reviews of operator performance have improved safety within the Authority. JTA continues to demonstrate a commitment to improving passenger safety.

JTA's policies require a criminal record and driving record background check for any prospective employee. In addition, JTA policy requires driving record checks be conducted for current employees who are required to have CDL licenses, or who operate any JTA vehicles. Operators, mechanics and other "safety sensitive" positions are subject to periodic random drug testing as required under Federal law. JTA Supervisors (JTA employees)

conduct the blood-alcohol testing (BAT); a third-party provider conducts the drug testing process. Jax Transit Management employees are not directly involved in the process.

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 can serve to reinforce customer confidence in on-time bus performance. JTA achieved the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 21,851 revenue miles between failures reported in FY 2013 (108.1 percent above the target).

Although JTA met this objective, it was noted that revenue vehicle system failures increased in FY 2013. In FY 2012, only buses that were towed back to the maintenance facility were counted as failures. However, in FY 2013 failures are reported according to NTD standards, hence the increase in reported minor failures beginning in the summer of 2013.

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). JTA exceeded the performance measure objective of greater than 0.90 for FY 2013 with 0.94, indicating highly effective use of the fleet.

Customer Service – Average Time from Complaint to Response

JTA's average response time to customer complaints of 24 days from receipt of the complaint exceeded the performance measure objective of 14 days in FY 2013. JTA met this objective every year since reporting to the Commission until FY 2012. Customer complaint response time increased from 8 days in FY 2011 to 18 days in FY 2012. The increase occurred mainly due to individual staff members not adhering to the investigative procedure and providing results for customer complaints in a timely manner. The Authority performed an analysis to identify the departments with response time issues, identified the responsible staff, and initiated the appropriate corrective actions to improve performance. As a result, the customer complaint response time has progressively decreased in recent months.

Customer Service – Number of Complaints per Boarding

JTA did not achieve the performance objective of less than one complaint per 5,000 boardings with a ratio of 2.6 complaints. JTA met this objective every year since reporting to the Commission until FY 2012. The number of customer complaints reported in FY 2011 was 2,210 and increased to 4,588 and 5,791 in FY 2012 and FY 2013, respectively. The number of customer complaints reported has increased partially due to a more comprehensive reporting process implemented by JTA's current leadership team including identifying and reporting complaints from customers received at our major transit hub (Rosa Parks) and on social media (Facebook and Twitter). Previously, when the Commission targets were established, these complaints were not being tracked and included in the customer complaint database.

On-time Performance

JTA did not achieve the on-time performance objective of greater than 80.0 percent of trips end-to-end on-time with 72.1 percent on-time performance. This compares favorably to the 66.0 percent on-time performance reported in FY 2012. On-time is defined as less than five minutes late. Current JTA management identified serious issues with the way on-time performance (OTP) was recorded and reported and feels that the numbers reported prior to FY 2013 are inaccurate. JTA indicated that this issue has been corrected in FY 2013 and will provide a much more accurate baseline on which to measure performance. An extensive review of all available technology at JTA was conducted and it was determined that the Automatic Passenger Counters (APC) provides the most accurate means of data. As of May 2013, all OTP reports are provided using this technology.

Operating Indicators—Bus

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 2013 operating indicators for bus, as reported by JTA, are provided in Table 40. In order to observe current trends, operating indicators for FY 2011 and FY 2012 are also provided. Results for the last five fiscal years are included in Appendix B.

Based on the operating indicators presented, JTA weekday ridership and revenue service hours increased 3.3 percent and 13.6 percent, respectively. JTA logged 14.9 percent more revenue miles than in FY 2012. Operating expenses increased 8.3 percent and operating revenue increased 5.6 percent. Some of the FY 2013 revenue increase is a result of a full year of the fare increase implemented on January 30, 2012 (FY 2012). Because JTA logged 2.9 percent more passenger trips, and the average trip length increased by 0.4 miles, passenger miles increased by 10.0 percent. The farebox recovery ratio decreased from 19.4 percent to 18.9 percent, while the average fare increased from $1.04 to $1.06.

FY 2013 operating expenses increased 8.3 percent and operating revenues increased 5.6 percent over FY 2012.

Some of the FY 2013 revenue increase is attributed to a full year of the fare increase implemented on January 30, 2012 (FY 2012).

Average weekday ridership and revenue service hours increased 3.3 percent and 13.6 percent, respectively.

Passenger trips increased 2.9 percent in FY 2013, and the average trip length increased 0.4 miles, resulting in a 10.0 percent increase in passenger miles.

The average age of the fleet decreased to 6.5 years. JTA's spare ratio as of year-end FY 2013 was 19.8 percent. JTA's unrestricted cash balance decreased to $4.9 million in FY 2013. JTA committed all of its capital investment to system preservation (100 percent). JTA provides three intermodal connections. In FY 2012, JTA applied a stricter National Transit Database definition of service area. This resulted in a reduction in the overall service area by eliminating "infill" areas that are surrounded by areas within the three-quarter mile buffer of a route, but are not actually within a three-quarter mile buffer of a bus route.

Table 40
Jacksonville Transportation Authority
Summary of Operating Indicators - Bus
FY 2011 through FY 2013

Operating Indicator	*Detail*	*Actual 11 Results*	*Actual 12 Results*	*Actual 13 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$50.93	$69.67	$76.50
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	16.8%	19.4%	18.9%
Service Area Population	Approximation of overall market size	1,065,219	838,815	827,481
Service Area Population Density	Persons per square mile based on service area population and size	1,160	1,894	1,916
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$54,251,641	$58,440,315	$63,300,646
Operating Revenue[2]	Revenue generated through operations of transit authority	$9,986,689	$12,386,243	$13,082,307
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	7,768,038	7,628,436	8,762,085
Total Annual Revenue Hours	Hours vehicles operated in active service	578,955	524,666	596,161
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	153	147	172
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	125	118	138
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	18.3%	19.7%	19.8%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	11,138,076	10,906,226	11,220,230
Average Trip Length	Average length of passenger trip, generally derived through sampling	5.8	6.2	6.6
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	64,600,841	67,442,423	74,165,720
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	21.3	21.0	21.5
Average Fare	Passenger fare revenues divided by passenger trips	$0.82	$1.04	$1.06
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.43	1.43	1.28
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	19.2	20.8	18.8
Passenger Trips per Capita	Passenger trips divided by service area population	10.5	13.0	13.6
Average Age of Fleet	Age of fleet (in years) average	7.4	6.8	6.5
Unrestricted Cash Balance	End of year cash balance from financial statement	$4,966,717	$7,555,815	$4,895,237
Weekday Ridership	Average ridership on weekdays	37,457	36,839	38,050
Capital Commitment to System Preservation	% of capital spent on system preservation	100%	100%	100%
Capital Commitment to System Expansion	% of capital spent on system expansion	0%	0%	0%
Intermodal Connectivity	Intermodal transfer points available	3	3	3

[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 bus.

Performance Measures—Skyway

JTA was successful in achieving 9 of the 12 objectives for performance. FY 2013 results, as reported by JTA, are provided in Table 41. Results for the last five fiscal years are included in Appendix B.

Average Headway

In FY 2013, JTA achieved the performance measure objective for average headway of less than 6 minutes with actual results of 5.7 minutes. This reflects a slight increase over the 5.6 minute average headway reported for FY 2012.

Operating Expenses

FY 2013 operating expenses increased by $233 thousand, or 3.7 percent, over FY 2012 primarily as a result of higher costs associated with parts and equipment. Some major contributing factors were the five year overhaul of the Skyway system train propulsion motors and the increased custodial and security cost for a fare-free Skyway.

JTA did not achieve three operating expense-related objectives (per revenue mile, per revenue hour, and operating revenue ratio) in FY 2013. Further cost containment efforts will focus on enhancing maintenance planning, upgrading infrastructure, and strengthening inventory management to improve productivity and reduce costs.

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. JTA's operating cost per revenue mile of $35.24 exceeded the objective of less than $23.00 by $12.24 (53.2 percent). A 3.7 percent increase in operating costs, more than offset a 2.7 percent increase in annual revenue miles, resulting in an increase in operating cost per revenue mile of $0.36 in FY 2013.

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. JTA's operating cost per revenue hour of $400.29 exceeded the objective of less than $310.00 by $90.29 (29.1 percent). A 3.7 percent increase in operating costs, coupled with a 4.5 percent increase in annual revenue hours, resulted in a decrease in operating cost per revenue hour of $2.78 in FY 2013.

Operating Revenue per Operating Expense

The relationship between operating revenue and operating expense provides a measure of the subsidy required to provide the transit service. Unlike the previous two objectives, where the goal was to achieve lower cost per revenue mile or revenue hour, one goal of transit systems is to generally increase the percentage of revenue derived from fares and other revenue sources. JTA's management objective for operating revenue per operating expense was established at greater than 15 percent. JTA did not achieve this performance measure objective with a 3.0 percent ratio of revenue to operating expenses. Operating expenses increased 3.7 percent in FY 2013, while operating revenues declined 9.7 percent, resulting in less operating revenue per operating expense. JTA has shown a continued decline in performance in this area since FY 2007.

JTA has been developing an adaptive re-use of the Skyway, based upon one of its salient characteristics: grade separation. An advantage of the elevated Skyway system is separation from

Table 41
Jacksonville Transportation Authority
Summary of Performance Measures - Skyway
FY 2013[1]

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Average Headway	Average time for train to complete its portion of total route miles one time	<6 minutes	5.7	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$23.00	$35.24	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$310.00	$400.29	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>15%	3.0%	X
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$11.00	$5.98	✓
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$27.50	$13.00	✓
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>41,348	61,066	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	16,654	✓
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles[3]	>.90	0.99	✓
Customer Service	Average time from complaint to response	14 days	9	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.1	✓
On-time Performance	Successful cycles divided by scheduled cycles	>80%	99.1%	✓

[1] Fiscal Year 2013 represents 12 months of data from October 1, 2012 through September 30, 2013.

[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.

ambient traffic, which significantly improves travel speeds in the Downtown core. JTA's Route Optimization Initiative will include more routes terminating at the Skyway stations where bus passengers use the Skyway to complete their trips within the downtown core, including the Rosa Parks transfer hub.

On January 30, 2012, JTA suspended fares for ninety days on the Skyway service. This was necessary because the new STAR Card electronic fare payment system on JTA buses was not compatible with the existing Skyway fare collection system. This ninety-day period allowed JTA to evaluate a resolution to the system incompatibility issues and to evaluate a permanent "free fare" for

Skyway. In April 2012, the Board approved an extension of the free fare to September 2012. In August 2012, the Board approved an additional extension to September 30, 2013, and in August 2013, the free fare was further extended to September 30, 2014. Significant ridership increases have occurred since the free fare was approved. Downtown visitors to Jacksonville especially like the free service. Currently, there is no plan to acquire fare collection equipment.

FY 2012 operating revenues declined 25.4 percent over FY 2011 primarily due to the partial year's impact of the Skyway "free fares" policy implemented in January 2012. FY 2013 operating revenues declined 9.7 percent over FY 2012 to $195 thousand. Operating revenues consist primarily of parking revenues since no fare revenue was collected on the Skyway in FY 2013. Although parking revenue declined since instituting a fare free service, patronage of JTA lots has stabilized. The City continues their efforts to revitalize the Downtown area which includes improving parking options.

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. JTA achieved the performance measure objective for operating cost per passenger trip of less than $11.00 with actual results of $5.98 reported in FY 2013. Significant improvement was noted over the $7.61 operating cost per passenger trip reported in FY 2012. A 3.7 percent increase in operating costs, coupled with a 32.1 percent increase in passenger trips, resulted in a decrease in operating costs per passenger trip of $1.63 in FY 2013. The significant increase in passenger trips in FY 2013 is primarily a result of the free fares on the Skyway system that began on January 30, 2012.

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. JTA's operating cost per passenger mile of $13.00 achieved the objective of less than $27.50 by $14.50 (52.7 percent). Significant improvement was made from the cost per passenger mile of $16.59 reported in FY 2012. In FY 2013, operating costs increased 3.7 percent, while passenger miles increased 32.4 percent, thereby decreasing the operating cost per passenger mile by $3.59. The significant increase in passenger miles in FY 2013 is primarily a result of the free fares on the Skyway system that began on January 30, 2012.

Revenue Miles between Safety Incidents

The span of revenue miles between incidents is a measure of safe customer service. As a result of a change in the definition of safety incidents reported to the National Transit Database, the Commission, with the assistance of the authorities, formally adopted a new safety performance objective for JTA for FY 2010. The new objective for revenue miles between safety incidents was established at greater than 41,348 miles.

In FY 2013, JTA's revenue miles between safety incidents of 61,066 miles exceeded the objective of greater than 41,348 miles (47.7 percent above the target). This compares to 29,733 miles reported in FY 2012. The number of safety incidents reported by JTA decreased from six in FY 2012 to three in FY 2013.

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 Skyway's

electrical, computer or mechanical systems) is a measure of maintenance effectiveness in keeping the system in good condition. A significant number of revenue miles between system failures can serve to reinforce customer confidence in Skyway on-time performance.

JTA achieved the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 16,654 revenue miles between failures (58.6 percent above the target). In FY 2013, revenue miles increased 2.7 percent from FY 2012 while revenue vehicle system failures decreased 47.6 percent (from 21 in FY 2012 to 11 in FY 2013). The significant decrease in vehicle system failures is attributed primarily to guideway maintenance with the scheduled five year motor rebuild. At the end of FY 2012, it was noted that a significant amount of the failures were due to misaligned ground signal rail. This misalignment was due to aging and worn hanger clips. The guideway work was targeted at replacing signal rail and hanger clips throughout the system. This work helped stop ground signal shoes on the train from breaking when it went through a misaligned rail transition. The motor rebuild is a part of the regular vehicle maintenance. This rebuild is done every five years.

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). JTA exceeded the performance measure objective of greater than 0.90 for FY 2013 with 0.99, indicating highly effective use of the fleet.

Customer Service – Average Time from Complaint to Response

JTA achieved the performance measure objective of timely response to customer complaints within two weeks of receipt of the complaint. In FY 2013, the average response time to customer complaints was 9 days.

Customer Service – Number of Complaints per Boarding

JTA achieved the performance objective of less than one complaint per 5,000 boardings with an average of 0.1 complaints per 5,000 boardings. JTA reported 13 customer complaints in FY 2013.

On-time Performance

JTA achieved the on-time performance objective of greater than 80 percent of trips end-to-end on-time with 99.1 percent on-time performance. On-time is defined as successful cycles divided by scheduled cycles.

Operating Indicators—Skyway

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 2013 operating indicators for Skyway are provided in Table 42. In order to observe current trends, operating indicators for FY 2011 and FY 2012 are also provided. Results for the last five fiscal years are included in Appendix B.

Table 42
Jacksonville Transportation Authority
Summary of Operating Indicators - Skyway
FY 2011 through FY 2013

Operating Indicator	*Detail*	*Actual 11 Results*	*Actual 12 Results*	*Actual 13 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$6.61	$7.42	$7.80
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	3.2%	1.1%	0.0%
Service Area Population	Approximation of overall market size	874,673	838,815	827,481
Service Area Population Density	Persons per square mile based on service area population and size	1,796	1,894	1,916
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$5,785,721	$6,221,789	$6,455,066
Operating Revenue[2]	Revenue generated through operations of transit authority	$289,978	$216,360	$195,469
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	166,977	178,399	183,197
Total Annual Revenue Hours	Hours vehicles operated in active service	12,501	15,436	16,126
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	10	10	10
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	7	5	5
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	30.0%	50.0%	50.0%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	502,941	817,153	1,079,179
Average Trip Length	Average length of passenger trip, generally derived through sampling	0.4	0.5	0.5
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	212,744	374,940	496,422
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	15	15	15
Average Fare	Passenger fare revenues divided by passenger trips	$0.37	$0.08	$0.00
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	3.01	4.58	5.89
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	40.2	52.9	66.9
Passenger Trips per Capita	Passenger trips divided by service area population	0.6	1.0	1.3
Average Age of Fleet	Age of fleet (in years) average	12.6	13.6	14.6
Unrestricted Cash Balance	End of year cash balance from financial statement	$133,402	$0	$355,086
Weekday Ridership	Average ridership on weekdays	1,965	3,167	4,086
Capital Commitment to System Preservation	% of capital spent on system preservation	100%	100%	100%
Capital Commitment to System Expansion	% of capital spent on system expansion	0%	0%	0%
Intermodal Connectivity	Intermodal transfer points available	3	3	3

[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 Skyway.

As previously noted, JTA's Route Optimization Initiative includes more routes terminating at Skyway stations where bus passengers use the Skyway to complete their trips within the Downtown core. Concurrent with implementation of the STAR Card electronic fare payment system, JTA suspended fares on the Skyway service beginning January 30, 2012 until at least the end of FY 2014 (September 30, 2014). As a result, significant increases in Skyway utilization and significant decreases in revenue related indicators were noted in FY 2013.

JTA has suspended fares on the Skyway since January 30, 2012.

FY 2013 operating expenses increased 3.7 percent, while operating revenues decreased 9.7 percent over FY 2012.

The farebox recovery ratio and average fare for FY 2013 was zero due to suspended fares on the Skyway system. FY 2013 operating revenues are reported as $195 thousand and consist primarily of parking fee revenues.

FY 2013 passenger trips increased 32.1 percent, and average trip length remained the same, resulting in a 32.4 percent increase in passenger miles.

FY 2013 revenue miles and revenue hours increased 2.7 percent and 4.5 percent, respectively, from FY 2012 while average weekday ridership increased 29.0 percent.

JTA's operating indicators show that operating revenue has declined annually since FY 2007. Currently, operating revenues consist of parking fee revenues only. The farebox recovery ratio and average fare for FY 2013 was zero due to the Board decision to suspend fares on the Skyway until at least September 30, 2014. Operating expenses increased 3.7 percent over FY 2012. JTA logged 262 thousand, or 32.1 percent, more passenger trips and the average trip length remained the same in FY 2013. As a result, passenger miles increased by 121 thousand to 496 thousand (an increase of 32.4 percent). FY 2013 revenue miles and revenue hours increased 2.7 percent and 4.5 percent, respectively, from FY 2012. Average weekday ridership increased 29.0 percent over FY 2012.

The average age of the fleet is 14.6 years. Skyway's current operating spare ratio of 50 percent positions the authority for future service expansion. JTA committed all of its capital investment to system preservation and continued to provide 3 intermodal connections.

Performance Measures—Highways

JTA does not currently operate toll roads, but builds roads, bridges, interchanges, etc. and then turns the assets over to the Florida Department of Transportation (State Highway System projects), or the City (other projects), who maintain them. As a result, only some performance measures and operating indicators adopted for toll authorities under Commission oversight were recommended and adopted for JTA highways.

JTA managed a variety of road projects during FY 2013. Projects funded by the Better Jacksonville Plan and Federal funds included Heckscher Drive, Phase 2, New Kings Road Transit and Pedestrian Improvements, Arlington Expressway Access Road Transit and Pedestrian Improvements, Soutel Drive Transit Enhancements, Clay County Multi-Modal Center, Phase 1, Normandy/Cassat Transit Enhancements, JTB Park-n-Ride improvements, and Southside/Old Baymeadows Road Transit Improvements.

JTA was successful in achieving all four objectives established for performance. FY 2013 results, as reported by JTA, are provided in Table 43. Results for the last five fiscal years are included in Appendix B.

Consultant Contract Management

JTA achieved the performance measure objective for consultant contract management. The final cost of design and CEI consultant contracts completed during FY 2013 was the same as the amount awarded in the original contracts.

Construction Contract Adjustments - Time

JTA achieved the performance measure objective for construction contract adjustments for time. All three of the construction contracts were completed within 20 percent of the original contract time.

Construction Contract Adjustments - Cost

JTA achieved the performance measure objective for construction contract adjustments for cost. All three of the construction contracts were completed within 10 percent of the original contract amount meeting the objective of greater than or equal to 90 percent.

Minority Participation

The JTA Disadvantaged Business Enterprise (DBE) Program is a comprehensive program developed by the U.S. Department of Transportation (USDOT) which establishes guidelines for participation of firms owned by socially and economically disadvantaged persons in USDOT-assisted contracting. The DBE Program provides opportunities for certified DBE companies by creating a "level playing field" on which these firms can fairly compete for purchasing and contracting dollars. The Program supports JTA's continuing efforts to remove barriers that may limit participation by these firms in USDOT-assisted contracts, while facilitating their development and increased ability to successfully compete in the general marketplace.

- For projects funded by the Federal Transit Administration (FTA), JTA is required to use its own DBE program, which is considered a Race Conscious program. This term does not refer to a race-based preference of any type; rather, it allows JTA to establish DBE participation goals it reasonably expects to achieve on applicable projects based on project specifics,

Table 43
Jacksonville Transportation Authority
Summary of Performance Measures - Highways
FY 2013

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	0.0%	✓
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%	✓
Applicable Laws				
Minority Participation[1]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	119.2%	✓

[1] JTA has established an agency-wide goal of 12 percent; actual results represent agency-wide performance.

subcontracting opportunities and the number of ready, willing and able DBE businesses in the relevant market area.

- FTA funded projects that do not have assigned DBE goals are defined as Race Neutral, indicating, while DBE participation is encouraged, it is not a mandatory requirement for award. These projects are typically small in scope, dollar amount, and/or require services not provided by DBE firms in the relevant market area.
- Projects funded by the Federal Highway Administration (FHWA) through the Florida Department of Transportation (Department) are administered under a Local Agency Participation (LAP) agreement which requires JTA to use the Department's Race Neutral DBE program. All contract compliance relating to each LAP agreement is handled through the Department's District Two office. JTA does not report DBE expenditures on these contracts to FTA; rather, the Department maintains responsibility for making those reports to FHWA. DBE participation on these projects has historically been low because there is no DBE requirement (Race Neutral) for prime contractors.

Effective FY 2011, JTA established its triennial DBE goal of 12 percent on an agency-wide basis, which is the Authority's aspirational goal for participation by certified DBE firms in its qualified highway and transit operating expenditures. JTA reported achieving 14.3 percent (or $121 thousand) DBE participation in FY 2013 based on qualified highway and transit operating expenditures. Actual DBE participation of 14.3 percent represents 119.2 percent of the Authority's DBE goal of 12 percent, enabling JTA to meet the performance measure objective.

Additional information on the Federal Disadvantaged Business Program may be found at www.fta.dot.gov under the heading "Civil Rights and ADA."

Operating Indicators—Highways

FY 2013 operating indicators, as reported by JTA, are provided in Table 44. Also, to assist in trend analysis, FY 2011 and FY 2012 operating results are provided. Results for the last five fiscal years are included in Appendix B.

Right-of-Way

In FY 2013, JTA acquired parcels totaling approximately $1.8 million through the Right-of-Way Program. Final settlements exceeded agency appraisals by $411 thousand, but were $898 thousand under owner appraisals. As the Better

Table 44
Jacksonville Transportation Authority
Summary of Operating Indicators - Highways
FY 2011 through FY 2013

Indicator	*Detail*	*Actual 11 Results*	*Actual 12 Results*	*Actual 13 Results*
Property Acquisition				
Right-of-Way	Agency Appraisals	$54,900	$88,100	$1,339,050
	Initial Offers	$54,900	$88,100	$1,339,050
	Owners Appraisals	N/A	N/A	$2,647,811
	Final Settlements	$65,900	$88,100	$1,750,000

Jacksonville Plan road program winds down, a decrease in right of way parcel acquisitions is expected.

Governance—Bus, Skyway and Highways

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

On October 28, 2010, the JTA Board approved and adopted the JTA Ethical Business Conduct Guidelines (Ethics Guidelines) that apply to all JTA employees. The Ethics Guidelines replaced JTA's Standard Procedure Number 002-00-00 relating to business standards of conduct, which had been in effect since August 31, 1995. On June 30, 2011, the JTA Board further revised its ethics policy by adopting a Code of Conduct applicable to all full-time, part-time and temporary employees of JTA and JTM and to members of the JTA Board. The Code of Conduct was further revised in September 2013. The Code of Conduct appears to be comprehensive and includes areas such as the JTA Code of Conduct, Core Values, Business and Financial Records, Company Assets, Conflict of Interest, Other Employment, Offering and Acceptance of Business Courtesies, Proper Relationships with Suppliers, Environmental Compliance Code, Training, Appropriate Business Conduct and Ethical Decision Making. Employees are required to comply with applicable laws including Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees). Attached as an exhibit to the Code of Conduct is the Florida Commission on Ethics "Guide to the Sunshine Amendment and Code of Ethics for Public Officers and Employees" (Chapter 112, Part III, Florida Statutes).

During orientation, all new JTA/JTM employees are required to sign an acknowledgement indicating each employee has reviewed the Code of Conduct, and all employees are required to annually re-affirm that they have read, understood and will comply with the Code of Conduct. The signed acknowledgement is retained in each employee's personnel file.

Ethics training was provided to the JTA Board and senior staff at the workshop meeting in April 2013. Training was provided by the Director for the Office of Ethics, Compliance and Oversight, City of Jacksonville and covered ethics, financial and gift disclosures, government in the Sunshine, and public records. In-house ethics training was also provided to all JTA and JTM employees during FY 2013. JTA reported no substantiated ethics violations or conflicts of interest for Board Members during FY 2013, and none were noted during the Commission staff review of the minutes of JTA Board meetings. JTA reported investigating 4 circumstances of alleged or potential ethics related violations in a 12 month period (November 2012 through November 2013). The four investigations resulted in a determination that there was no conflict, JTA waived repayment of a $100 overpayment to the employee, supervisor was required to take Hostile Work Environment training, and one matter was referred to immigration for investigation based on the facts reported.

Pursuant to Section 348.0003(4)(c), Florida Statutes, effective July 1, 2009, members of each

expressway authority, transportation authority, bridge authority, or toll authority, created pursuant to Chapters 343, 348, or 349, Florida Statutes, must "comply with the applicable financial disclosure requirements of s. 8, Art. II of the State Constitution." However, House Bill (HB) 599, passed by the 2012 legislature with an effective date of July 1, 2012, amended Chapter 349 (Jacksonville Transportation Authority) allowing JTA to file financial disclosures pursuant to the less stringent financial disclosure requirements provided for in Section 112.3145, Florida Statutes. (Selected text from HB 599 is presented in Appendix A.)

Ethics training was provided to the JTA Board and senior staff at the workshop meeting in April 2013.

The FY 2013 independent financial statement audit reflected an unmodified opinion.

JTA created the position of Internal Audit in August 2013.

JTA pledges its Charter County Transportation Sales Surtax revenues to pay debt service on transportation revenue bonds issued by the City of Jacksonville to fund transportation projects under the Better Jacksonville Plan.

Audit

An annual independent audit of JTA's financial statements for the fiscal year ended September 30, 2013 was performed. The Independent Auditor's Report, dated March 31, 2014, indicated that the financial statements were prepared in conformity with GAAP and received an unmodified opinion. 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 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. However, the auditors identified a significant deficiency in internal control (Finding IC 2013-01, Review of Adjusting Journal Entries). 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 or internal control.

- Finding IC 2013-01 - An adjusting journal entry, posted after fiscal year end, transferred $1.5 million from the general revenue fund to a special revenue fund when the transfer had not been budgeted. JTA concurred with the auditor's recommendation to develop formal procedures to ensure adjusting journal entries are adequately supported and that there is evidence of review by an individual with sufficient understanding of the transaction and its effect on JTA's financial statements.

In the Auditor's Management Letter, the auditors had no current year management recommendations. However, one of the management recommendations from the prior year (ML 2010-01) is still relevant. Management Recommendation ML 2010-01 relates to the annual inventory of capital assets. JTA management indicated that a physical inventory of all capital assets will be conducted in FY 2014. JTA performs and conducts inventories in accordance with FTA requirements.

The United States Code, Chapter 53 of Title 49, requires the Federal Transit Administration (FTA) of the United States Department of Transportation (USDOT) to perform reviews and evaluations of Urbanized Area Formula Grant activities at least every three years. The FTA review, known as the

Triennial Review, assesses the transit agency's grant compliance with federal requirements through the examination of grant management practices and program implementation in 24 different areas. The Final FY 2012 Triennial Review Report was submitted to JTA in July 2012. The report indicated that no deficiencies were found with FTA requirements in 23 areas. The report did identify deficiencies in the area of Maintenance as described below:

- Maintenance - JTA's preventative maintenance plan identified service intervals at six thousand miles for its paratransit fleet of vehicles. FTA found that preventative maintenance on the paratransit fleet was performed on-time 26.5 percent of the time. FTA requires 80 percent on -time performance. The FTA requested that JTA submit to them a plan that describes what action it will take to ensure preventative maintenance inspections for its paratransit fleet will meet the FTA requirements. In addition, monthly reports must be submitted to the FTA which provide specific details regarding individual inspections.

JTA submitted formal responses to the FTA finding and in January 2013 (FY 2013) the FTA advised JTA that corrective actions taken by the Authority had satisfactorily resolved all findings and that the report is closed.

JTA created the position of Internal Audit in August 2013. On September 26, 2013, the JTA Board revised its Bylaws by establishing an Audit Committee to oversee and provide policy recommendations in the areas of audited financial information, systems of internal controls, the audit process and management's process for monitoring compliance with laws and regulations. The Internal Auditor reports to the CEO and indirectly to the Board through the Audit Committee. In October 2013 (FY 2014), Internal Audit released the ELT Recruitment, Relocation and Travel Audit. In FY 2013, the JTA Board recruited and hired the CEO and six Vice Presidents known as the Executive Leadership Team (ELT). The purpose of the audit was to determine if payments made on behalf of the ELT were in compliance with employment agreements, recruitment, relocation and travel policies and procedures (P&Ps). The audit resulted in two findings and three internal control weaknesses:

- Finding 1 - Documentation did not include proof of approval as required in the P&Ps, that travel and preapproval forms were not on file or the travel forms did not always include all associated costs, and that documentation on file for several trips did not include receipts or the receipt did not include required documentation to determine if the weight of household items was within P&Ps restrictions. Management partially agreed with the finding and has enhanced the travel forms and related P&Ps. Management also noted that during the reorganization, the Chief Administrative Officer communicated with the ELT through letters, verbal instructions, and email communication that served as approval to conduct JTA business including any related travel.



JTA Maintenance.

- Finding 2 - Employment agreements conflict with JTA P&Ps. Management agreed with the finding and has revised the travel policy to include language to waive compliance with JTA P&Ps when language in an employment agreement differs.

- Internal Control Weakness 1 - The recruitment, relocation and travel P&Ps do not include sufficient guidance to JTA personnel who are responsible for approving, processing and maintaining recruitment, relocation and travel transactions. Management partially agreed with the recommendations and has revised P&Ps to address potential areas of ambiguity and ensure comprehensive P&Ps are in place for recruitment, relocation and travel.

- Internal Control Weakness 2 - Management partially agreed with the recommendation and revised the travel forms to correct the typographical error for the Florida Statute that was incorrectly referenced. However, the travel forms included the major components recommended in the statute relating to JTA.

- Internal Control Weakness 3 - Documentation for payments associated with recruitment, relocation and travel were not centrally maintained and travel costs cannot be easily tracked by person. Management partially agreed with the recommendations. JTA's Finance Department records are relied upon for the amounts paid by company or employee for travel expenses. The new financial management leadership team is currently working to implement the Oracle EBS system that will efficiently group all costs associated with a single trip. In the interim, the Finance Department will maintain a file copy of the travel documents and will manually group those by traveler name.

Public Records and Open Meetings

JTA is operating under Chapter 119, Florida Statutes, relating to public records. All public records of JTA may be inspected and copied during normal business hours at the headquarters of JTA. JTA has adopted procedures (amended September 1, 2013), to ensure compliance with the Public Records Law and to establish consistency in responding to public document requests. The policy directs that all employees, officers, and JTA Board members comply with Florida's Public Records Law, designates the Ethics and Compliance Officer as the Public Records Custodian and incorporates the definition of public records contained in Chapter 119, Florida Statutes. Detailed guidance is provided for timely responding to public records requests, retention time for public records requests, internal public records request form, and charges for production of records.

JTA Bylaws (as amended September 26, 2013) require that regular public meetings of the Board and its standing Committees be held concurrently at such dates and times as the Board may designate by written public notice from time to time, and shall be held at its headquarters, or other location designated by the Chairman or applicable committee chair. Special public meetings of the Board may be called by the Chairman or a majority of the Board members. Emergency public Board meetings may be called by the Chairman in accordance with law. The Clerk or Reporting Secretary is required to keep the official minutes of the Board and Committee meetings, transcribe them into writing and have them approved at a Board meeting within two subsequent meetings. The minutes of each meeting of JTA, when approved, constitute the official and controlling record of the meeting. The minutes, before being submitted for approval,

must be checked against the electronic recordings of each meeting to ascertain accuracy.

JTA is also subject to the provisions of Section 349.043, Chapter 286, and Section 189.417, Florida Statutes, for open meetings. JTA no longer falls under the purview of Chapter 120, Florida Statutes (Administrative Procedures Act). Commission staff reviewed notices, agendas and minutes of JTA Board meetings posted on its website (www.jtafl.com). JTA indicated that it advertises its Board meetings in the local newspaper of general circulation (Florida Times Union). Commission staff reviewed an example of a Florida Times Union advertisement for a Board meeting provided by JTA. From this limited review, it appears JTA has been operating within procedure and statute.

Procurement

On August 27, 2009, JTA adopted Procurement Rule (Rule No. 002) to provide standards, procedures and methods for procurement by JTA of goods and services of all types to support JTA's statutory responsibilities and powers. Open competition is required, and the Procurement Rule applies to all procurements of goods and services (including construction) and to solicitation and award of agreements under which JTA receives revenues or other compensation for use of its assets or services, except as otherwise specified.

Approved procurement methods include: competitive sealed bids, competitive sealed proposals, two-step procurement, sole source negotiation, small purchases, and emergency procurement. Ancillary services may be procured by JTA's general counsel, general engineering consultant, certified public accountant, financial advisor, and other professionals specified in Rule 002. Procurement thresholds, which determine the level of necessary authority for contract award under the applicable payment method, are delineated in Rule 002. Solicitations for formal procurements over $100 thousand, which must be made by an approved procurement method, shall be made by Board action or as delegated by the Board. Formal procurements not in excess of $100 thousand may be awarded by the concurrence of the director of the applicable department (if other than the Chief Financial Officer), the Chief Financial Officer (CFO), the CEO, and in appropriate cases, the Grants Manager. The written approval of all such JTA officers and employees must be maintained in the procurement file for the applicable procurement, along with the contract and solicitation documents.

Small purchases of goods and services, which are capital and/or operating funded items included in an approved budget, as well as contract change orders require approval only by the JTA officers and employees (or designees) as presented in Table 45.

Table 45
Jacksonville Transportation Authority
Small Purchase Approval Requirements

Small Purchases	*Required Approval(s)*
Capital Funded Items	
$0 - $25,000	Division Manager, Department Director & Grants Manager
Operating Funded Items	
$0 - $6,000	Division Manager
$6,001 - $25,000	Division Manager & applicable Department Director
$0 - $25,000	Purchasing Manager for inventory parts

Approval of change orders for capital funded items that are the greater of up to $100 thousand or 10 percent of the total original contract and in the aggregate with all other change orders under that contract require approval of the Division Manager, Department Director and Grants Manager. Change orders for operating funded items that are up to the greater of the small purchase limits or 10 percent of the total original contract and in the aggregate with all other change orders under that contract require approval of the manager.

Consultant Contract Reporting

JTA utilizes a pool of five General Engineering Consultant (GEC) services providers, selected through a competitive procurement process. The contracts are typically work-order based where individual assignments are negotiated on an as-needed basis. Funds are encumbered separately for each individual work order. As indicated in Table 46, five sub consultant contracts greater than $25 thousand were used by the General Engineering Consulting firms for a total cost of $360 thousand in FY 2013.

Table 46
Jacksonville Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2013

Consulting Contract	*Description*	*Sub Consultants >$25k*
England-Thims & Miller, Inc.	**Engineering Management Services**	
ARCADIS US, Inc.	**Engineering Management Services**	
Eisman & Russo, Inc.	**Engineering Management Services**	
Sharon Green & Associates	Financial Modeling	$71
Ghyabi & Associates	**Engineering Management Services**	
Reynolds, Smith & Hills, CS Inc.	**Engineering Management Services**	
Alexander Agency	Communications Planning & Outreach	$48
C. Robinson & Associates	Consulting	$132
Center for Urban Transportation	Transportation Planning	$33
Zyscovitch	Transportation Planning	$76
Total Sub Consultants >$25k		$360

Compliance with Bond Covenants

JTA has no outstanding revenue bonds. JTA pledges its Charter County Transportation Sales Surtax revenues to pay the debt service on transportation and infrastructure revenue bonds issued by the City to fund transportation projects under the BJP.

Summary

JTA is a multi-modal public transportation authority operating within Duval County and portions of three adjacent counties. JTA continues to expand its service parameters and relies on fare revenues, federal and state grants, local option sales surtax revenues and contractual payments of local option gas taxes to fund transit and highway operations.

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

JTA met or exceeded 4 of the 12 objectives established for performance measures for bus. The eight measures not met include: average headway, operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, revenue miles between safety incidents, customer service (number of complaints and complaint response time), and on-time performance. JTA met or exceeded 9 of the 12 performance measures for Skyway. The three measures not met include: operating expense per revenue mile, operating expense per revenue hour, and the ratio of operating revenue to operating expense. JTA met or exceeded all four of the applicable performance measures for Highways.

JTA continues to provide fixed route bus service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2013 operating expenses increased 8.3 percent and operating revenues increased 5.6 percent over FY 2012. Some of the FY 2013 revenue increase is a result of a full year of the fare increase implemented on January 30, 2012 (FY 2012). Weekday ridership and revenue service hours increased 3.3 percent and 13.6 percent, respectively. JTA logged 14.9 percent more revenue miles in FY 2013. Because JTA logged 2.9 percent more passenger trips, and the average trip length increased by 0.4 miles, passenger miles increased by 10.0 percent. The

farebox recovery ratio decreased from 19.4 percent to 18.9 percent, while the average fare increased from $1.04 to $1.06. The Commission encourages JTA to continue to focus on reducing expenditures.

Concurrent with implementation of the STAR Card electronic fare payment system, JTA suspended fares on the Skyway system beginning January 30, 2012 until at least the end of FY 2014 (September 30, 2014). In addition, JTA's Route Optimization Initiative includes more routes terminating at Skyway stations. As a result, significant increases in Skyway utilization and significant decreases in revenue related operating indicators were noted for the Skyway in FY 2013. Operating revenue has declined annually since FY 2007. Currently operating revenue consists of parking fee revenues only. The farebox recovery ratio and average fare for FY 2013 was zero due to the suspended fares on the Skyway system. Operating expenses increased 3.7 percent over FY 2012. JTA logged 32.1 percent more passenger trips and the average trip length remained the same in FY 2013.. As a result, passenger miles increased by 121 thousand to 496 thousand (an increase of 32.4 percent). FY 2013 revenue miles and revenue hours increased 2.7 percent and 4.5 percent, respectively, from FY 2012 while average weekday ridership increased 29.0 percent. The average age of the Skyway fleet is 14.6 years.

In the area of Governance, the FY 2013 Independent Financial Statement Audit reflected an unmodified opinion. The auditors identified a significant deficiency in internal control regarding the review of adjusting journal entries. In the Independent Auditor's Management Letter, the auditors had no current year management recommendations. However, one of the recommendations from the prior year regarding physical inventory of assets is still relevant. The Federal Transit Administration's (FTA) FY 2012 Triennial Review of JTA indicated that no deficiencies were found in 23 of the 24 areas examined. Deficiencies were noted in the area of preventative maintenance of its paratransit fleet of vehicles. In January 2013, FTA advised JTA that corrective actions taken by the Authority had satisfactorily resolved all findings and that the report is closed. JTA created the position of Internal Audit in August 2013 and established an Audit Committee in September 2013. In October 2013 (FY 2014), Internal Audit released the Executive Leadership Team (ELT) Recruitment, Relocation and Travel Audit to determine if payments made on behalf of the new ELT were in compliance with employment agreements, recruitment, relocation and travel policies and procedures. The audit identified two findings and three internal control weaknesses.

On December 3, 2012, Nathaniel Ford assumed the position of CEO of JTA. In late January 2013, JTA unveiled a major reorganization plan that included a chief of staff and five vice presidents which all report directly to the CEO. The new organizational structure will allow for quicker decision-making and has clearer lines of responsibility and accountability. JTA advertised locally and nationally for the new positions and currently has filled all six of the senior management positions.

Based on the Commission's review of Board meeting minutes, JTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by JTA, 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 JTA to continue its efforts to achieve all of its performance objectives. In addition, the Commission acknowledges with appreciation the cooperation and assistance on the part of the JTA Board and staff in providing the resources necessary to complete this review.

South Florida Regional Transportation Authority (SFRTA/Tri-Rail)

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 and its predecessors have operated the Tri-Rail commuter rail passenger service with funding provided by county, state, and federal sources. The Florida Department of Transportation (Department), owns the South Florida Rail Corridor (SFRC), on which Tri-Rail operates.

Pursuant to Chapter 343, Florida Statutes, 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 is 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 is 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 to SFRTA not less than $2.670 million before October 31st of each fiscal year (FY). These funds may be used for capital, operations, and maintenance. In addition, they must provide $1.565 million in operating funds to SFRTA annually before October 31st of each fiscal year. SFRTA must develop and adopt a plan for the operation, maintenance, and expansion of the transit system that is reviewed and updated annually. The FY 2014-2023 Transit Development Plan (TDP) is a major update and

Highlights

- Tri-Rail met or exceeded 8 of the 11 objectives established for performance measures. The three measures not met were Ratio of Operating Revenue to Operating Expense, Operating Expense per Passenger Mile and Customer Service Number of Complaints.
- FY 2013 operating expenses increased 5.9 percent while operating revenues increased 2.5 percent over FY 2012.
- SFRTA ordered 12 new locomotives and 24 new rail cars. All 24 rail cars have been delivered. Of the 12 new locomotives, 1 is prepared for shipment from the manufacturer, 9 are in Hialeah for pre-revenue testing, and 2 are in revenue service. This new equipment will increase capacity and reliability for the existing Tri-Rail system and allow for future corridor expansion.
- House Bill (HB) 599 significantly amends SFRTA's enabling legislation, effective July 1, 2012. The legislation expands the SFRTA Board from 9 to 10 members, enhances Department oversight of the SFRTA budget, and limits expansion of the system to Monroe County without Department approval.
- HB 599 also requires SFRTA and the Department to cooperate in the effort to identify and implement an alternate dedicated local funding source before July 1, 2019. Upon commencement of the alternate funding source, the Department will cease funding SFRTA operations and will convey to SFRTA a perpetual commuter rail easement and all rights, title and interest in assets owned and used by the Department for the operation and maintenance of commuter rail operations in the South Florida Rail Corridor.
- The FY 2013 independent financial statement audit reflected an unmodified opinion.

serves as the strategic guide for public transportation for SFRTA over the next 10 years. This TDP, referred to as "SFRTA: Moving Our Region Forward" (SFRTA Forward) documents the investments that SFRTA is committed to making over the next five years, as well as its vision for additional priorities and improvements through FY 2023. This TDP was completed in 2013 and is available at the following website www.sfrta.fl.gov/docs/planning/TDP/SFRTA_Forward_Plan-Complete.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. However, SFRTA has never issued any bonds.

The governing body of SFRTA consists of ten 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 Department District Secretary or his or her designee appointed by the Secretary of Transportation, and three citizens appointed by the Governor. The three 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 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 and a General Counsel is selected by the Board to oversee SFRTA legal

Table 47
South Florida Regional Transportation Authority
Current Board Members

Name	*Appointment*	*Position*
Steven L. Abrams	Commissioner, Palm Beach County	Chair
Bruno A. Barreiro	Commissioner, Miami-Dade County	Vice Chair
James A. Cummings	Representative, Broward County	Board Member
Andrew Frey	Governor's Appointee	Board Member
Frank Frione	Governor's Appointee	Board Member
Marie Horenburger	Representative, Palm Beach County	Board Member
Kristin Jacobs	Commissioner, Broward County	Board Member
Nick A. Inamdar	Representative, Miami-Dade County	Board Member
James A. Scott	Governor's Appointee	Board Member
James Wolfe, P.E.	District Four Secretary	Board Member

issues. On January 24, 2014, the SFRTA Board accepted Executive Director Joseph Giulietti's unsolicited resignation effective January 31, 2014, and appointed Deputy Executive Director Jack Stephens as the Interim Executive Director. On February 28, 2014, the Board approved a one year contract with Mr. Stephens as Executive Director, and will not engage in a national search until such time that the Board determines to renew the contract or go out for a national search.

SFRTA is authorized by Chapter 343, Florida Statutes, to coordinate, develop, and implement 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, Miami-Dade and Broward counties are provided by Palm Tran, Miami-Dade Transit, and Broward County Transit 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 5.5 million residents. North-south daily service along a 72-mile commuter rail 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 and 30-minute headways 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 30 one-way trips on

weekends and holidays. Beginning in March 2013, SFRTA implemented hourly service on the weekends, up from the current schedule of two-hour headways. SFRTA typically operates three-car trains, but does operate some four-car sets during various times of the service day. The Tri-Rail Miami Airport Station has been temporarily closed during construction of the new Central Station at the



Tri-Rail's New Rail Car.

Miami Intermodal Center (MIC) at the Miami International Airport. SFRTA coordinated the relocation of the Miami Airport Station to the Hialeah Market Station with CSX and the Department in order to obtain cost savings and to expedite the MIC construction schedule as a result of the contractor not having to work around active train operations. In the interim, Tri-Rail (with the cooperation of Miami Dade Transit) provides free shuttle service to the airport from the Hialeah Market Station.

For several years, SFRTA attempted to secure a dedicated funding source. Finally, House Bill (HB) 1B, legislation passed during a special session of the Florida Legislature, was signed into law by Florida Governor Charlie Crist on December 16, 2009 (Chapter 2009-271, Laws of Florida). The law amended Section 343.58, Florida Statutes, to provide SFRTA with additional dedicated funding for Tri-Rail from the State Transportation Trust Fund (STTF). Effective July 1, 2010 (FY 2011), the Department must annually transfer $13.3 million, and an additional amount of no less than $17.3 million, from the STTF to SFRTA for operating assistance. While the legislation did not establish any new net funding, it filled the gap between what is statutorily required of the counties, and what is needed to run the Tri-Rail service.

HB 1B also amended Section 20.23, Florida Statutes, and created the Florida Statewide Passenger Rail Commission (Rail Commission) that is responsible for monitoring and oversight of all publicly funded passenger rail systems in the state, including authorities created under Chapters 343, 349 or 163, if the authority receives public funds for the provision of rail service. SFRTA falls under the purview of the Rail Commission. However, the legislation does not preclude the Florida Transportation Commission from conducting its performance and work program monitoring responsibilities.

HB 599, passed by the 2012 Florida Legislature and signed into law by Governor Rick Scott on April 27, 2012 (Chapter 2012-174, Laws of Florida), again significantly amended Chapter 343, Florida Statutes. The legislation, effective July 1, 2012: revises membership of the SFRTA governing Board; provides that the Department will cease funding SFRTA operations if an alternate dedicated local funding source is implemented before July 1, 2019; enhances Department oversight of the SFRTA budget; and limits expansion of the system to Monroe County without Department approval. The SFRTA Board was expanded from 9 to 10 members with a new Board member being appointed by the Governor. The legislation provides that upon commencement of the alternate funding source, the Department will cease funding SFRTA operations and will convey to

SFRTA a perpetual commuter rail easement over the South Florida Rail Corridor and all of the Department's right, title, and interest in rolling stock, equipment, tracks, and other personal property owned and used by the Department for the operation and maintenance of the commuter rail operations in the South Florida Rail Corridor. If a new local funding source is not found by July 1, 2019, Tri-Rail's level of operations may be reduced. (The relevant language from HB 599 is detailed in Appendix A.)

SFRTA completed the installation of four new storage tracks in 2013, which total about 3,300 linear feet, and a 340-foot inspection pit to store new locomotives and rail cars while they are prepared for operation at SFRTA's maintenance and storage facility at the Department's Hialeah Yard. On August 31, 2012, SFRTA entered into an agreement with the Department and CSXT which gave SFRTA the exclusive right to construct, maintain and inspect tracks in the Hialeah Yard that are used exclusively by Tri-Rail. SFRTA has taken delivery of all 10 new cab cars and 14 new coaches. The delivery of 12 new locomotives has occurred with 11 of the 12 locomotives in Hialeah and the final locomotive prepared for shipment from the manufacturer. Two of the 12 new locomotives are currently in revenue service and the balance is completing pre-revenue testing and is expected to be in revenue service during the 3rd quarter of 2014. These new rail cars and locomotives will provide extra passenger capacity for the existing Tri-Rail system, while also supporting possible future expansion onto the Florida East Coast (FEC) Railway.

SFRTA has worked with local agencies to coordinate and participate on a number of projects and has become more directly involved in The Wave, a planned 2.7 mile (two-way) modern streetcar system that will circulate within the downtown Fort Lauderdale area and connect to regional bus and rail systems. In 2011, SFRTA agreed to become the FTA project sponsor and manager of design and construction. The total cost to complete the project is estimated at approximately $143 million. In June 2012, The Wave was awarded an $18 million Transportation Investment Generating Economic Recovery (TIGER) grant by United States Department of Transportation. A FTA Small Starts application has also been submitted and accepted by FTA, with approximately $50 million identified in FTA's budget, subject to future Congressional Appropriations. An Alternatives Analysis/ Environmental Assessment (AA/EA) has been completed and FTA issued a Finding of No Significant Impact (FONSI) for the AA/EA in September 2012.

SFRTA has continued to perform heavy maintenance at all of its Tri-Rail stations. These activities include regular repairs, painting, and upkeep of the parking lots and station platforms. The Opa-Locka Tri-Rail station is scheduled for a parking lot expansion, which will create an additional 74 spaces. Construction is anticipated to begin in early 2015.

On January 25, 2013, SFRTA approved the terms and condition of the Amended South Florida Operations and Management Agreement (Amended SFOMA) between the Department and CSXT. On June 13, 2013, SFRTA and the Department formalized an Operating Agreement for SFRTA's use of the SFRC. These two agreements transfer the responsibility for dispatch, maintenance, and inspection of the SFRC to the Department, which in turn, through the Operating Agreement, will transfer this responsibility to SFRTA by December 31, 2014 (FY 2014). From the purchase of the SFRC by the Department in May 1988, CSXT was assigned responsibility for the

dispatch, maintenance, and inspection of the corridor. Control of the dispatching has been a long sought goal of SFRTA in order to maintain a more reliable commuter rail service. This SFRTA milestone is targeted to occur by December 2014 (FY 2014), after capital improvements to the dispatch center are made, and a contractor for performing inspections and maintenance of the SFRC has been procured by SFRTA.

Tri-Rail Coastal Link

Since late 2011, SFRTA has worked with its partner agencies on plans to expand Tri-Rail service onto the Florida East Coast (FEC) Railway corridor in an accelerated manner. Now known as the "Tri-Rail Coastal Link" (TRCL), a regional partnership has merged previous study efforts and is pursuing an aggressive development schedule that would expand the Tri-Rail system onto the FEC corridor. TRCL would create significant new economic development opportunities and offer an important new mobility option that would provide a one-seat ride between the region's major travel markets and downtowns, including Miami, Fort Lauderdale, Boca Raton, and West Palm Beach.

A key milestone for the project was the approval of the TRCL Memorandum of Understanding (MOU) in May 2013. The MOU establishes key roles and responsibilities through the remaining phases of the project. The MOU was unanimously passed by the members of seven agency boards in South Florida, as well as signed and executed by the Department. The eight parties to the MOU are:



DMU (Diesel Multiple Unit) Crossing New River Bridge.

- Broward Metropolitan Planning Organization (MPO)
- Florida Department of Transportation
- Miami-Dade MPO
- Palm Beach MPO
- Southeast Florida Transportation Council (SEFTC)
- South Florida Regional Planning Council (RPC)
- SFRTA
- Treasure Coast RPC

The MOU identifies the Department as the lead agency for the upcoming "Project Development" phase. SFRTA is identified in the MOU as the lead agency for the project's Finance Plan, Engineering, Construction, and Operations. The MOU also identifies a process for FEC corridor access negotiations, noting that it will be a tri-party process including FECI, the Department, and SFRTA.

With the approval of the MOU and associated roles and responsibilities, numerous TRCL committee and subcommittee meetings have been held over the past year. These committees support the project's detailed technical work, financial plan, and public involvement activities. The committees also provide a forum for updates on the extensive coordination that is occurring between the TRCL project team and representatives of the proposed All Aboard Florida service. A TRCL website has been developed to share project details and the committee/sub-committee activities. The website address is www.Tri-RailCoastalLink.com. Figure 6 shows the process agreed to among all parties as part of the MOU.

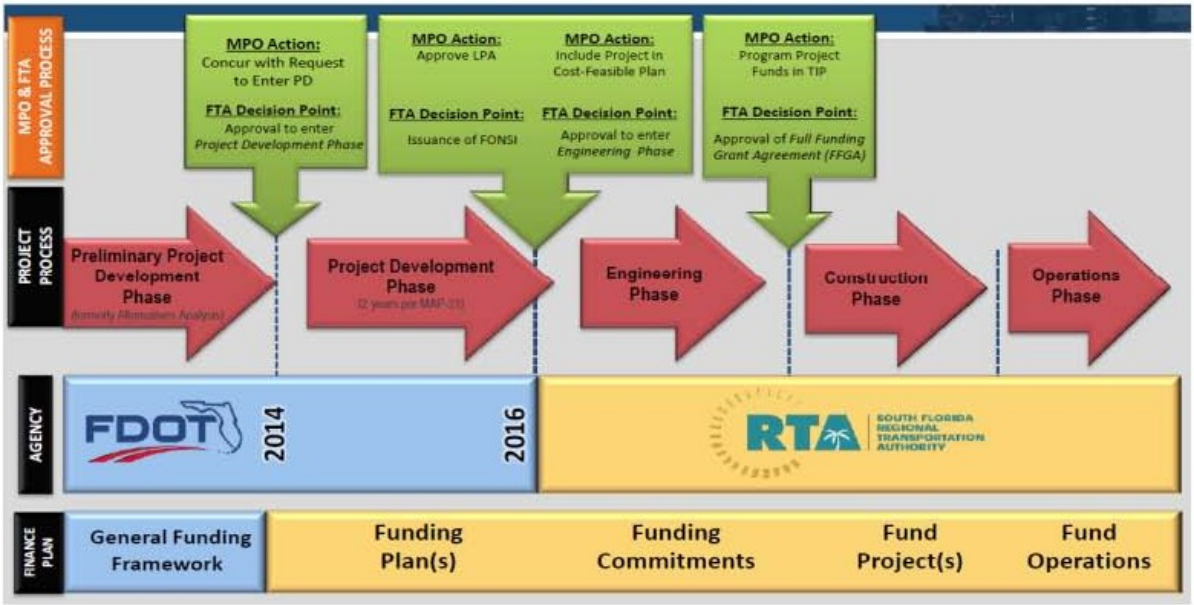


Figure 6: Tri-Rail Coastal Link, Roles and Responsibilities Under the Eight Party MOU.

In December 2013 (FY 2014), the project received approval by the boards of the Broward, Miami-Dade, and Palm Beach MPOs to submit a request to the FTA for entry into the next Project Development phase. A letter formally making this request was jointly signed by the Department and SFRTA and submitted to FTA in the Spring of 2014. The official start of Project Development activities is scheduled to begin in late 2014. The development of a detailed TRCL Finance Plan (led by SFRTA) will occur during the same time frame and in close coordination with the Project Development activities. The current project schedule anticipates expanded Tri-Rail service on the FEC opening for service by 2020.

Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to specific 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 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. SFRTA was successful in achieving 8 of the 11 objectives for performance. FY 2013 results, as reported by SFRTA, are provided in Table 48. 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.

Table 48
South Florida Regional Transportation Authority
Summary of Performance Measures
FY 2013

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Average Headway	Average time for train to complete its portion of total route miles one time	<30 minutes	27.9	✓
Operating Expense[1] per Revenue Mile	Operating expenses divided by revenue miles	<$18.00	$17.25	✓
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>25%	23.0%	X
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$15	$12.99	✓
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$0.45	$0.48	X
Major Incidents	FRA reportable incidents for rail	Zero	0	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>41,863	87,902	✓
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles[3]	>.93	0.97	✓
Customer Service	Average time from complaint to response	14 days	10.2 days	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	2.2	X
On-time Performance	% trips end to end on time "less than 6 minutes late"	>80%	82.6%	✓

[1] Operating expenses do not include the cost of feeder bus service or capital planning.

[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 yard, driver training and other miscellaneous miles not considered to be in direct revenue service.

Average Headway

In FY 2013, SFRTA achieved the performance measure objective for average headway of less than 30 minutes with actual results of 27.9 minutes. This was consistent with the 27.6 minute average headway reported in FY 2012.

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 $17.25 fell below the objective of less than $18.00 by $0.75 (4.2

percent), thereby achieving the objective. A 5.9 percent increase in operating costs was more than offset by a 7.5 percent increase in annual revenue miles resulting in a decreased operating cost per revenue mile of $0.26 in FY 2013.

Operating Revenue per Operating Expense

The relationship between operating revenue and operating expense provides a measure of the 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 fell slightly short of achieving this performance measure objective with a 23.0 percent ratio of revenue to operating expenses (the performance objective is greater than 25 percent). This compares to 23.8 percent reported in FY 2012. While operating revenues increased 2.5 percent in FY 2013, operating expenses increased 5.9 percent. FY 2013 operating revenue of $12.6 million is a record high.

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 $12.99 fell below the objective of less than $15.00 by $2.01 (13.4 percent), thereby achieving the objective. A 5.9 percent increase in operating costs in FY 2013 more than offset a 4.9 percent increase in passenger trips resulting in an increased cost per passenger trip of $0.12 in FY 2013.

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 fell slightly short of achieving the objective of operating costs per passenger mile of less than $0.45 with $0.48 reported in FY 2013. This compares to $0.46 reported in FY 2012. The 1.2 percent increase in FY 2013 passenger miles was not sufficient to offset the 5.9 percent increase in operating expenses.

Major Incidents

The span of revenue miles between major incidents is a measure of safe service operation. 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.

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 can serve to reinforce customer confidence in on-time train performance. SFRTA achieved the revenue miles between failures performance objective for FY 2013 with 87,902 revenue miles between failures, exceeding the objective of greater than 41,863. A 7.5 percent increase in revenue miles was more than offset by a 44.0 percent increase in vehicle system failures (25 failures in FY 2012 versus 36 failures in FY 2013) resulting in a decrease of 29,860 revenue miles between failures in FY 2013. SFRTA continues to have main system and subsystem failures with the existing fleet due to its age. With the acquisition of new locomotives, the number of major mechanical failures should begin to trend lower.

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). SFRTA exceeded the performance measure objective of greater than 0.93 for FY 2013 with 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 within 14 days of receipt of the complaint with actual response time of 10.2 days reported in FY 2013. This reflects favorably compared to a 12.3 day response time reported in FY 2012.

Customer Service – Number of Complaints per Boarding

SFRTA did not achieve the performance objective of less than one complaint per 5,000 boardings with 2.2 complaints reported in FY 2013. The number of customer complaints significantly decreased from 2,053 in FY 2012 to 1,824 in FY 2013 (11.2 percent). The decrease is attributed to a decline in complaints related to the Automated Fare Collection System (AFCS). The AFCS was implemented in February 2011. While SFRTA worked extensively on distributing educational material to passengers that would help them transition to the new AFCS, passengers faced many challenges as they learned how to use the new Ticket Vending Machines, validators and EASY Cards. SFRTA worked diligently to resolve these complaints, and in the process, gathered information from those complaints to identify areas where additional educational material was needed for passengers.



Delray Beach Station at Night.

On-time Performance

SFRTA achieved the on-time performance objective of greater than 80 percent of trips end-to-end on-time with on-time performance of 82.6 percent reported in FY 2013. On-time is defined as less than six minutes late. Significant improvement in this measure has been noted beginning in FY 2010 as a result of a new schedule implemented by SFRTA to better serve passengers. Previously, shorter turnaround times at the ends of the corridor increased the chance for cascading delays throughout the service day. The new schedule allows for greater operational flexibility and has greatly improved on-time performance.

SFRTA voted to accept the terms of the Amended South Florida Operations and Management Agreement at its January 25, 2013 Board meeting. The agreement transfers the responsibility for the SFRC from CSXT to the State. The Board also approved an Operating Agreement between SFRTA and the Department which transfers the dispatch and maintenance functions for the SFRC from CSXT to SFRTA. The implementation date is set for June 30, 2014, with a contingency for delays until December 31, 2014. SFRTA will receive an

additional $11.5 million annually of dedicated funding for assuming dispatch and maintenance of the SFRC. In addition to the $11.5 million, the Department has agreed to cover 100 percent of maintenance costs up to $14.4 million. Costs in excess of the $14.4 million will be shared with the Department, based on agreed percentages outlined in the Operating Agreement between the Department and SFRTA. Because SFRTA will control dispatch for all trains that operate on the SFRC (Tri-Rail, CSXT, and Amtrak), a more reliable commute for Tri-Rail customers is expected. In addition, SFRTA has secured federal stimulus monies and other capital resources to replace rolling stock, including a total of 12 new locomotives and 24 trailer and cab cars. This will significantly reduce delays due to mechanical problems.

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 2013 operating indicators, as reported by SFRTA, are provided in Table 49. In order to observe current trends, operating indicators for FY 2011 and FY 2012 are also provided. Results for the last five fiscal years are included in Appendix B.

FY 2013 average weekday ridership on Tri-Rail increased 5.2 percent over FY 2012. SFRTA logged 4.9 percent more passenger trips in FY 2013, while the average trip length decreased 3.2 percent, resulting in a 1.2 percent increase in passenger miles. FY 2013 revenue hours increased 5.5 percent, while revenue miles increased 7.5 percent. The weekday span of revenue service and fleet size remained the same. Operating expenses increased (by 5.9 percent), while operating revenue increased (by 2.5 percent). The farebox recovery ratio decreased to 22.1 percent (a 4.7 percent decrease) while the average fare decreased from $2.98 to $2.87 (a 3.7 percent decrease). The service area population remained the same, while passenger trips per capita increased (by 4.1 percent) at a higher cost (from $9.37 to $9.92 per capita) than was previously the case.

FY 2013 average weekday ridership increased 5.2 percent over FY 2012.

Passenger trips increased 4.9 percent in FY 2013 while the average trip length decreased 3.2 percent, resulting in a 1.2 percent increase in passenger miles.

The farebox recovery ratio and average fare decreased in FY 2013 while revenue hours and revenue miles increased.

The average number of years since the last rebuild was 11.2 years for locomotives and 12.2 years for coaches. SFRTA's current operating spare ratio is 20.0 percent. SFRTA has taken delivery of 24 new rail cars and 12 new locomotives. Only two locomotives are in revenue service with the remainder completing pre-revenue testing. This will position the authority for future service expansion. SFRTA continued to grow its unrestricted cash balance and committed all of its capital investment to system expansion. SFRTA continued to provide 18 intermodal connections.

Governance

In addition to establishing performance measures and operating indicators for transportation

Table 49
South Florida Regional Transportation Authority
Summary of Operating Indicators
FY 2011 through FY 2013

Operating Indicator	*Detail*	*Actual 11 Results*	*Actual 12 Results*	*Actual 13 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$8.88	$9.37	$9.92
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	22.3%	23.2%	22.1%
Service Area Population	Approximation of overall market size	5,497,997	5,502,379	5,502,379
Service Area Population Density	Persons per square mile based on service area population and size	1,072	1,084	1,238
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$48,842,085	$51,557,460	$54,580,897
Operating Revenue[2]	Revenue generated through operations of transit authority	$11,231,078	$12,272,397	$12,575,652
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	2,879,940	2,944,042	3,164,457
Total Annual Revenue Hours	Hours vehicles operated in active service	96,960	97,198	102,501
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	45	50	50
Operating Expense per Revenue Hour	Cost of operating an hour of revenue service	$503.73	$530.44	$532.49
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	38	40	40
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	15.6%	20.0%	20.0%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	3,810,823	4,005,967	4,201,040
Average Trip Length	Average length of passenger trip, generally derived through sampling	29.5	28.1	27.2
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	112,381,170	112,727,911	114,100,246
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	19.5	19.5	19.5
Average Fare	Passenger fare revenues divided by passenger trips	$2.86	$2.98	$2.87
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.32	1.36	1.33
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	39.3	41.2	41.0
Passenger Trips per Capita	Passenger trips divided by service area population	0.69	0.73	0.76
Average Age Since Last Rebuild	Average years since last rebuild for locomotives (9 years)	9.2	10.2	11.2
Average Age Since Last Rebuild	Average years since last rebuild for coaches (12 years)	10.2	11.2	12.2
Unrestricted Cash Balance	End of year cash balance from financial statement	$19,444,152	$20,152,899	$20,989,164
Weekday Ridership	Average ridership on weekdays	12,900	13,587	14,292
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.

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 provided a copy of its Ethics Policy that was approved by the Board on August 26, 2011 and amended on July 27, 2012 to include a definition for lobbying. The purpose of the policy is to incorporate the provisions of Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) and any additional requirements adopted by the SFRTA Board and apply them to the officers and employees of SFRTA. The policy is intended to be comprehensive and includes areas such as voting conflicts, employment of relatives, financial disclosure, gifts and lobbying. SFRTA also included a Standards of Conduct section within the policy that includes areas such as solicitation or acceptance of gifts, doing business with SFRTA, unauthorized compensation, misuse of public position, conflicting employment or contractual relationship, disclosure of certain information, employees holding office and regulating former officers or employees.

According to SFRTA, no ethics or conflict of interest violations or investigations were reported during FY 2013. 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 not disclose any instances where a Board Member abstained from voting due to a voting conflict. Although SFRTA Board members received Sunshine Law and public records refresher information in 2012, no recent seminars have been provided to Board members or staff in the areas of ethics, conflicts of interest, financial disclosure, Sunshine Law and public records. SFRTA's legal department is currently developing a program for such training that will be implemented in calendar year 2014. It should also be noted that it is policy that when new Board members join the Authority, SFRTA's General Counsel provides them with a full briefing.

Audit

An annual independent audit of SFRTA financial statements for fiscal year ended June 30, 2012 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unmodified 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 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 noted one of the prior year recommendations related to Information Technology remained outstanding. However, the auditors noted that the comment is no longer relevant since agreed upon procedures to test controls over revenue generated and processed by the Miami-Dade County Transportation Department was completed during June 2013 by a CPA firm.

Public Records and Open Meetings

Article IV of the SFRTA Bylaws, as amended on March 23, 2012, requires that notice of and public access to all meetings must be given in the manner required by applicable law as well as SFRTA Bylaws. Regular Board meetings are generally held on the fourth Friday of each month at whatever time of day is 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 on the SFRTA website, in 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 is also subject to the provisions of Section 189.417 and Chapter 286, Florida Statutes, for open meetings. The Authority no longer falls under the purview of Chapter 120, Florida Statutes (Administrative Procedures Act).

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.



25th Anniversary - SFRTA Chair with FTA Deputy Administrator.

The Commission reviewed agendas, minutes of meetings and notices of public meetings, which are available on the SFRTA website www.sfrta.fl.gov. In addition, a limited review of newspaper advertisements for Board meetings published in the Miami Herald and the Palm Beach Post and SFRTA's Public Records Procedures was performed. From this limited review, the Commission determined that SFRTA is operating within procedure and statute. Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989), contains various requirements for special districts including Section 189.417 relating to notice requirements for public meetings. SFRTA is classified as an Independent Special District on the official list of special districts compiled by the Department of Economic Opportunity. Although no compliance issues were noted during the review, SFRTA respectfully disagrees with the Commission that it is subject to the requirements of Chapter 189, Florida Statutes ("as the law requires the enabling legislation of the agency to specifically acknowledge that the agency is being created under Chapter 189, Florida Statutes").



Sheridan Street Station.

Procurement

The SFRTA Board adopted an amended Procurement Policy on March 25, 2011. The Procurement Policy 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 policy, which requires all parties involved in the negotiation, development, performance, or administration of SFRTA contracts to act in good faith. Open competition is required, and the Procurement Policy 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 capital projects are vested in or exercised by the Board. Approval authority for procurement actions and contracts are outlined in Table 50.

Except as otherwise provided in the Procurement Policy, all rights, powers, duties and authority relating to the procurement of supplies, services and capital projects 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. The Executive Director serves as the Principal Contracting Officer. 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 nine firms on September 24, 2010. Each contract was for a three-year term with two one-year option periods in the maximum not to exceed amount of $5 million each. 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 teams. The nine teams each are comprised of a prime consultant and numerous sub consultants to provide all of the disciplines required in the solicitation.

Three firms were also awarded General Systems Engineering Service contracts on October 22, 2010. Like the General Engineering Consultant contracts, each was awarded for a three-year term



Tri-Rail Locomotive Train.

Table 50
South Florida Regional Transportation Authority
Procurement Actions and Contracts Approval Authority

Contracts and Work Orders	*Contract Modifications*
Board Approval Required	
All contracts >$100,000.	Any modification >$100,000.
All other Contract actions not provided for below.	
Executive Director Approval Required	
All contracts less than or equal to $100,000.	Modifications to any Contract involving an increase in the Contract amount, with each increase not to exceed $100,000, and with the combined value of Modifications to any single Contract not to exceed annually budgeted funds.
For Contracts that specify an annual monetary limit, Work Orders issued pursuant to Contracts up to the annual monetary limit either for the Work Order or for the combined value of Work Orders, issued pursuant to any single Contract, not to exceed either the annual monetary limit or annually budgeted funds, whichever is less.	
For Contracts that do not specify an annual monetary limit, Work Orders that do not exceed $100,000, with the combined value of Work Orders issued pursuant to any single Contract not to exceed annually budgeted funds, unless the Contract specifies a different dollar threshold for Work Orders.	
All Work Orders for continuing contracts approved by the Board with the combined value of Work Orders not to exceed the contract amount if specified, or annually budgeted funds, whichever is less.	
Exempt Procurements not to exceed annually budgeted funds.	
General Counsel Approval Required	
The Board delegates to the General Counsel, to the same extent delegated to the Executive Director, all rights, powers, duties and authorities relating to the Procurement of Supplies and Services for the Legal Department.	
All contracts less than or equal to $100,000.	Modifications to any Contract involving an increase in the Contract amount, with each increase not to exceed $100,000, and with the combined value of Modifications to any single Contract not to exceed annually budgeted funds.
For Contracts that specify an annual monetary limit, Work Orders issued pursuant to Contracts up to the annual monetary limit either for the Work Order or for the combined value of Work Orders, issued pursuant to any single Contract, not to exceed either the annual monetary limit or annually budgeted funds, whichever is less.	
For Contracts that do not specify an annual monetary limit, Work Orders that do not exceed $50,000, with the combined value of Work Orders issued pursuant to any single Contract not to exceed annually budgeted funds, unless the Contract specifies a different dollar threshold for Work Orders.	
All Work Orders for continuing contracts approved by the Board with the combined value of Work Orders not to exceed the contract amount if specified, or annually budgeted funds, whichever is less.	
Exempt Procurements not to exceed annually budgeted funds.	
Director of Procurement Approval Required	
$10,000 or less, if such authority is delegated by the Executive Director.	$10,000 or less, if such authority is delegated by the Executive Director.

with two one-year renewal option periods in the maximum not to exceed amount of $5 million each. The General Systems Engineering contracts were for more specialized services related to the following disciplines: Rolling Stock and Associated Equipment Engineering/Inspection Services, Fare Collection, and Signal and Train Control/ Communications. The contracts are also work order based where individual assignments are negotiated on an as-needed basis. Funds are

encumbered separately for each individual work order. Sub consultant contracts greater than $25 thousand are presented in Table 51.

Compliance with Bond Covenants

SFRTA has no outstanding revenue bonds.

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 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 met or exceeded 8 of the 11 objectives established for performance measures. The three measures not met were operating revenue per operating expense, operating expense per passenger mile and the number of customer complaints per boardings.

Table 51
South Florida Regional Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2013

Consulting Contract	*Description*	*Sub Consultants >$25 K*
Gannett Fleming, Inc.	**General Engineering Consultant**	
STV Inc.	Engineering and technical support for rolling stock acquisition	$142,697
Parsons Brinckerhoff, Inc.	**General Engineering Consultant**	
Johnson, Avedano, Lopez, Rodriguez & Walewski Engineering Group	Construction management and inspection for Hialeah Yard engine house electrical rehabilitation	$27,322
Roadway Worker Training	Regulatory compliance assistance with the South Florida Operating Maintenance Agreement execution	$26,800
T.Y. LIN International	**General Engineering Consultant**	
Parsons Transportation Group, Inc.	**General Engineering Consultant**	
EAC Consulting, Inc.	**General Engineering Consultant**	
Jacobs Engineering Group	**General Engineering Consultant**	
HDR Engineering, Inc.	**General Engineering Consultant**	
LTK Engineering Services	Engineering and technical support for rolling stock acquisition	$181,053
Kimley-Horn & Associates, Inc.	**General Engineering Consultant**	
Zyscovich Architects	Design, permitting and bidding assistance for Opa-Locka parking lot	$53,725
Ross & Baruzzini, Inc.		$102,185
Bergmann Associates, Inc.	**General Engineering Consultant**	
Parsons Brinckerhoff, Inc.	**General Systems Engineering**	
Parsons Transportation Group, Inc.	**General Systems Engineering**	
CH2M Hill, Inc.	**General Systems Engineering**	
Virginkar & Associates	Oversight of new locomotive design	$342,812
Jones Worley Design	Design documentation, contract documents, procurement and construction administration services for Tri-Rail signage program	$90,700
Total Sub Consultants >$25k		$967,294

SFRTA continues to provide public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2013 operating expenses increased 5.9 percent, while operating revenue increased 2.5 percent over FY 2012. The farebox recovery ratio decreased to 22.1 percent (a 4.7 percent decrease) while the average fare decreased from $2.98 to $2.87 (a 3.7 percent decrease). FY 2013 average weekday ridership increased 5.2 percent over FY 2012. SFRTA logged 4.9 percent more passenger trips in FY 2013, while the average trip length decreased 3.2 percent, resulting in a 1.2 percent increase in passenger miles. Revenue hours increased 5.5 percent and revenue miles increased 7.5 percent. The weekday span of revenue service and fleet size remained the same. The average number of years since the last rebuild was 11.2 years for locomotives and 12.2 years for coaches. The delivery of new locomotives and rolling stock will position SFRTA for future service expansion.

In the area of Governance, the FY 2013 annual Independent Financial Statement Audit reflected an unmodified opinion. In the Independent Auditor's Management Letter, the auditors noted that one of the prior year recommendations related to information technology remained outstanding but will no longer be relevant since the testing of controls over revenue generated and processed by the Miami-Dade County Transportation Department was completed during June 2013 by a CPA firm.

SFRTA has been working with its partner agencies on accelerating plans to expand Tri-Rail service onto the Florida East Coast (FEC) Railway corridor. The "Tri-Rail Coastal Link" (TRCL) would create new economic development opportunities and would provide a one-seat ride between the region's major travel markets and downtowns, including Miami, Fort Lauderdale, Boca Raton, and West Palm Beach. In May 2013, a TRCL Memorandum of Understanding (MOU) was unanimously passed by the members of seven agency boards in South Florida and the Department that establishes key roles and responsibilities through the remaining phases of the project. The Department is the lead agency for the upcoming Project Development phase and SFRTA is the lead agency for the project's Finance Plan, Engineering, Construction, and Operations. The MOU also identifies a process for FEC corridor access negotiations. In the spring of 2014 (FY 2014), the Department and SFRTA submitted a request to the Federal Transit Administration for entry into the next Project Development phase. Project Development activities are scheduled to begin in July 2014 and it is anticipated that expanded Tri-Rail service on the FEC will occur by 2020.

House Bill 599 (Chapter 2012-174, Laws of Florida), passed by the 2012 Florida Legislature, significantly amended SFRTA's enabling legislation, effective July 1, 2012 (FY 2013). The SFRTA Board was expanded from 9 to 10 members as a result of an additional Board member to be appointed by the Governor. The legislation also enhanced Department oversight of the SFRTA budget and limits expansion of the system to Monroe County without Department approval. In addition, SFRTA and the Department are required to cooperate in the effort to identify and implement an alternate dedicated local funding source before July 1, 2019. Upon commencement of the alternate funding source, the Department will cease funding SFRTA operations and will convey to SFRTA a perpetual commuter rail easement over the South Florida Rail Corridor (SFRC) and all of the Department's right, title, and interest in rolling stock, equipment, tracks, and other personal property owned and used by the Department for the operation and maintenance of the commuter

rail operations in the SFRC. If a new local funding source is not found by July 1, 2019, Tri-Rail's level of operations may be reduced. (The relevant language from HB 599 is detailed in Appendix A.)

Based on the Commission's review of Board 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.

EMERGING AUTHORITIES

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EMERGING AUTHORITIES

Northwest Florida Transportation Corridor Authority (NFTCA)

Background

The Northwest Florida Transportation Corridor Authority (NFTCA) is an agency of the state of Florida, created in 2005 pursuant to Chapter 343, Part IV, Florida Statutes. "The primary purpose of NFTCA is to improve mobility on the US 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) for Northwest Florida (District Three) serves as an ex-officio, non-voting member.

Table 52
Northwest Florida Transportation Corridor Authority
Current Board Members

Name	*Representing*	*Position*
Mr. Robert B. Montgomery	Escambia County	Chairman
Mr. Stephen K. Norris	Gulf County	Vice Chairman
Mr. James F. Anders, II	Walton County	Secretary Treasurer
Honorable Cheryl K. Sanders	Franklin County	Board Member
Mr. J. Carey Scott, III	Bay County	Board Member
Mr. Gordon Sprague	Santa Rosa County	Board Member
Mr. Scott Gaby	Wakulla County	Board Member
Vacant	Okaloosa County	Board Member
Mr. Tommy Barfield	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

Highlights

- NFTCA adopted a 2013 updated Corridor Master Plan in April 2013 and presented it to governing bodies and legislative delegation members on July 18, 2013 (within the 90-day statutory requirement).
- As part of the 2013 Master Plan update, NFTCA conducted a business case analysis to help select and plan projects by assessing economic benefits, investment plans, and proposing viable funding strategies.
- In July 2010, NFTCA executed a two year agreement with the Department that will provide $1.1 million in Federal funding for Authority administration, professional services and regional transportation planning. The agreement was amended in June 2011 to include an additional $1.1 million and also extended the agreement by one year. The agreement was amended for a second time in February 2012 to include a new NFTCA Work Plan. In October 2013, a third amendment included a new NFTCA Work Plan and extended the agreement an additional year to July 31, 2015.
- In January 2011, NFTCA contracted with a General Planning Consultant to perform activities required to manage and update the Regional Master Plan and provide Administrative Services.
- The NFTCA Board did not meet at least quarterly in either fiscal year (October through September) or calendar year 2013 as required by Section 343.81 (3)(c), Florida Statutes.
- The FY 2012 independent financial statement audit reflected an unqualified opinion and identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses.

mobility along the US 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, if 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. Table 53 lists those requirements, as provided in Florida Statutes, and indicates whether those requirements have been met.

As indicted, the NFTCA Board did not meet at least quarterly in either fiscal year (October through September) or calendar year 2013 as required by Section 343.81 (3)(c), Florida Statutes. The Board met in October 2012, January 2013, April 2013, October 2013 and then again in April 2014. The NFTCA Board meeting scheduled for July 2013 was cancelled due to a lack of quorum necessary to conduct business.

Table 53
Northwest Florida Transportation Corridor Authority
Statutory Requirements

Subject Area	*Requirement*	*Status*
Public Meetings	Meet at least quarterly and alternate locations. (Section 343.81 (3)(c), Florida Statutes)	Board has met at least once in each county represented since 2005 and alternates meeting locations. The Board did not meet at least quarterly in either fiscal year or calendar year 2013 as statutorily required.
Corridor Master Plan	Develop and adopt a Corridor Master Plan no later than July 1, 2007. (Section 343.82 (3)(a), Florida Statutes)	Completed the Corridor Master Plan and adopted the plan in April 2007.
	Update the Master Plan annually before July 1 of each year. (Section 343.82 (3)(b), Florida Statutes)	Board adopted the 2013 Master Plan on April 25, 2013.
	Present the original Master Plan and updates to the governing bodies of the counties within the corridor and to the legislative delegation members representing those counties within 90 days after adoption. (Section 343.82 (3)(c), Florida Statutes)	Original Master Plan was presented as required. The 2013 Master Plan was presented by July 24, 2013 (90 days after adoption) as required by statute.

NFTCA may also enter into Public-Private Partnerships for the construction of transportation facilities, sell bonds to finance the construction of transportation facilities and enter into lease-purchase agreements with the Department for the operation of the US 98 Corridor System. Effective July 1, 2011, the 2011 Legislature passed, and the Governor approved, Senate Bill 2152 that amended Chapter 343, Florida Statutes. This legislation repealed the authority for NFTCA to enter into Lease-Purchase Agreements with the Department. Certain statutory 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. The Florida Transportation Commission (Commission) will continue to monitor NFTCA progress towards developing transportation facilities and will report on compliance with other related statutory provisions as they are met.

Current Activities

As previously noted, NFTCA adopted the Corridor Master Plan in April 2007 and has subsequently revised the plan annually culminating with the 2013 Corridor Master Plan that was adopted by the NFTCA Board on April 25, 2013. NFTCA provided the Master Plan to the governing bodies and legislative delegation members, as required by Section 343.82 (3)(c), Florida Statutes, on July 18, 2013 (within the 90-day statutory requirement).

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 development in the region. The Authority incorporated major updates in the 2013 Master Plan. NFTCA's general consultant (HDR) conducted a business case analysis to help the Authority



US 98.

select and plan transportation projects by assessing their respective economic benefits, developing an investment plan and proposing viable funding strategies. Extensive public outreach to regional planning councils in the eight-county geographic area covered by NFTCA and a series of workshops involving other key stakeholders in the region was conducted. NFTCA coordinated efforts with the local District Three office headquartered in Chipley to identify construction projects in the Department's Five-Year Work Program in order to eliminate duplication, cost inefficiencies, and conflicting priorities. The 2013 Master Plan identifies 36 projects of which 14 are new facilities, 20 involve increasing capacity on existing roadways, and two are multi-modal projects.

Funding for NFTCA was originally restricted only to specific project related costs and did not include administrative expenses. The Federal Highway Administration (FHWA) earmarked $1.1 million to NFTCA to fund a coordinated regional master plan. A Master Plan has already been developed utilizing state funds; however, the plan is updated annually. The Department, working closely with FHWA and NFTCA, developed an agreement whereby the $1.1 million can be used to fund administrative expenses of NFTCA. The two year agreement, executed on July 29, 2010 (Department FM

#418947-1-28-90), provides funding for NFTCA administration, professional services and regional transportation planning. This agreement was amended on June 23, 2011, to include an additional $1.1 million provided from a separate federal earmark (Department FM #418947-1-28-01 - Project 2012-2013) that extended the agreement by an additional year. The agreement was amended for a second time on February 14, 2012, to include a new NFTCA Work Plan that also includes preparation of a Business Case Analysis. On October 24, 2013, the agreement was amended for a third time to include a new NFTCA Work Plan and extended the agreement by an additional year to July 31, 2015.

NFTCA does not employ an Executive Director or any staff. On January 27, 2011, through a competitive negotiated process, the NFTCA Board contracted with a General Planning Consultant (HDR) to perform activities required to manage and update the Regional Master Plan including public outreach, planning studies, other transportation engineering activities, and administrative functions such as work program development, legislation monitoring, progress and expenditure reporting and website maintenance. Grimail Crawford, Inc. functions as a sub consultant under the HDR General Planning Consultant contract and provides administrative services including bookkeeping, accounting, public records retention, and assistance with administrative tasks related to public meetings.

Performance Measures and Operating Indicators

As an emerging transportation authority, NFTCA is not currently operating any facilities. Therefore, performance measures and operating indicators are not currently applicable.

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.

Ethics and Conflict of Interest

On January 17, 2008, the NFTCA Board formally adopted a resolution that all Board members and employees 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. NFTCA has reported no ethics or conflict of interest violations or investigations in FY 2013 and none are noted in minutes of meetings. The meeting minutes for FY 2013 did not disclose any instances where Board members abstained from voting due to conflict of interest and no Commission on Ethics Form 8B "Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers" were submitted.

Audit

On November 15, 2007, the NFTCA Board formally adopted a resolution that established an Audit Committee. Because funding for NFTCA was restricted only to specific project related costs that excluded audits, a firm was not engaged to audit NFTCA. For calendar years 2006, 2007, and 2008 the Department's Office of Inspector General completed an annual Accountant's Compilation Report. This report 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, the report does not include

all of the disclosures required by Generally Accepted Accounting Principles (GAAP) and, therefore, did not meet the requirement established by the Commission.

In FY 2009, the Authority identified funds that could be used for audit services. NFTCA, through a competitive procurement process, selected a firm to conduct financial statement audits at the June 25, 2009 Board meeting. Independent audits of NFTCA financial statements for FY 2012 (and prior years since inception of NFTCA) have been completed. The FY 2013 audit is currently underway.



Ochlockonee Bridge-US 98 River Crossing in Franklin County.

The Independent Auditor's Report, for the fiscal year ended September 30, 2012 (dated June 3, 2013), 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 identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses (Findings 12-01 and 12-02).

- Finding 12-01 (prior years 11-01 and 10-01 - initially reported in 2006) indicated that significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. NFTCA responded by stating that they do not feel that in the near future the benefits derived from investing in the resources necessary to implement an effective internal control system would outweigh the cost of those resources.

- Finding 12-02 (prior years 11-02 and 10-02 - initially reported in 2006) indicated that there was inadequate design of internal control over the preparation of the financial statements being audited that gives rise to a significant deficiency in internal control. NFTCA responded by stating that they do not feel that in the near future the benefits derived from investing in the resources necessary to prepare their own financial statements would outweigh the cost of those resources.

In the Independent Auditor's Management Letter, the auditors had no findings or recommendations regarding NFTCA's management, accounting, procedures or other matters required to be disclosed, except for internal control findings 12-01 and 12-02 that were similarly noted and first reported in 2006.

Under the NFTCA administrative services contract, annual financial statements are prepared and the Board is now provided financial reports at each Board meeting for review.

The Auditor General is required to notify the Joint Legislative Auditing Committee (Committee) when a Special District has failed to correct an audit finding that has been reported in three successive audit reports. On September 27, 2013 the Committee directed NFTCA to provide a written statement describing the corrective action to be taken for audit findings 11-01 and 11-02 related

to internal control over significant adjustments to financial records and the preparation of financial statements. The Committee noted that if any of the findings relate to areas that may never be fully resolved due to limited staff, discuss any procedures that may have been implemented to help address the issue. On October 3, 2013 the auditors (Carr Riggs & Ingram) responded to the Committee and requested that the Committee reconsider requiring NFTCA to acquire the resources necessary to eliminate these findings in future audits and allow the auditors to continue assisting NFTCA with the preparation of the financial statements and proposing certain adjusting journal entries when necessary. As of this report date, no further correspondence has been received from the Committee.

Public Records and Open Meetings

On April 28, 2011, the NFTCA Board adopted a formal policy that it will comply with the various provisions of Florida Statutes in regard to Open Meetings and Chapter 119, Florida Statutes, related to Public Records. 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. Commission staff also conducted a limited review of public meeting notices advertised in various local newspapers. It appears that NFTCA complied with open meeting laws as provided in various Florida Statutes.

NFTCA General Counsel conducted training related to Sunshine Laws, public records, ethics, and conflicts of interest to the Board at its July, 2008 Board meeting. In 2011, NFTCA purchased and provided a *Government-in-the-Sunshine Manual* to all Board members. In FY 2012, General Counsel met individually with all Board members to review public records, sunshine and ethics laws. General Counsel indicated that training was provided to the two new Board members that were appointed in August 2012.

In 2009, in order to provide more information to the public, NFTCA started redesigning its website www.nwftca.com. As previously noted, notices, agendas and minutes of Board meetings are posted. In addition, the website includes Master Plans and related documents as well as Board member information.

Procurement

On January 17, 2008, the NFTCA Board formally adopted a resolution that all procurements will be by majority vote of the Board and will comply with Florida Statutes, as applicable. Because the NFTCA Board no longer meets every month, in January 2012 the Board adopted Resolutions 12-01 and 12-02 and authorized General Counsel to draft Resolution 12-03 relating to the approval of invoices for payment. Resolution 12-01 and 12-02 allows the Executive Committee and the Financial Committee, respectively, to hold a public meeting to approve invoices for those consultants, attorneys, accountants and other service providers and contractors duly hired by the NFTCA Board. Two members of the Committees constitute a quorum, with the concurrence of two members sufficient for approval of an invoice. The Committees report to the full NFTCA Board on any invoice approval or other activity conducted at the next Board meeting. Resolution 12-03 authorizes the Chairman to approve expenditures up to $1,500 between two consecutive public meetings of the Board.

Consultant Contract Reporting

In FY 2013, NFTCA utilized procured services for a General Engineering Consultant, Legal Support, and Audit Services. The General Engineering Consultant (HDR) utilized one sub consultant (Grimail Crawford, Inc.) to provide administrative

services for the Authority in the amount of $21 thousand during FY 2013. Halfway through FY 2013, HDR took over the administrative responsibilities and no longer contracts out for these services.

Compliance with Bond Covenants

NFTCA has not issued bonds; therefore, this governance item is not yet applicable.

Other

Section 189.418(3), Florida Statutes, requires Special Districts to adopt annual budgets. The NFTCA Board formally adopted the FY 2013 budget on October 25, 2012.

Summary

The Commission review of NFTCA was conducted with the cooperation and assistance of NFTCA and relied heavily on documentation and assertions provided by NFTCA. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, funding agreements, policies and procedures that have been adopted by NFTCA, and a review of the audited financial statements. Limited tests of compliance with applicable statutes were performed and, based on those results, it was determined that NFTCA is meeting its statutory responsibilities and the governance criteria established by the Commission, except for required quarterly Board meetings. The NFTCA Board did not meet at least quarterly in either fiscal year (October through September) or calendar year 2013 as required by Section 343.81 (3)(c), Florida Statutes.

NFTCA adopted a 2013 updated Corridor Master Plan in April 2013. The 2013 Master Plan was presented to governing bodies and legislative delegation members by July 24, 2013, as required.

An independent audit of NFTCA financial statements for FY 2012 has been completed and the FY 2013 audit is currently underway. The FY 2012 audit reflected an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses. These deficiencies relate to the preparation of financial statements and adjustments to the financial records.

In September 2013, the Joint Legislative Auditing Committee (Committee) directed NFTCA to provide a written statement describing the corrective action to be taken for two audit findings that have been reported in three successive audit reports. In October 2013, the auditors responded to the Committee and requested that the Committee reconsider requiring NFTCA to acquire the resources necessary to eliminate these findings in future audits and allow the auditors to continue assisting NFTCA with the preparation of the financial statements and proposing certain adjusting journal entries when necessary.

In July 2010, NFTCA executed a two year agreement with the Department that will provide $1.1 million in Federal funding for Authority administration, professional services and regional transportation planning. As such, in January 2011, NFTCA contracted with a General Planning Consultant to perform activities required to manage and update the Regional Master Plan and provide administrative services. This agreement was amended in June 2011 to include an additional $1.1 million in federal funds and also extended the agreement by an additional year. The agreement was amended for a second time in February 2012 to include a new NFTCA Work Plan that also includes preparation of a business case analysis. In October 2013, the agreement was

amended for a third time to include a new NFTCA Work Plan and extended the agreement by an additional year to July 31, 2015. As part of the 2013 Master Plan update, NFTCA conducted a business case analysis to help select and plan transportation projects by assessing their respective economic benefits, developed an investment plan and proposed viable funding strategies. This business case analysis included an extensive public outreach program involving regional planning councils and workshops involving other key stakeholders in the region.

The Commission acknowledges with appreciation the assistance of the NFTCA Board, and NFTCA's General Planning Consultant in providing the resources necessary to conduct this review and to complete this report. The Commission encourages NFTCA to conduct Board meetings at least quarterly to comply with statutory requirements.

Osceola County Expressway Authority (OCX)

Background

The Osceola County Expressway Authority (OCX) is an agency of the state of Florida, created in 2010 pursuant to Chapter 348, Part V, Florida Statutes. OCX has the right to acquire, hold, construct, improve, maintain, operate, own and lease an expressway system. Additional rights and powers are provided to OCX including the right to establish and collect tolls and other charges for services on the facilities, to sue and be sued, to have eminent domain powers and to issue bonds through the Division of Bond Finance of the State Board of Administration (SBA). OCX may also enter into public-private partnership agreements for the building, operation, ownership or financing of a transportation facility pursuant to the provisions of the Florida Expressway Authority Act (Section 348.0004(9), Florida Statutes).

OCX is considered 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). Compliance with governance of OCX is being assessed primarily in accordance with Chapters 348 and 189, Florida Statutes, although it will include other applicable statutes.

The governing Board of OCX is comprised of six members. Five members, at least one of whom must be a member of a racial or ethnic minority group, must be residents of Osceola County. Three of the five members are appointed by the Osceola County Board of County Commissioners and two members are appointed by the Governor. The sixth Board member is the Florida Department of Transportation (Department) District Five Secretary who serves as an ex officio, non-voting member. The term of each appointed member is four years,

Highlights

- In FY 2013, OCX did not employ staff. Osceola County provided staff assistance and other support to OCX including a website, meeting facilities, legal services, and a planning consultant to assist in developing a Master Plan.
- On May 8, 2012, the OCX Board adopted the OCX 2040 Master Plan and amended it on August 13, 2013. The Master Plan includes construction of four proposed tolled expressways: the Poinciana Parkway, Southport Connector Expressway, Northeast Connector Expressway and Osceola Parkway Extension.
- Osceola County and OCX entered into a Contribution Agreement, whereby the County has agreed to advance funds to OCX to provide for operation and startup costs until OCX has a revenue producing project. OCX must repay the County within 15 years of receiving the funds.
- In September 2012, an Agreement for Development of Poinciana Parkway was reached between Osceola County, Polk County, Avatar Properties and OCX that formally outlines the duties and responsibilities of each party.
- In April 2013, OCX contracted with a firm to provide Construction Management/CEI services for the Poinciana Parkway. In October 2013 (FY 2014), OCX contracted with a Design-Build firm to construct the Poinciana Parkway at a guaranteed price.
- In April 2014 (FY 2014), Osceola County issued $69.7 million in Bonds to pay for Poinciana Parkway project costs incurred by OCX. OCX entered into a Lease-Purchase Agreement with the County, whereby OCX will design, construct, operate and maintain the Poinciana Parkway.
- SB 230 renames OOCEA as the Central Florida Expressway Authority (CFX), creates a new nine member Board, and expands the area served to include Seminole, Lake and Osceola Counties in addition to Orange County. SB 230 transfers governance and control of OCX to CFX sometime after December 31, 2018.

except that the first term of the initial members appointed by the Governor are two years each. The new OCX Board met for the very first time on June 21, 2011 at which time the current officers were elected. Three members of the Board constitute a quorum, and the vote of three members is necessary for any action taken by the authority.

Table 54
Osceola County Expressway Authority
Current Board Members

Name	*Representing*	*Position*
Atlee Mercer	Osceola County BOCC Appointee	Chair
William L. Folsom	Osceola County BOCC Appointee	Vice-Chair
Bob Healy, Jr.	Osceola County BOCC Appointee	Secretary
Arturo Otero	Governor Appointee	Board Member
Thomas White	Governor Appointee	Board Member
Noranne B. Downs, P.E.	District Five Secretary	Non-Voting Member

Statutory Requirements

Enabling legislation does not require OCX to conduct any specific activities with prescribed deadlines. However, the legislation does provide for automatic dissolution of OCX if it has not encumbered any funds by January 1, 2020 to further its purposes and powers to establish the system, as authorized in Section 348.9953, Florida Statutes. The Department is not required to grant funds for startup costs to the authority. However, the governing body of the county may provide funds for such startup costs.

Authority Activities

On July 1, 2010, pursuant to House Bill 1271, the newly created OCX became subject to Commission oversight. On September 13, 2010, Commission staff made a presentation to a joint meeting with the Osceola County Board of County Commissioners and the Cities of Kissimmee and St. Cloud regarding the Commission and its oversight role of OCX. Various "start-up" challenges relating to funding, policies and procedures, administrative issues and statutory compliance were discussed.

Osceola County has elected to provide staff assistance and other support to OCX during the startup period. Osceola County established a website for OCX: www.osceolaxway.com and utilized the website to solicit applications for Board appointments. Jeffery Jones, the Strategic Initiatives Director for Osceola County, is the registered agent for OCX under the Special District Program of the Department of Economic Opportunity (Chapter 189, Florida Statutes) and is the primary liaison with Osceola County.

As previously noted, the OCX Board met for the first time on June 21, 2011. Generally, regular Board meetings are held on the second Tuesday of each month at the Osceola County Administration Building in Kissimmee, Florida. OCX has adopted a Vision Statement and Mission Statement and approved an OCX logo based on logos submitted through an Authority sponsored local contest. Legal and financial services for OCX are being provided by Broad & Cassel who is under contract with Osceola County. OCX adopted its own task authorization for services by Broad & Cassel and the County is no longer paying for this. OCX adopted Bylaws at the August 9, 2011 Board meeting that include the following articles: the authority, purposes and powers, officers, employees and agents, authority meetings, committees, policies and resolutions, books and records, amendments and the effective date of the Bylaws. OCX also adopted a Procurement Policy on November 8, 2011 (amended on June 26, 2012 and November 13, 2012), and a Policy Regarding Public-Private Partnership Proposals on March 13, 2012.

OCX began creating its first long-range expressway master plan which identifies OCX policies, direction and capital projects through the year 2040, based on OCX's vision and values. In creating the OCX 2040 Master Plan, the Authority utilized the results of various studies and analysis that have already been completed, or are currently underway, by Osceola County or other local partners. Both Osceola County staff and consultants were used to create the OCX 2040 Master Plan. AECOM, already working on the Osceola County Transportation

Plan, was used as the design and planning consultant for the OCX 2040 Master Plan. The consultant was paid out of county funds. Through a series of workshops, the OCX Board developed a framework which will form the basis for short-term actions and provides a mechanism to measure the success of projects. The OCX 2040 Master Plan calls for significant improvements to the existing system and construction of new expressways. These improvements will be funded through revenues generated by the toll system and through partnerships with other public agencies and private entities.

OCX conducted two Board workshops on the OCX 2040 Master Plan on March 26, 2012, and met with the public at large and the various affected jurisdictions and organizations such as federal, state, regional, and local agencies. The purpose of these workshops was to coordinate with all the stakeholders on the OCX 2040 Master Plan and to solicit input on where the expressway corridors should be located. On April 10, 2012, the OCX Board reviewed the comments received at the March 2012 workshops. The OCX Board scheduled a public hearing on May 8, 2012 to hear final comments on the draft OCX 2040 Master Plan at which time the Board adopted the plan. At the August 13, 2013 public hearing, the OCX Board amended the OCX 2040 Master Plan to include two alternatives for the I-4 segment of the Poinciana Parkway Alternative Analysis and eliminated the original "broad brush lines." Osceola County and OCX have endorsed the concept of a limited access expressway system servicing the County's urban growth area. As currently envisioned in the August 13, 2013, OCX 2040 Master Plan, this system consists of four segments. Once completed, the system will provide for a seamless connection between I-4 on the east and SR 417 to the north. The MetroPlan Orlando 2030 Long Range Transportation Plan was amended to change the descriptions and funding source of the Southport Connector Expressway and Poinciana Parkway. This action was necessary to access federal funds for the Project Development and Environment (PD&E) studies for the Southport Connector Expressway and the I-4 Segment of Poinciana Parkway. The following is a description of three of the four expressway components contained in the Master Plan and the current status of these projects. A separate section will be devoted to the Poinciana Parkway (the fourth expressway in the Master Plan) that is currently under construction.

- Southport Connector Expressway - The Southport Connector Expressway is located between Cypress Parkway and Canoe Creek Road, covering a distance of approximately 13 miles. The alignment passes through the South Lake Toho Mixed Use District forming the southern edge of the Urban Growth Area and connects the Poinciana Parkway to Florida's Turnpike. This project is being planned as a limited access toll road with a system to system interchange with the Turnpike, and combines roadway and transit elements. Studies completed on the project to date include a Concept Development and Evaluation Study for the SR 417 Southern Extension in May 2008 (Orlando-Orange County Expressway Authority), and a Preliminary Alignment and Feasibility Study for Southport Connector from Cypress Parkway to Canoe Creek Road in November 2009 (Orange County Smart Growth Office). The corridor was adopted as part of the 2011 Osceola County Comprehensive Plan. Funding has been allocated for the PD&E Study through STP-SU federal funds. The Department's District 5 is the project manager and Inwood Consultants Engineers, Inc. has been selected as the project consultants. The PD&E is scheduled for completion in 2015.

- Northeast Connector Expressway - The Northeast Connector Expressway extends from the Southport Connector Expressway at Canoe Creek Road, northeast to the Osceola/Orange County line, for a length of approximately 25

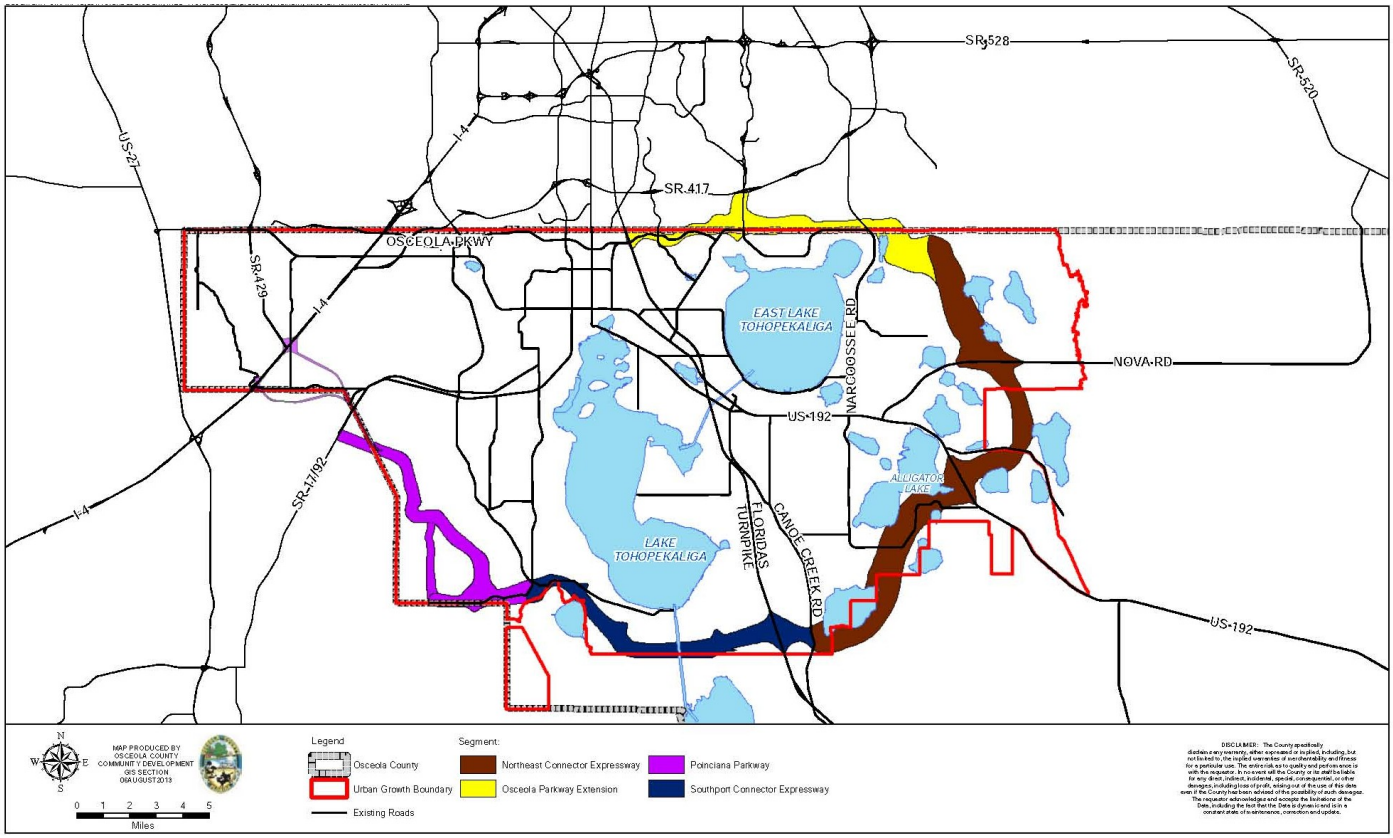


Figure 7: OCX Master Plan 2040 Projects (August 13, 2013).

miles. (The Northeast Connector Expressway has been known as the Southport Connector East and the SR 417 Southern Extension in studies and discussions.) The roadway is proposed as a limited access toll facility and combines roadway and transit elements. The Northeast Connector will allow for a connection to the Osceola Parkway Extension. Potential corridors for this project were originally studied by the Orlando-Orange County Expressway Authority (OOCEA) in 2006. These studies were expanded through a feasibility study conducted by Osceola County in 2009 and 2010. Additional studies conducted include a Concept Development and Evaluation Study for the SR 417 Southern Extension in May 2008 (OOCEA) and a Preliminary Alignment Evaluation for Southport Connector East from Canoe Creek Road to SR 528 in 2010 (Osceola County and Smart Growth Office). Two possible corridors were adopted as part of the 2011 Osceola County Comprehensive Plan. OCX adopted a preferred corridor in the 2040 Master Plan. To date, no funding has been allocated for OCX to conduct a PD&E Study for this project.

- Osceola Parkway Extension - The Osceola Parkway Extension is a nine-mile road segment beginning approximately one mile west of the Boggy Creek Road and Osceola Parkway intersection, and continuing to the Northeast Connector Expressway. This project includes roadway and transit elements that are combined in a common surface transportation corridor. The roadway section is limited access

roadway within a 400 foot right of way. The road is anticipated to be built as a four-lane roadway with the ability to be expanded to six lanes to include a dedicated transit corridor. Coordination is necessary with Orange County, the City of Orlando, the Greater Orlando Aviation Authority (GOAA), OOCEA and existing residential neighborhoods. A number of feasibility studies have been completed that include a Traffic Analysis Report in December 2010 (Osceola County), Financial Analysis in January 2011 (Osceola County), Environmental Analysis in January 2011 (Osceola County) and a Feasibility Study in January 2011 (Osceola County) with a report being issued in March 2012.

OCX and Florida's Turnpike Enterprise (FTE) are currently undertaking a PD&E Study for the Extension. This is through a funding agreement with FDOT and OCX. The study area includes a limited access connection between the Extension and SR 417, to include a system to system interchange in the vicinity of the SR 417/Boggy Creek Intersection. The public kick-off meeting was held in March 2013 and the project is anticipated to be complete in the first quarter of 2015.

Poinciana Parkway

The Poinciana Parkway is a four-lane toll facility approximately 10 miles in length, beginning at Cypress Parkway (CR 580) in the far northwest corner of the Poinciana community and terminating at the intersection of CR 54 and US 17/92. It is intended to provide an additional outlet from this community to the rest of Central Florida via the regional road network. The Poinciana Parkway consists of six segments. In October 2012, an Agreement for Development of Poinciana Parkway was reached between Osceola County, Polk County, Avatar Properties and OCX that formally outlines duties and responsibilities of each party. Osceola County agrees to provide planning, engineering, procurement and other staff support to facilitate the design and construction of Poinciana Parkway.

Through the Request for Proposals (RFP) process, in April 2013 the OCX Board selected URS Corporation-Southern (URS) as its Construction Management/Construction Engineering and Inspection (CM/CEI) Team to assist in managing the design and construction of the Poinciana Parkway. URS prepared the Final Engineering Report and Jacobs Engineering Group, Inc. prepared the Toll Traffic and Gross Toll Revenue Study included in the Official Statement for the Series 2014 Bonds. The OCX Board also selected Jr. Davis Construction Company/UIG Poinciana Parkway, LLC as the Poinciana Parkway Design-Build Contractor in July 2013. In October 2013 (FY 2014) OCX entered into a contract with the Design-Build Contractor with a guaranteed price of $68.8 million and in December 2013 (FY 2014) OCX provided the contractor with a notice to proceed on the first phase of design and construction in order to take advantage of the winter and early spring dry season. A protest was received regarding the RFP selection process, however, a settlement agreement was reached between OCX and the contractor. Currently, the Poinciana Parkway is expected to be complete and open to traffic in February 2016.

In April 2014 (FY 2014), Osceola County issued $69.7 million in Expressway System Senior Lien Series 2014 Bonds to fund the Poinciana Parkway Project: $34.8 million in Revenue Bonds, Series 2014A; $7.4 million in Revenue Capital Appreciation Bonds, Series 2014B-1; and $27.6 million in Revenue Convertible Capital Appreciation Bonds, Series 2014B-2. The Series 2014 Bonds are secured by a pledge upon the net revenues of the expressway system (after operating and maintenance expenses) and neither the full faith and credit of Osceola County, OCX, or the State of Florida is pledged for the payment of the bonds. Sources of funding for the Poinciana Parkway



Poinciana Parkway Construction.

include net proceeds from the Series 2014 Bonds; $37.8 million in developer contributions for right of way, design, engineering and permitting pursuant to the Development Agreement; $20 million from the Osceola County State Infrastructure Bank Loan from the Department (subordinate debt); $6 million contribution from both Osceola and Polk Counties; and a $2 million deposit from Osceola County to the General Reserve Fund. Osceola County also advanced to OCX a portion of the costs of the initial project, including right of way and construction costs, prior to the issuance of the Series 2014 Bonds. Bond proceeds will be used to reimburse Osceola County for all or a portion of the amounts it has advanced for initial project costs. OCX has entered into a Lease-Purchase Agreement with Osceola County whereby OCX leased the Osceola County right of way from the county and is responsible for designing, constructing, operating and maintaining the tolled portions of the project. Upon expiration of the term of the Lease-Purchase Agreement, Osceola County will convey the Osceola right of way to OCX. Standard and Poor's Rating Services has assigned its rating of BBB- (stable outlook) to the Series 2014 Bonds.

Performance Measures and Operating Indicators

As an emerging transportation authority, OCX is not currently operating any facilities. Therefore, performance measures and operating indicators are not currently applicable.

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.

Ethics and Conflict of Interest

OCX has not formally adopted an ethics or conflict of interest policy but is subject to compliance with the applicable provisions of the Code of Ethics for Public Officers and Employees set forth in Chapter 112, Part III, Florida Statutes. The OCX Procurement Policy also provides that the Authority will comply with the Osceola County policy with respect to conflicts of interest in connection with the procurement of goods and services. OCX indicated that there have been no reported or investigated violations for ethics or conflict of interest. Commission staff reviewed OCX's Board minutes and did not find any recorded instances of ethics or conflict of interest violations or investigations. The meeting minutes did not disclose any instances where Board members abstained from voting due to conflict of interest and no Commission on Ethics Forms 8B "Memorandum of Voting Conflict for County, Municipal and Other Local Public Officers" were submitted. A review of Sunshine Laws was provided to the OCX Board at their first meeting on

June 21, 2011. On September 13, 2011, OCX General Counsel also discussed the use of iPads in terms of the Sunshine Law, in order to ensure information is available and accessible for public record. Most recently, a review of Sunshine Laws and Ethics was provided to the OCX Board at their December 10, 2013 meeting.

Audit

OCX was newly created on July 1, 2010 and the first meeting of the OCX Board was on June 21, 2011. In FY 2012, OCX had not expended any funds and utilized the services of Osceola County; therefore there was no FY 2012 audit requirement. OCX has filed an Annual Financial Report with the Department of Financial Services for FY 2011 as required by Section 218.32(d), Florida Statues. At the November 2011 meeting, the OCX Board appointed Jeff Jones as the Interim Chief Financial Officer and authorized Mr. Jones and the Board Chairman to sign the Financial Report.

An annual independent audit of OCX's financial statements for the fiscal year ended June 30, 2013 was performed. This is the first audited year of OCX. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unmodified opinion. 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 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 For Each Major State Project And On Internal Control Over Compliance Required By Chapter 10.550, Rules Of The Auditor General indicated no issues related to compliance, internal control, findings or questioned costs required to be reported under applicable standards except that a significant deficiency in compliance and internal control over compliance over a major state project was identified. Finding 2013-001 relates to reporting for Department grants for the Osceola Parkway Extension and Boggy Creek Road and the SR 417 Access Road. OCX did not submit required quarterly reports on "program and financial activities" in accordance with grant agreements for the fiscal year ended September 30, 2013. Management concurred with the recommendation and will submit all past due reports and has identified staff responsible to comply with reporting requirements going forward. The Independent Auditor's Management Letter had no recommendations for improvement.

Public Records and Open Meetings

The adopted Bylaws require that notice of all Board meetings be given in a manner required by applicable law. Public access to all meetings must also be afforded in the manner required by applicable law. The Bylaws further provide that OCX must give at least seven days public notice of any regular meeting by posting such notice in the office of the Authority and on the Authority's website or in such publications as may be otherwise designated from time to time by resolution of the Authority. A copy of the preliminary agenda for such meeting shall be made available at the office of the Authority not less than seven days prior to such regular meeting. In addition, the Bylaws require OCX to maintain such books and records as shall be required from time to time under applicable law and shall comply with all applicable law governing access to public records.

Commission staff reviewed agendas, minutes of meetings and notices of public meetings as posted on OCX's website, and a sample of public meeting notices published in the Orlando Sentinel newspaper. The minutes of the meetings are comprehensive and include documents that are discussed or presentations made before the Board. Beginning in February 2013, regular OCX

Board meetings are broadcast live with recordings provided on the OCX website. Based on this limited review, it appears that OCX is operating within procedure and statute.

Procurement

The adopted Bylaws provide that the approval and authorization of the OCX Board is required in order to delegate to a member of the OCX Board, a member of the staff of the Authority or a consultant to the Authority the power to negotiate any matter, issue or contract on behalf of the Authority. OCX adopted a Procurement Policy on November 8, 2011, which was amended on June 26, 2012 and again on November 13, 2012. This policy provides for delegation of expenditure authority of up to $24,999 to the Executive Director. OCX reported $39 thousand in FY 2013 operating expenses primarily for contractual services for the OCX audit, legal services and travel.

Consultant Contract Reporting

In FY 2013, OCX had not secured a general consultant. Those services were provided by Osceola County, making this governance item not applicable at this time.

Compliance with Bond Covenants

OCX has not issued bonds, therefore, this governance item is not applicable. However, OCX must comply with the terms of its Lease-Purchase Agreement with Osceola County included as part of the Series 2014 Bonds issued by Osceola County for the Poinciana Parkway Project.

FY 2014 Funding

Osceola County and OCX entered into a Contribution Agreement whereby the County has agreed to advance funds to OCX to provide for operation and startup costs until OCX has a revenue producing project. Any funding provided to OCX by the County, including interest, must be repaid by OCX within 15 years of receiving the funds.

OCX finalized grant agreements with the Department in May 2012, whereby the Department provided $2.5 million to the Authority for two PD&E Studies that will be conducted by FTE for the Osceola Parkway Extension and the SR 417 connection to the OCX system. These funds were deposited into an account managed by Osceola County and $2.3 million was subsequently transferred to FTE. In addition, OCX received a $250 thousand contribution in FY 2013 from the Celebration Company (TCC) to partner with OCX to help fund a Preliminary Alignment and Feasibility Study for a specific alignment for the I-4 segment of Poinciana Parkway.

As previously noted, significant funding has been provided in FY 2014 for the design and construction of the Poinciana Parkway. Funding sources include Series 2014 Bond proceeds, developer contributions, SIB loan proceeds, and Osceola and Polk County contributions. Currently, invoices with requisitions for services rendered by the Poinciana Parkway Design-Build Contractor are approved by URS on behalf of OCX and forwarded to OCX for payment processing. The request for payment is made to the bond Trustee. On April 8, 2014 (FY 2014), the OCX Board approved a resolution authorizing the Osceola Public Works Director and the Osceola County Engineer to approve invoices submitted for payment from the Design-Build Contractor in addition to the Executive Director. On May 13, 2014, in order to provide prompt payment to the contractor, the OCX Board approved a resolution to forward requisitions to the Trustee for payment without prior Board approval. However, a report will be provided to the Authority Board each month indicating requisitions which have been made to the Trustee.

Central Florida Expressway Authority

SB 230 renames Orlando-Orange County Expressway Authority (OOCEA) the Central Florida Expressway Authority (CFX), transferring the governance and control of OOCEA to CFX. CFX

assumes all assets, liabilities, duties, responsibilities and obligations of OOCEA under its existing contracts and agreements, including, without limitation, the duties, responsibilities and obligations of OOCEA under the Amended and Restated Master Bond Resolution (Bond Resolution). CFX must operate and maintain the OOCEA expressway system in accordance with the Bond Resolution and the Lease Purchase Agreement entered into between OOCEA and the Department.

The area served by CFX is expanded to include Seminole, Lake, and Osceola Counties in addition to Orange County. There are no toll authorities in Seminole and Lake Counties. OCX started constructing their first project, Poinciana Parkway, in 2014. Governance and control of OCX, including all OCX assets and liabilities, will transfer to CFX sometime after December 31, 2018 when the current and forecasted total annual debt service coverage ratio for OCX's system is equal to or greater than 1.5 times for each year during which any underlying debt obligations related to OCX assets are scheduled to be outstanding. OCX projects must be transferred to CFX as non-system projects. OCX can build the four projects identified in the May 8, 2012, Master Plan that are under construction by December 31, 2018. Excess revenues from OCX assets transferred to CFX are to be used by CFX to satisfy the obligations of OCX and to complete the OCX Master Plan.

The appurtenant facilities that CFX may acquire, construct and equip are expanded to include rapid transit, trams and fixed guideways. CFX may, within the right-of-way of the expressway system, use excess revenues that are otherwise available to CFX after compliance with the Bond Resolution for intermodal facilities and multimodal corridors that improve the levels of service on its system.

A two thirds majority vote of the CFX governing board is required to use revenues attributed to a toll increase on a portion of the system to construct or expand a different portion of the system, unless compliance with this provision violates the provisions of the Bond Resolution, or the existing Memorandum of Understanding with the Department. The governing board is increased from five to nine members, consisting of: one member each appointed by the respective chairs of the county commissions of Lake, Orange, Osceola and Seminole Counties for a term of two years, each of whom may be a commission member or chair; three citizens appointed by the Governor for a term of four years, each of whom must be a citizen of one of the four counties; the Mayor of Orange County; and the Mayor of the City of Orlando. The executive director of the Florida Turnpike Enterprise serves as a nonvoting advisor.

Upon the effective date of SB 230, the terms of the standing OOCEA board members expire. SB 230 provides ethics and financial disclosure requirements for CFX governing board members and the executive director, as well as ethics requirements for CFX employees and consultants. SB 230 was signed by the Governor in June, 2014 and became effective immediately upon his signature. OOCEA and OCX staff are preparing for the implementation of SB 230.

Summary

The Commission review of OCX was conducted with the cooperation and assistance of OCX and relied heavily on documentation and assertions provided by OCX. The Commission’s approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures, various agreements that have been adopted by OCX, the Official Statement for the Osceola County Series 2014 Bonds, and a review of the OCX 2040 Master Plan.

OCX does not employ staff and Osceola County has elected to provide staff assistance and other support to OCX during the start up period including

meeting facilities, a website, legal and financial services, and a design and planning consultant to assist in developing the OCX 2040 Master Plan. Jeffery Jones, Strategic Initiatives Director for Osceola County, is the registered agent for OCX under the Special District Program. Osceola County and OCX entered into a Contribution Agreement whereby the County has agreed to advance funds to OCX to provide for operation and startup costs until OCX has a revenue producing project. Any funding provided to OCX by the County, including interest, must be repaid by OCX within 15 years of receiving the funds.

The Board adopted the OCX 2040 Master Plan at its public hearing on May 8, 2012. At its August 13, 2013 public hearing, the OCX Board amended the OCX 2040 Master Plan to include two alternatives for the I-4 segment of the Poinciana Parkway Alternative Analysis and eliminated the original "broad brush lines." The Master Plan calls for construction of four new expressways that will be funded through revenues generated by the toll system and through partnerships with other public agencies and private entities. The four expressways are Poinciana Parkway, Southport Connector Expressway, Northeast Connector Expressway and Osceola Parkway Extension that, once completed, will provide for a seamless connection between I-4 on the east and SR 417 to the north.

The FY 2013 annual independent financial statement audit reflected an unmodified opinion. This is the first audited year of OCX. Although OCX had no operating revenue in FY 2013, $2.8 million in capital contributions and $39 thousand in operating expenses were reported. The auditors noted a significant deficiency in compliance and internal control over compliance over a major state project. The finding relates to reporting for Department grants for the Osceola Parkway Extension and Boggy Creek Road and the SR 417 Access Road. OCX concurred with the finding and will submit all required past due reports and assign staff that will be responsible to comply with reporting requirements going forward.

In October 2012, an Agreement for Development of Poinciana Parkway was reached between Osceola County, Polk County, Avatar Properties and OCX that formally outlines the duties and responsibilities of each party. Osceola County agrees to provide planning, engineering, procurement and other staff support to facilitate the initial design and construction of Poinciana Parkway. In April 2013, the OCX Board selected a Construction Management/Construction Engineering and Inspection firm to assist in managing the design and construction of the Poinciana Parkway. In October 2013 (FY 2014), OCX entered into a contract with a Design-Build firm for Poinciana Parkway with a guaranteed price of $68.8 million. In December 2013 (FY 2014) OCX provided the contractor with a notice to proceed on the first phase of design and construction in order to take advantage of the winter and early spring dry season. Currently, the Poinciana Parkway is expected to be complete and open to traffic in February 2016.

In April 2014 (FY 2014), Osceola County issued $69.7 million in Series 2014 Bonds to pay for a portion of Poinciana Parkway project costs. The Bonds are secured by a pledge upon the net revenues of the expressway system (after operating and maintenance expenses) and neither the full faith and credit of Osceola County, OCX, or the State of Florida is pledged for the payment of the bonds. OCX entered into a Lease-Purchase Agreement with Osceola County whereby OCX leased the Osceola County right of way and will be responsible for designing, constructing, operating and maintaining Poinciana Parkway. Funding sources for the Poinciana Parkway project include Series 2014 Bond proceeds, developer contributions, State Infrastructure Bank loan proceeds, and Osceola and Polk County contributions.

The 2014 Legislature passed Senate Bill (SB) 230 which renames Orlando-Orange County Expressway Authority (OOCEA) as the Central Florida Expressway Authority (CFX). It expands the area served by CFX to include Seminole, Lake and Osceola Counties in addition to Orange County. The bill provides for the transfer of governance and control, legal rights and powers, responsibilities, terms and obligations of OOCEA to CFX. A new nine member Board will be appointed to CFX. In addition, SB 230 transfers governance and control of OCX, including all OCX assets and liabilities, to CFX sometime after December 31, 2018 when the current and forecasted total annual debt service coverage ratio for OCX's system is greater than or equal to 1.5 times. OCX can build the four projects identified in the May 8, 2012 Master Plan that are under construction by December 31, 2018. SB 230 was signed by the Governor in June 2014 and became effective immediately upon his signature. OOCEA and OCX staff are preparing for the implementation of SB 230.

Based on the Commission's limited review of Board meeting minutes, OCX policies and procedures, Florida Statutes, and other documentation provided by OCX, 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 commends Osceola County for the support they have provided to OCX during the start up period. The Commission encourages OCX to continue to develop and implement policies and procedures to ensure proper governance of OCX, especially since significant funding for the Poinciana Parkway has been provided to the Authority beginning in FY 2014. The Commission acknowledges with appreciation the assistance of the OCX Board and Osceola County staff in providing the resources necessary to conduct this review and to complete this report.

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Tampa Bay Area Regional Transportation Authority (TBARTA)

Background

The Tampa Bay Area Regional Transportation Authority (TBARTA) is an agency of the state of Florida, created in 2007 pursuant to Chapter 343, Part V, Florida Statutes, for the purposes of improving mobility and expanding multimodal transportation options for passengers and freight throughout the seven-county Tampa Bay region.

TBARTA has the ability 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 stations; 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 by July 1, 2009. TBARTA also has eminent domain powers and can issue its own revenue bonds to finance construction or improvements to the system or can alternatively issue bonds through the Division of Bond Finance of the State Board of Administration. Effective July 1, 2011, Senate Bill 2152 amended Chapter 343, Florida Statutes, repealing the authority for TBARTA to enter into Lease-Purchase Agreements with the Florida Department of Transportation.

TBARTA is considered 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

Highlights

- A Regional Transportation Master Plan for the seven-county Tampa Bay Region was adopted in May 2009 and focused on transit. The updated Master Plan adopted in June 2011 added regional freight and regional roadway networks.
- The 2013 Master Plan Update, adopted in June 2013, refined the transit, freight, and roadway networks, incorporated progress to date, and identified five regional priority projects.
- Various studies of transit corridors, Bus Rapid Transit (BRT) and Managed Lane projects included in the TBARTA Master Plan are currently being funded by the Department.
- The Bay Area Commuter Services merger with TBARTA in April 2010 increased program effectiveness, decreased overall costs and took advantage of efficiencies through the co-location and combination of programs and operations.
- As a result of reporting Vanpool usage and statistics to the National Transit Database, TBARTA is now receiving significant Federal Urbanized Area Formula Funds each year.
- The FY 2013 independent audit of TBARTA financial statements reflected an unmodified opinion.
- Pursuant to a $200 thousand state appropriation, TBARTA contracted with a firm to conduct a financial anaysis of potential cost savings from collaboration or consolidation of functions and activities of Pinellas Suncoast Transit Authority and Hillsborough Area Regional Transit Authority. The final report, issued January 2014 (FY 2014), concluded that consolidation is not a viable option at this time. However, additional collaboration and knowledge sharing of leading practices is recommended.

1989). Compliance with governance of TBARTA is being assessed primarily in accordance with Chapters 343 and 189, Florida Statutes, although it will include other applicable statutes.

The governing Board of TBARTA 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 Organizations 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 Authority (HART);
- One member is the Mayor, or designee, of the largest municipality within Manatee or Sarasota County, providing that the membership rotates 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 55 represents current TBARTA Board members and the Officers elected at the December 13, 2013 Board meeting. The incumbent Chairman Ronnie Duncan and Vice Chairman Jim Kimbrough were reelected by the Board to the same positions with new officers serving as the Treasurer, Secretary and Director at Large.

Table 55
Tampa Bay Area Regional Transportation Authority
Current Board Members

Name	*Representing*	*Position*
Ronnie Duncan	Governor Appointee	Chairman
Jim Kimbrough	Governor Appointee	Vice Chairman
Commissioner Betsy Benac	Manatee County	Treasurer
Commissioner Rebecca Bays	Citrus County	Secretary
Commissioner Mark Sharpe	MPOCCC	Director at Large
Commissioner Nick Nicholson	Hernando County	Board Member
Commissioner Sandra Murman	Hillsborough County	Board Member
Commissioner Ted Schrader	Pasco County	Board Member
Commissioner Karen Seel	Pinellas County	Board Member
Commissioner Christine Robinson	Sarasota County	Board Member
Vice Mayor Rhonda DiFranco	City of North Port	Board Member
Mayor Rick Kriseman	City of St. Petersburg	Board Member
Councilman Mike Suarez	City of Tampa	Board Member
Cliff Manuel, Jr.	Governor Appointee	Board Member
Hugh E. McGuire	Governor Appointee	Board Member
Paul Steinman, P.E.	District Seven Secretary	Non-Voting Member

On January 1, 2009, Bob Clifford assumed the Executive Director position at TBARTA. As Executive Director, Mr. Clifford is responsible to the Board in carrying out its governance and fiduciary responsibilities, which include performance and management oversight of all administrative, financial, and planning duties. He leads the executive team, directs the budget preparation process, and is responsible for TBARTA compliance with all state and federal laws, rules and regulations. Bob Clifford resigned as Executive Director, effective June 29, 2014. At its June 13, 2014 meeting, the Board unanimously selected Don Skelton to be TBARTA's Interim Executive Director, revised the position description, and approved a search for a permanent Executive Director which is currently underway.

Shortly after creation in 2007, TBARTA received $40 thousand in combined contributions from area Metropolitan Planning Organizations, $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 used these funds to pay for legal services, audits, and the cost of travel and expenses related to conducting Board and Committee meetings. Accounting for these funds was provided by the Department's District Seven Office until December 2008. As a result of an appropriation from the 2008 legislature, TBARTA entered into a Joint Participation Agreement (JPA) with the Department, whereby in FY 2009 the Department advanced $500 thousand of the $2 million appropriated to TBARTA to pay initial administrative expenses. Although the original JPA required TBARTA to return any funds not expended by June 30, 2009, the 2009 and 2010 legislature appropriated unspent funds, and two other JPA's were entered into, whereby the funding was extended to June 30, 2011. The 2011 legislature did not appropriate unspent funds to TBARTA in FY 2012. For the cumulative period ending June 30, 2011, TBARTA expended approximately $1.3 million of the original $2 million appropriation primarily for salaries and benefits, legal services, and expenses related to conducting Board meetings and public outreach efforts. Accounting for these funds was provided by the Tampa Bay Regional Planning Council, utilizing the Accounting Policies and Procedures Manual adopted by the Board in June 2009.

On May 1, 2010, TBARTA utilized in-house staff for financial and accounting services. However, in June 2011, TBARTA entered into a one year agreement with an outside CPA firm to perform financial and accounting services. This agreement has been renewed annually. TBARTA's Accounting Manual was updated in March 2012 and August 2012. In addition to TBARTA operating funds, TBARTA has received various Federal and State grants through the Commuter Services portion of TBARTA's programs (absorbed as part of Bay Area Commuter Services merger).

Statutory Requirements

Legislation requires TBARTA to conduct specific activities with prescribed deadlines. These requirements include developing a conflict resolution process, establishing committees, and developing a Regional Transportation Master Plan. Table 56 lists those statutory requirements and indicates whether those requirements have been met.

The Regional Transportation Master Plan for the seven-county Tampa Bay Region was adopted by the TBARTA Board on May 22, 2009. In developing the plan, comprehensive technical analysis and evaluation were required, and valuable input was provided by the TBARTA Transit Management Committee (TMC), the Citizens Advisory Committee (CAC), the Land Use Working Group, as well as multiple government agency partners and the public. The Master Plan includes a Mid-Term Regional Network for 2035 and a Long-Term Regional Network for 2050 and beyond. TBARTA worked closely with each county, to define a Supporting Network of transit services that would provide connections with the proposed Regional Network, improve circulation within each county and provide hundreds of miles of local or sub-regional transit services.

Section 343.922 (3)(b), Florida Statutes, requires TBARTA to consult with the Department to further the goals and objectives of the Strategic Regional Transit Needs Assessment (SRTNA). The Department's District Seven provided technical support in the development of the Master Plan and finalized a detailed assessment of regional transit opportunities as documented in the SRTNA report.

Table 56
Tampa Bay Area Regional Transportation Authority
Statutory Requirements

Subject Area	*Requirement*	*Status*
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), Florida Statutes)	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. (Section 343.92 (11)(a), Florida Statutes)	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 (CAC) comprised of citizen members from each county and transit provider in the region, not to exceed 16 members. (Section 343.92 (11)(b), Florida Statutes)	Completed. Appointments have been made and regular meetings have been held since February 2008.
Regional Transportation Master Plan	Develop and adopt a Regional Transportation Master Plan that provides a vision for a regionally integrated multimodal transportation system by July 1, 2009. (Section 343.922 (3)(a), Florida Statutes)	Completed and adopted by the TBARTA Board on May 22, 2009.
	Before adoption of the Master Plan, hold at least one public meeting in each of the seven counties within the designated region. (Section 343.922 (3)(c), Florida Statutes)	Completed. iTownHall public meetings were held in each of the seven counties between April 27, 2009 and May 13, 2009.
	At least one public hearing must be held before the TBARTA Board before the Master Plan is adopted. (Section 343.922 (3)(c), Florida Statutes)	Completed. Public hearing was held on May 11, 2009. The public hearing from May 11, 2009 was also resumed at the regular TBARTA Board meeting on May 22, 2009 to allow additional public comments prior to adoption of the Master Plan.
	Present original Master Plan to governing bodies of the counties within the seven-county region, to the West Central Florida MPOCCC, and to the legislative delegation members representing those counties within 90 days after adoption. (Section 343.922 (3)(e), Florida Statutes)	Completed. Copies of Master Plan were provided to required parties by August 20, 2009 (90 days after adoption). Also, formal presentations to all seven Board of County Commissioners were conducted between June 9, 2009 and September 29, 2009.
	After adoption, the Master Plan shall be updated every two years before July 1. (Section 343.922 (3)(d), Florida Statutes)	Completed. Updated Master Plans were adopted by the TBARTA Board on June 24, 2011 and June 14, 2013. iTownHall public meetings were held in each of the seven counties in April 2013 and a public hearing was held before the TBARTA Board on April 26, 2013. Copies of the 2013 Updated Master Plan were provided to the required parties by September 12, 2013 (90 days after adoption) as required. Also, formal presentations to all seven Board of County Commissioners or MPO's were conducted between June 14, 2013 and August 13, 2013.

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.

Pursuant to Florida Statutes, the Master Plan must be updated every two years before July 1 of each period. On June 24, 2011, the TBARTA Board adopted an updated Master Plan. The inaugural Master Plan focused on regional transit as a major technical component missing in existing regional plans to that date. It created the framework for a seamless, linked transportation network, using a variety of modes (highways, rail, bus, ferry) where they are most effective. Subsequent to the inaugural Master Plan, a first set of corridor studies were identified and components important to regional mobility were evaluated, including regional freight movement, regional roadway plans, air quality concerns, and land use issues. Building upon the transit networks, regional freight and regional roadway networks were developed. The 2011 Master Plan Update defines networks of high -capacity corridors that demonstrate improved mobility and get people and goods to where they need and want to go, regardless of how many city boundaries or county lines are crossed.

On June 14, 2013, the TBARTA Board adopted the 2013 Master Plan Update. The 2013 Master Plan Update was a minor update to refine the transit, freight, and roadway networks, and incorporate the progress made locally and regionally towards implementing the TBARTA regional vision. In the 2013 Master Plan Update, the Board adopted five regional priority projects that are regionally significant, offer immediate solutions, and can be implemented incrementally. The priority projects as depicted in Figure 8 include: the Roosevelt Connector (SR 686), Suncoast Parkway 2 (SR 589), SR 54/56 Managed Lanes, I-275 Express Lanes (Howard Frankland Bridge/SR 60/Memorial Interchange), and the Port Manatee Connector. In addition, a stand-alone Managed Lanes network was also added to the plan.

BACS Merger with TBARTA

In December 2009, TBARTA and Bay Area Commuter Services, Inc. (BACS) entered into a Memorandum of Understanding (MOU), whereby BACS would merge with TBARTA with the intent of combining the two agencies into one under the auspices of TBARTA. On April 30, 2010, TBARTA and BACS executed a Memorandum of Agreement (MOA) that incorporated the MOU and served as a contract and agreement for the dissolution of BACS and distribution of its assets and assumptions of its liabilities to TBARTA.

On May 1, 2010 the assets and liabilities of BACS were merged into TBARTA at fair market value, leaving a net contribution of approximately $283 thousand. BACS is a non-profit, regional commuter assistance program agency serving the Department's District Seven since 1992. Its purpose is to promote and encourage transportation alternatives to driving alone in the single occupant vehicle within the five-county area of West Central Florida (Hillsborough, Pinellas, Pasco, Hernando and Citrus Counties). The merger increased program effectiveness, decreased overall costs, and took advantage of efficiencies, accomplished through the co-location and combination of programs and operations. The agreement provided for the continued employment of BACS staff and the relocation of TBARTA to BACS' leased premises at the University of South Florida.

The organization within TBARTA (renamed TBARTA Commuter Services) sustains itself with its available financing and provides additional staff support. Various agreements have been executed that assign funding previously provided to BACS to TBARTA to continue operating commuter

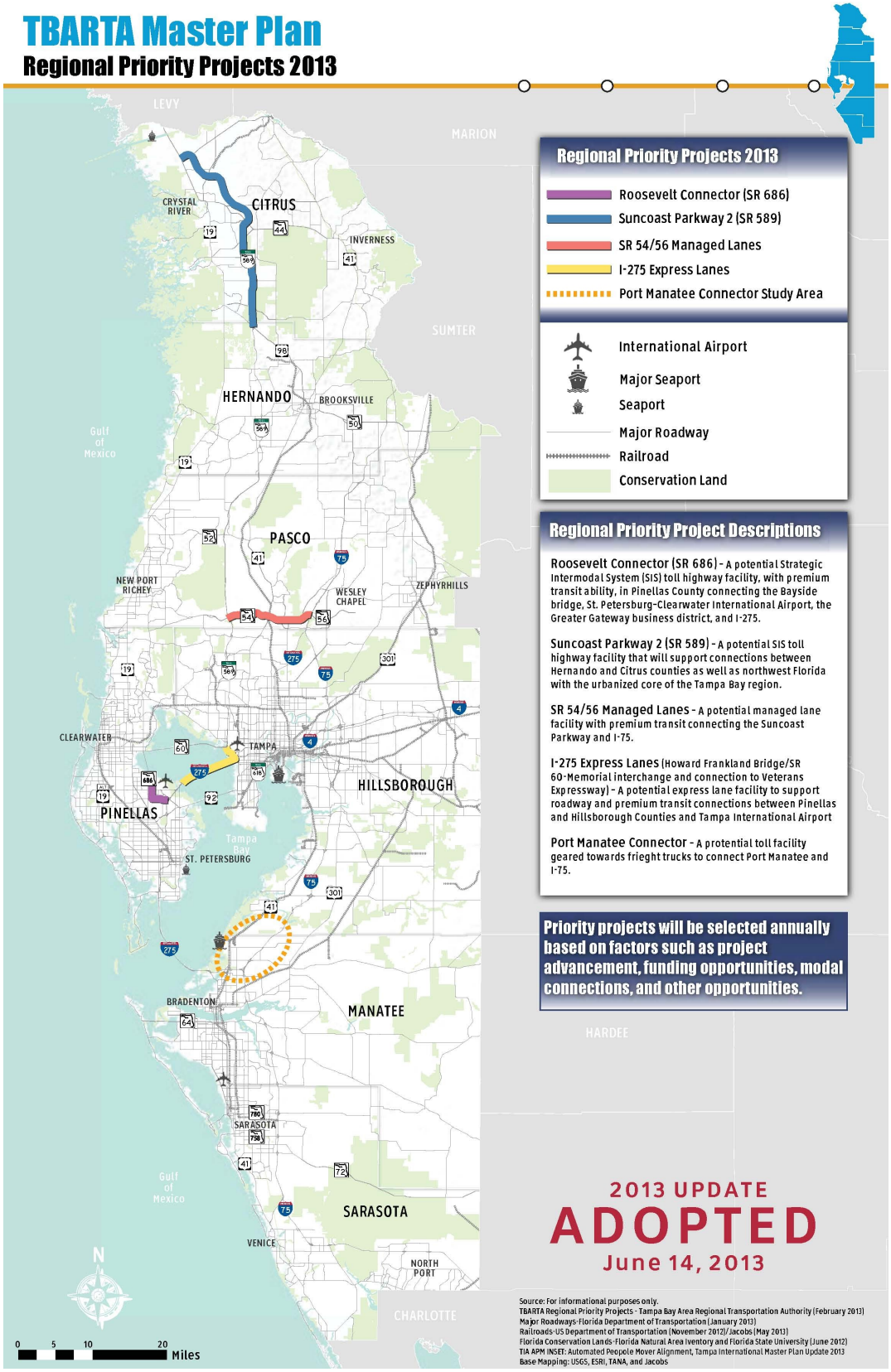


Figure 8: Map of Regional Priority Projects (June 2013).

assistance programs including carpool and vanpool services.

Current Activities

TBARTA is beginning to prioritize projects, develop financial strategies for implementation, coordinate the advancement of more detailed planning and environmental analysis for corridor studies, and continue public engagement and education efforts. TBARTA is working with its partners to explore regional long-term funding options, including public private partnerships, and addressing issues related to how the regional system will operate and who will operate it.

Current TBARTA corridor studies are funded by the Department and include:

- St. Petersburg to Clearwater through Greater Gateway Area (Pinellas Alternatives Analysis)
- Howard Frankland Bridge PD&E Study and Regional Transit Corridor Evaluation
- SR 54/SR 56 Express Bus/Managed Lanes Project Concept Development Study
- USF to Wesley Chapel Transit Corridor Evaluation
- I-75 Regional Bus Sarasota/Bradenton to Downtown Tampa Conceptual Analysis Study
- Westshore Area to Crystal River/Inverness Transit Corridor Evaluation
- I-75 Regional Bus Wesley Chapel to Downtown Tampa Conceptual Analysis Study
- Short-Term Regional Premium Transportation Enhancements Study
- Extension of Premium Services from Sarasota to Bradenton and North Port Regional Transit Corridor Evaluation

In addition to the merger with BACS, TBARTA has embarked on a number of other new initiatives. These include identifying opportunities for collaboration and consolidation with other entities in the region; strengthening existing partnerships and examining the potential for new ones; identifying short-term solutions to traffic congestion such as shoulder bus operations and HOV and HOT (managed) lanes; increasing communication and outreach efforts to the public; and continuing to look for process improvements and potential cost-saving measures internally.

TBARTA has also taken a lead role in securing federal New Freedom funding to plan transit improvements for Citrus and Hernando Counties. This project is ongoing, with existing conditions identified, future plans concerning public transportation being incorporated, and identification of services/systems which could be made more cost effective and efficient by the combination of supporting activities and agencies. The project is expected to be completed by August 2014.

In Pinellas County, TBARTA has responded to a request from the Pinellas Suncoast Transit Authority (PSTA) Board for increased collaboration and assistance, including possible consolidation of activities to improve efficiency. TBARTA is leading efforts to identify similar opportunities for improved efficiency and collaboration throughout the Tampa Bay region. The TBARTA Board has also directed staff to continue to monitor and assist, as requested, with other studies in the region, including the PSTA Alternatives Analysis Study.

In Citrus County, TBARTA has contracted to provide staffing for the Citrus County TPO, as part of its federal transportation planning requirements and public outreach. This work coordinates closely with that of New Freedom, both of which leave open the possibility of combining and merging

transportation planning activities between Citrus and Hernando Counties, and improving connectivity between the two counties. As of this writing, the Hernando/Citrus Metropolitan Planning Organization is planning its first joint meeting for July 15, 2014, with the adoption of the interlocal agreement the first order of business.

Regionally, TBARTA is working with the MPOCCC to develop a Regional Public Participation Plan that will guide and direct public outreach across the regions, and in coordination with multiple MPOs and their respective public participation activities. TBARTA has also been contracted with the MPOCCC to provide website support and management.

Additional TBARTA projects include the One Call/ One Click program, which underscores transportation support needs and services for veterans, through a $1.1 million grant from the Federal Transit and Veterans Administrations. The aim of the grant is to better connect veterans, military families, the disabled, and regular citizens with the available transportation resources across the seven-county region, in one convenient online and call-center portal. Staff continues to work on this program to identify transportation service providers, contract services for call center activities, and develop a more robust online element. TBARTA was also successful in obtaining a secondary Federal Transit Administration grant for $50 thousand, to be used to promote and market the One Call/One Click program. The One Call/One Click project is being finalized, with the Crisis Center of Tampa Bay on board to provide call center services, and with an updated, user-friendly website for the user of the "one click" portion. A roll-out of the One Call/One Click program using the marketing/outreach piece is scheduled for late in the summer of 2014.



Trolley in Downtown Tampa Supporting Network.

As part of its existing Commuter Services assistance to schools, parents, and students, "Schoolpooling" has switched to an online format, made possible by a federal Safe Routes to Schools grant. The existing TBARTA online ride-matching software systems, used for regular (non-school) carpooling, have been upgraded to allow area parents to register and obtain potential carpool match lists of other parents (and students), saving time and trees over the former paper applications. This move from analog to digital streamlines the process for schools, parents, and TBARTA staff alike. TBARTA is promoting this popular program to more school districts within its territory. In light of budget constraints and ever rising costs, Schoolpooling is becoming a go-to solution for school transportation.

To further solidify its financial standing and independence, TBARTA is now reporting its Vanpool usage and statistics to the National Transit Database (NTD), which ultimately enables TBARTA to collect Federal Urbanized Area Formula Funds (Section 5307) each year. With the inclusion of TBARTA's Vanpool program, these annual funds bring over $2 million of new Federal funding to the region with TBARTA receiving approximately $850 thousand.

Financial Analysis of Cost Savings - PSTA and HART

House Bill (HB) 599, passed by the 2012 Florida Legislature and signed into law by Governor Scott on April 27, 2012, requires the Pinellas Suncoast Transit Authority (PSTA) and the Hillsborough Area Regional Transit Authority (HART) to conduct a joint study to identify greater efficiencies and service enhancements including possible consolidation of functions or organizational merger, with a report due to the Speaker of the House and President of the Senate by February 1, 2013. The legislation requires TBARTA to assist and facilitate PSTA and HART by "providing technical assistance and information regarding its Master Plan, make recommendations for achieving consistency and improved regional connectivity, and provide support to PSTA and HART in the preparation of their joint report and recommendations to the Legislature." PSTA and HART hired an outside consultant to complete the report which was approved by both Boards and timely submitted on January 28, 2013.

On January 30, 2013, TBARTA provided a letter to the Speaker of the House and President of the Senate providing comments on the implementation of the legislation by PSTA and HART. TBARTA indicated that although they extended an offer to assist, they were not engaged to either assist or facilitate the efforts of HART and PSTA in retaining their consultant, in the preparation of their recommendations to the Legislature, or arranging joint meetings of the HART and PSTA Boards. Although the study outlines various options and vehicles by which collaboration between the Authorities can occur, TBARTA expressed disappointment that there were no joint legislative proposals, and the recommendations for formalized agreements between the two Authorities that would facilitate reorganization, merger, or consolidation of functions are "disparate at best." TBARTA recommended that the substance of the law be reenacted by the 2013 Legislature, with an amendment authorizing TBARTA to help facilitate the continued dialogue and collaborative efforts substantially as set forth in the PSTA portion of the report and then present recommendations on the issues identified to the Legislature by February 1, 2014. (The relevant language from HB 599 is detailed in Appendix A.)

Chapter 2013-40, Laws of Florida (Annual State Appropriations Act), provided $200 thousand to TBARTA for the purpose of facilitating a financial analysis of potential cost savings from collaboration or consolidation of functions and activities of PSTA and HART. The TBARTA Board, through the Request for Proposal process, approved the selection of KPMG to perform the financial analysis on August 23, 2013. On January 24, 2014 (FY 2014), the TBARTA Board approved the final KPMG report and transmitted it to the President of the Senate and the Speaker of the House of Representatives of the State of Florida on January 30, 2014.

The report indicated that administrative, support and operations service costs are generally within acceptable ranges. While outsourcing administrative functions may be viable options to reduce the cost structure, the cost to implement sourcing opportunities limits the net cost reduction. HART and PSTA are currently collaborating in multiple areas to deliver cost effective services, but should investigate additional areas of collaboration and knowledge sharing of leading practices. The report also found that organization consolidation would provide opportunities for cost savings but would require significant costs to implement that would render consolidation not a viable option at this time.

Additionally, consolidating functions across agencies significantly increase operational, technological and legal risks. (The relevant language from Chapter 2013-40, Laws of Florida, is detailed in Appendix A.)

Performance Measures and Operating Indicators

As an emerging transportation authority, TBARTA is not currently operating any facilities. Therefore, performance measures and operating indicators are not currently applicable.

As previously noted, the Commuter Services program of BACS was absorbed by TBARTA as a result of the merger on April 30, 2010. One of the primary services provided by TBARTA Commuter Services is an online matching program that matches commuters with similar commuters. Commuters can register online and access TBARTA's database to find an appropriate match for carpooling, vanpooling, Bike Buddies, and/or the Emergency Ride Home Program. In addition, TBARTA works with employers and their employees, under the Employee Commute Assistance Program, to encourage the use of bus, vanpooling, carpooling, biking, walking, teleworking and alternative work hour programs in commuting to and from work. The Vanpool Program is administered by vRide (formerly VPSI). vRide provides vanpool vehicles, auto liability, comprehensive and collision coverage, all scheduled preventative maintenance and repairs, customer billing, and customer support for the vanpool groups.

vRide was under contract with TBARTA through September 30, 2012, but the contract was extended through December 31, 2012. The extension was due to a delay in releasing a Request for Proposal (RFP) for these services as a result of pending federal legislation that affected commuter vanpool programs. The RFP resulted in a bid protest that resulted in depositions and hearing preparations. Based on General Counsel's recommendation, on January 25, 2013, the TBARTA Board withdrew the RFP and revised and reissued the RFP for the Vanpool Program service provider. vRide continued to provide vanpool services to TBARTA through a second contract extension through June 30, 2013. Based on the RFP process, on June 14, 2013, the TBARTA Board selected vRide as the TBARTA Commuter Vanpool service provider. The two-year contract (with three one-year renewal options) provides more services at a lower cost than the previous contract. TBARTA has developed and continues to refine Agency performance measures to improve the delivery and efficiency of transportation services provided.

Governance

In addition to establishing performance measures and operating indicators for transportation authorities, the Florida Transportation Commission (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

TBARTA adopted a comprehensive set of Bylaws on November 30, 2007 (last amended August 24, 2012). Bylaws were also adopted for any Committees created by the Board. The Bylaws state that Board members, 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 or conflict of interest violations or investigations. Commission staff reviewed TBARTA's Board minutes and did not find any recorded instances of ethics or conflict of interest violations or investigations. The meeting minutes did not disclose any instances where Board members abstained from voting due to conflict of interest and no Commission on Ethics Forms 8B "Memorandum of Voting Conflict for County Municipal and Other Local Public Officers" were submitted. In addition, on April 24, 2009 the Board adopted an Employee Policies and Procedures Manual that contains a section on Business Ethics and Conduct that also contains guidance and policy on ethics and conflicts of interest.

Audits

An annual independent audit of TBARTA financial statements for the fiscal year ended September 30, 2013 was performed. The Independent Auditor's Report, dated May 22, 2014, indicated that the financial statements were prepared in conformity with GAAP and received an unmodified 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 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 had one recommendation for improvement regarding documentation of review of employee timesheets and bank reconciliations. Although management affirmed that reviews of time sheets are performed bi-weekly and bank reconciliations are reviewed monthly, management will ensure that reviews are documented as recommended.

Public Records and Open Meetings

The adopted Bylaws (as amended June 25, 2010) require that the Board and Committees of TBARTA comply with the requirements of Chapters 286, 119 and 120, Florida Statutes. TBARTA reported that there have been no violations or allegations of non-compliance.

Commission staff reviewed agendas, minutes of meetings and notices of public meetings as posted on TBARTA's website www.tbarta.com. The minutes of the meetings are comprehensive and include documents that are discussed or presentations made before the Board. Each Board agenda package includes a list of upcoming Board, CAC, TMC, Executive Committee, and other TBARTA meetings. Pursuant to Section 189.417, Florida Statutes, TBARTA (an Independent Special District) is required to publish a schedule of its Board meetings in a newspaper of general paid circulation in the counties in which it is located. In August 2012, the TBARTA Board amended its Bylaws requiring the newspaper publication of its Board meetings. Commission staff reviewed a sample of advertisements for Board meetings published in various newspapers. Based on this limited review, it appears that TBARTA is operating within procedure and statute.

In January 2013, and again in January 2014, TBARTA's General Counsel provided a briefing on the sunshine law, public records and code of ethics to the TBARTA Board with a comprehensive written summary of key points provided.

Procurement

Authority Bylaws currently provide for delegation of expenditure authority of up to $50 thousand to the

Executive Director. Board approval is required for all purchases of goods or services exceeding $50 thousand.

Consultant Contract Reporting

TBARTA has not secured a general consultant. Those services have been provided by the Department's District Seven, making this governance item not applicable at this time. In FY 2013, TBARTA utilized procured services for Legal Support, Audit Services, and Accounting Services. None of these have sub consultants that are required to be reported.

Compliance with Bond Covenants

TBARTA has not issued bonds; therefore, this governance item is not yet applicable.

Other

The Board has adopted a number of policies and procedures to help guide the business of TBARTA. The Commission will monitor compliance with these policies and future policies as they are fully implemented.

Summary

The Commission review of TBARTA was conducted with the cooperation and assistance of TBARTA and relied heavily on documentation and assertions provided by Authority management. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures that have been adopted by TBARTA, various contracts, and a review of the audited financial statements.

In the area of governance, the FY 2013 independent financial statement audit, dated May 22, 2014, reflected an unmodified opinion. No issues related to compliance, internal control, findings or questioned costs were reported by the auditors. In the Independent Auditor's Management Letter, the auditors had one recommendation for improvement regarding documentation of review of employee timesheets and bank reconciliations. General Counsel provided training to Board members on the sunshine law, public records, and code of ethics at the January 2013 and January 2014 Board meetings.

TBARTA adopted a Regional Transportation Master Plan for the seven-county Tampa Bay Region in May 2009 that focused on regional transit. Building upon the transit networks developed in the inaugural Master Plan, the TBARTA Board adopted an Updated Master Plan in June 2011 that developed regional freight and regional roadway networks. In June 2013 the TBARTA Board adopted the 2013 Master Plan Update which was a minor update that refined the transit, freight, and roadway networks and incorporated the progress made locally and regionally towards implementing the TBARTA vision. Five regional priority projects identified by TBARTA were included in the 2013 Master Plan Update: Roosevelt Connector (SR 686), Suncoast Parkway 2 (SR 589), SR 54/SR 56 Managed Lanes, I-275 Express Lanes, and the Port Manatee Connector.

Through Joint Participation Agreements with the Department, the Department advanced funds in FY 2009 to TBARTA, from a $2 million appropriation, to pay initial administrative expenses. Funding under the agreements ceased on June 30, 2011. TBARTA cumulatively expended $1.3 million of the original $2 million appropriation. Bay Area Commuter Services, Inc. (BACS) merged with TBARTA on April 30, 2010. The merger increased program effectiveness, decreased overall costs, and took advantage of efficiencies through the co-location and combination of programs and operations. As a result of the merger, the assets and liabilities of BACS were merged into TBARTA at

fair market value, leaving a net contribution of approximately $283 thousand. Various agreements have been executed that assign funding previously provided to BACS to TBARTA to continue operating commuter assistance programs including carpool and vanpool services.

To further solidify its financial standing and independence, TBARTA is now reporting its Vanpool usage and statistics to the National Transit Database, which ultimately enables TBARTA to collect Federal Urbanized Area Formula Funds (Section 5307) each year. With the inclusion of TBARTA's Vanpool program, these annual funds bring over $2 million of new Federal funding to the region with TBARTA receiving approximately $850 thousand.

House Bill 599, passed by the 2012 Legislature, required Pinellas Suncoast Transit Authority (PSTA) and Hillsborough Area Regional Transit Authority (HART) to conduct a joint study to identify greater efficiencies and service enhancements including possible consolidation of functions or organizational merger. The required report was timely submitted by PSTA and HART to the Legislature on January 28, 2013. Although required by legislation, TBARTA was not fully engaged in assisting with the study. On January 30, 2013, TBARTA provided a letter to the Legislature commenting on the implementation of the legislation and recommended that the substance of the law be reenacted by the 2013 Legislature to authorize TBARTA to facilitate ongoing collaboration between PSTA and HART and to provide recommendations to the Legislature by February 1, 2014.

Chapter 2013-40, Laws of Florida (Annual State Appropriations Act), provided $200 thousand to TBARTA to facilitate a financial analysis of potential cost savings from collaboration or consolidation of functions and activities of PSTA and HART. The TBARTA Board competitively contracted with a firm to conduct the study and submitted the final report to the President of the Senate and the Speaker of the House of Representatives of the State of Florida on January 30, 2014. The report concluded that organizational consolidation would provide opportunities for cost savings but would require significant costs to implement that would render consolidation not a viable option at this time. Although PSTA and HART are currently collaborating in multiple areas to deliver cost effective services, the recommendation was to investigate additional areas of collaboration and knowledge sharing of leading practices.

Based on the Commission's review of Board meeting minutes, TBARTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by TBARTA, 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 TBARTA to continue to develop and implement policies and procedures to ensure proper governance of TBARTA expanded operations as a result of the BACS merger and ongoing activities. The Commission acknowledges with appreciation the assistance of the TBARTA Board and staff in providing the resources necessary to conduct this review and to complete this report.

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Summary of Fiscal Year 2013 Findings

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Summary of Fiscal Year 2013 Findings

Miami-Dade Expressway Authority (MDX)

The Commission's review of MDX was conducted with the cooperation and assistance of MDX 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 consultant contract management. As noted below, a $5.8 million downward adjustment to toll collection expenses was made in FY 2013 relating to on-going litigation. Had this adjustment not occurred, MDX would not have met the objective for debt service coverage – bonded/commercial debt.

Operating indicator trend analysis showed that FY 2013 infrastructure assets increased $46 million over FY 2012 due to completion of SR 874/SR 826 interchange improvements, and completion of the new 2.3 mile SR 924 extension west to the Homestead Extension of Florida's Turnpike. FY 2013 total operating revenues increased $11.9 million, or 9.7 percent, over FY 2012 while total operating expenses decreased $4.1 million, or 6.8 percent. Total toll collection and routine maintenance expenses for FY 2013 decreased 31.5 percent and 10.1 percent, respectively, while administration expenses increased 2.3 percent over FY 2012 levels. The significant $7.7 million, or 31.5 percent, decrease in FY 2013 toll collection expenses is primarily due to a $5.8 million decrease in Account Management and Toll Enforcement System (AMTES) expenses for back office support services. This is the result of a release of prior fiscal years' operating expense accrual of $5.8 million in FY 2013 related to on-going litigation with an MDX vendor. MDX prevailed in court against the vendor on MDX's Motion for Partial Summary Judgment, holding that the vendor is not entitled to any payment for operations and maintenance. Total toll transactions increased 2.1 percent in FY 2013, with ETC transactions increasing 2.5 percent and cash transactions decreasing 6.0 percent. Standard and Poor's Rating Services lowered the rating on MDX Bonds to A- from A in October 2012. The downgrade was primarily attributed to a decline in FY 2012 debt service coverage that was below MDX's budget policy and minimum debt service policy coupled with a comparable debt service coverage forecast for FY 2013.

In the area of governance, the FY 2013 independent financial statement audit reflected an unmodified opinion. Three recommendations for improvement were provided in the Auditor's Management Letter relating to an audit of the Account Management Toll Enforcement Center's (AMTEC's) third party service provider, various operational issues pertaining to AMTEC's third party service provider including the development of a system that will allow MDX independent access to information needed for financial purposes and up-to-date and accurate customer account information, and a secondary backup system which mirrors the process utilized for toll payment processing. The first two findings will not be applicable in FY 2014 because AMTEC will no longer be the third-party service provider to MDX for processing electronic toll payments.

In September 2012, MDX entered into a Memorandum of Understanding with the Turnpike Enterprise, Orlando-Orange County Expressway Authority and Tampa-Hillsborough Expressway Authority to adopt an Interlocal Agreement to manage the procurement and engagement of a third-party private sector vendor to provide a Centralized Customer Service System (CCSS) that will provide statewide back office operation for

administration of electronic toll collection activities including customer account maintenance, transponder distribution, and violations processing. The CCSS procurement is currently on hold pending vendor dispute resolution.

In March 2013, the MDX Board approved a toll policy whereby the currently untolled segments on SR 836 and SR 112 will be tolled by FY 2015. The Board also approved a new toll policy that eliminates the $3.00 administrative fee, effective July 1, 2013 (FY 2014). In lieu of the administrative fee, the rate for customers who choose to use Toll-by-Plate will be twice the SunPass rate. In addition, effective July 1, 2017 (FY 2018), all toll rates on all MDX facilities will be indexed to the Consumer Price Index.

In April 2013, MDX issued $270 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013A, to refund outstanding 2001A, Series 2002 and Series 2004B Bonds for an estimated net present value savings of $29 million. In December 2013 (FY 2014), MDX issued $74.8 million in Toll System Refunding Revenue Bonds, Series 2013B. The Series 2013B Bonds were not publicly offered but were the result of an unsolicited proposal from the sole beneficial owner of the Refunded Bonds to which the owner proposed to tender the Refunded Bonds to MDX and purchase Refunding Bonds at a purchase price including a premium of 5 percent of the $74.8 million par amount. The Series 2013B Refunding Bonds contain exactly the same terms as the Refunded Bonds, other than an extension of the first optional redemption date, and are secured under the Indenture on the same basis as all other outstanding MDX bonds. Bond proceeds will be used to fund current capital projects.

In December 2013 (FY 2014), the MDX Board approved two resolutions relating to the Miami Intermodal Center (MIC). The first resolution authorized the creation of a MIC Enterprise Fund and confirmed that the MIC and adjacent development parcels shall not, upon transfer from the Department to MDX, become a component of the MDX Expressway System, and that MDX System revenues shall not be utilized for the construction, maintenance, repair or operation of the MIC property except as specifically permitted. The second resolution amended MDX Bylaws by creating the MIC Enterprise Committee as a standing committee. MDX is in the process of finalizing an agreement with the Department which is expected to be approved by the end of FY 2014.

Based on the Commission's 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 MDX for its ongoing efforts to implement Open Road Tolling on all of its facilities and encourages MDX to continue to develop and pursue action plans to help meet established performance measure objectives. 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)

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 all 17 of the management objectives established for performance measures in FY 2013. Significant improvement was noted in debt service coverage ratios reporting in FY 2013.

Operating indicator trend analysis showed that construction in progress decreased $305 million and infrastructure assets increased $333 million in FY 2013 primarily due the completion of the SR 414/SR 429 interchange, improvements to the SR 408/SR 417 interchange, widening a section of SR 408, ramps and toll plazas at the SR 429/CR 437A interchange, and construction of east bound lanes of SR 408 at SR 50.

FY 2013 operating revenue grew by $36.8 million, or 13.8 percent, over FY 2012 while toll transactions grew by 3.2 percent. The significant increase in revenue is primarily attributed to the July 1, 2012, indexed toll rate increase implemented at approximately 98 percent of OOCEA's toll collection sites. FY 2013 total operating expenses decreased $11.9 million, or 13.2 percent, over FY 2012 primarily due to a decrease in preservation needs (resurfacing and restriping) and because projects started later than expected. Toll collection and maintenance expenses for FY 2013 increased 3.6 percent and 9.9 percent, respectively, over FY 2012 while administrative expenses decreased 1.9 percent.

In the area of governance, the OOCEA Chairman called for an investigation into possible violations of Florida's Sunshine Law regarding possible discussions between Board members about the Executive Director's employment outside of a publicly noticed meeting. As a result, the State Attorney's Office initiated an investigation. All OOCEA Board members were invited by the State Attorney's Office to voluntarily testify before a Grand Jury on April 24, 2014, and three members testified. On April 24, 2014, the Grand Jury for Orange County indicted OOCEA Vice Chairman Scott Batterson on one count of solicitation of bribery, and two counts of solicitation of unlawful compensation for official behavior. On that same date Governor Scott issued an Executive Order suspending Scott Batterson from public office until a further Executive Order is issued, or as otherwise provided by law. Marco Peña resigned from the Board on May 16, 2014 and subsequently pled guilty to violating state public-records laws on June 4, 2014. Later the same day, the Grand Jury indicted Scott Batterson, former State Representative Chris Dorworth and Department employee Rebekah Hammond for violating state public records laws. Department employee Rebekah Hammond resigned after the indictment was announced.

The FY 2013 independent financial statement audit reflected an unmodified opinion. OOCEA routinely conducts a number of internal audits and reviews each year and has implemented many of the recommendations contained therein. An outside consulting firm, Protiviti Inc., provides independent internal audit support services to OOCEA's Audit Committee and Board and independently verifies and reports the status of all audit/review recommendations. The status of all recommendations for OOCEA improvements since 2005 that have not yet been implemented is provided in Appendix C. The following list identifies audits and reviews that were issued during, or subsequent to, FY 2013.

- 2013 Procurement Audit - Phase I (September 2012) - Reviewed current state procurement processes and internal controls in place at OOCEA for large contract awards specific to Request for Proposal (RFP) generation, scoring, selection, awarding and contracting. Phase II

was performed later in the fiscal year to test the procurement process to validate that OOCEA is following policies and procedures as outlined.

- 2013 Contracts Audit (November 2012) - Audited contracts from a sample of large engineering, service, maintenance, operations, and construction projects. Audit objectives were to determine the accuracy of items billed to OOCEA and to test processes and controls around contract bidding and execution, budgeting, billing, project oversight, reporting and supplemental agreement management.

- PCI Compliance Audit (November 2012) - Tested OOCEA's conformity with Payment Card Industry (PCI) Data Security Standard (DSS) - report is exempt from public records disclosure.

- DHSMV Security Assessment (February 2013) – Completed a Security Assessment related to data received from the Department of Highway Safety and Motor Vehicles by OOCEA relating to vehicle registrations – report is exempt from public records disclosure.

- PCI Compliance Audit (February 2013) - Tested OOCEA's conformity with Payment Card Industry (PCI) Data Security Standard (DSS) - report is exempt from public records disclosure.

- 2013 Toll Revenue Audit (March 2013) - Reviewed and tested key controls of cash and electronic toll collections for reported toll revenue. Audit objectives were to ensure revenue data captured at the point of origin was properly recorded to the financial statements, and to verify that controls over the physical safeguarding of cash, revenue adjustments to customer accounts, information technology, and revenue monitoring are in place.

- 2013 Procurement Audit - Phase II (April 2013) - Selected five procurements, including the RFP, related contracts, and bid packages from a population of large engineering, service, maintenance, operations, and construction projects for review. Audit objectives were to test the procurement process and internal controls for bid authorization, bid advertisement and notification, scoring and award of contract.

- 2014 Contracts Audit (October 2013) - Audited two active contracts from a sample of large engineering, service, maintenance, operations, and construction projects. Audit objectives were to determine the accuracy of items billed to OOCEA and to test processes and controls around contract bidding and execution, budgeting, billing, project oversight, reporting and supplemental agreement management.

In February 2012, OOCEA and the Department entered into a Memorandum of Understanding (MOU) that delineates the plan to fund, design, construct, own, operate and maintain the Wekiva Parkway (codified in HB 599, passed by the 2012 Legislature). OOCEA will independently finance, build, own and manage certain sections of the Wekiva Parkway, primarily in Orange County, while the Department is responsible for the remaining portions in Lake and Seminole Counties. As part of this agreement, OOCEA has agreed to repay long-term debt owed to the Department by paying the Department $10 million in July 2012 and $20 million each year thereafter until the long-term advances are eliminated.

A forward looking toll structure was approved in 2009 that indexes tolls to the Consumer Price Index with a three percent annual floor beginning

in FY 2013, and every five years thereafter. On July 1, 2012, OOCEA implemented a toll rate increase at approximately 98 percent of its toll collection sites.

In September 2012, OOCEA entered into a MOU with Florida's Turnpike Enterprise, Miami-Dade Expressway Authority and Tampa-Hillsborough County Expressway Authority to develop and implement a Centralized Customer Service System (CCSS). This system is expected to provide a single point of contact for all non-cash toll collection customers, improve and simplify customer service, reduce the cost of non-cash toll collection, and provide a single centralized service center with regional satellite offices. An Invitation to Negotiate to develop and implement the CCSS was issued by Florida's Turnpike on behalf of the four agencies in November, 2013. The four agencies short-listed the firms to provide technical and price proposals in early 2014. The project has been delayed due to protests filed after a final ranking of the vendors. Implementation of the CCSS is expected in 2016.

In November and December 2012, OOCEA issued $618.6 million in fixed rate Refunding Revenue Bonds (Series 2012, 2013A and 2013B) in order to capitalize on historically low interest rates and to convert variable rate debt to fixed rate debt. OOCEA realized a net present value savings of $30 million while reducing its percentage of variable rate debt from 38 to 25 percent of its total bond indebtedness.

In May 2014, the Florida Legislature passed Senate Bill (SB) 230, which renames OOCEA as the "Central Florida Expressway Authority" (CFX). It expands the area served by CFX to include the counties of Seminole, Lake and Osceola, in addition to Orange County, and expands the Board from five to nine members. The bill provides for the transfer of governance and control, legal rights and powers, responsibilities, terms and obligations of OOCEA to CFX immediately upon the signature of Governor Scott, when the bill becomes law. In addition, SB 230 transfers governance and control of the Osceola County Expressway Authority (OCX) system, including all OCX assets and liabilities, to CFX sometime after December 31, 2018 when the debt service coverage ratio is greater than or equal to 1.5. OOCEA has been preparing for the transition to CFX, and on June 20, 2014, Governor Scott signed SB 230 into law. Due to the deadline imposed for report production, no further details are available for inclusion in this report.

Based on the Commission's 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 conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission except for those instances noted above relating to the Grand Jury indictments of former Vice Chairman Scott Batterson, Chris Dorworth and Rebekah Hammond, and the guilty plea of former Board member Peña for Sunshine law violations.

The Commission recognizes the positive performance results and 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. The Commission looks forward to working with the new Central Florida Expressway Authority.

Santa Rosa Bay Bridge Authority (SRBBA)

The Florida Transportation Commission review of SRBBA was conducted with the cooperation and assistance of SRBBA 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. The SRBBA Board met in January 2009 and adopted an amendment to the Lease-Purchase Agreement, whereby the Department provides funding for administrative expenses, as approved by the Department at its sole discretion. The Authority is required to reimburse the Department in the same manner and priority as operating and maintenance expenses (after debt service payments).

Subsequent to the amended Lease-Purchase Agreement, the Board met in April 2009 and did not meet again until April 2010. The Board met three times in FY 2011 (August 2010, October 2010 and December 2010) and did not meet again until December 2011 because of a lack of quorum necessary to conduct business. Subsequent to December 2011, the Board met in February 2012, April 2012, September 2012, April 2013, August 2013, and October 2013, with the next SRBBA Board meeting scheduled for June 2014. Within a five month period of time (November 2010 through March 2011), six members resigned from the SRBBA Board. Currently, there are three vacant positions on the Board.

SRBBA met or exceeded 7 of the 12 applicable management objectives established for performance measures. The five performance measure objectives not met include: electronic toll collection transactions; cost to collect a toll transaction; and, the three objectives established for debt service coverage. SRBBA is in default on its bonds by failing to meet toll covenants relating to debt service coverage and reserve account requirements and for failure to make required principal and interest payments on SRBBA bonds as they become due and payable. The Trustee for the SRBBA Bonds (Bank of New York Mellon) indicated that gross revenues will be insufficient for the foreseeable future to continue to pay debt service on the bonds and retained legal counsel and a financial advisor in November 2011 to represent the Trustee. The scope of services for the financial advisor includes assistance with the development and negotiation of restructuring alternatives for the Bonds and monitoring and participating in meetings and discussions among interested parties. Currently, no specific proposals for refinancing/restructuring have been submitted for consideration. On January 1, 2013, the Trustee noticed that it will not be making any debt service payments to the bondholders on January 1, 2013 and declared that the principal of all outstanding SRBBA bonds, in the amount of $131.2 million, is immediately due and payable. Such notice permits the Trustee to make regular distributions to all bondholders from the revenues made available. Subsequently, semiannual pro rata disbursements have been made to bond holders from available resources.

Operating indicator trend analysis showed that FY 2013 toll revenue increased 3.1 percent while toll transactions increased 1.6 percent over FY 2012 levels. The increase in traffic and revenue is attributed to normal traffic growth after the recovery from the recession and the rebound from the BP oil spill that began in April 2010, and the effects of the toll increase that occurred in January 2011. As previously noted, there are no administrative expenses reported for SRBBA because all revenue is used to pay debt service on outstanding bonds. Pursuant to the Lease-Purchase Agreement amendment, administrative support and funding provided by the Department are considered operational in nature and are included in operating costs reported by the Department and SRBBA. Total operating expenses for FY 2013 decreased approximately $158 thousand, or 12.2 percent, over FY 2012 while total operating revenues increased $144 thousand, or 3.1 percent. The decrease in

operating expenses is primarily attributed to a $48 thousand decrease in routine maintenance expenses and an $81 thousand decrease in periodic maintenance expenses. 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. All three rating agencies further downgraded SRBBA bonds in FY 2011 because the required July 1, 2011 debt service payment was not made. There were no changes in SRBBA bond ratings in FY 2013, except that Fitch withdrew their rating as it was no longer considered analytically meaningful.

In the area of governance, SRBBA has not had a required independent financial statement audit performed for several years as required in the bond resolution and various Florida Statutes. Quarterly financial statements are not being prepared and are not being submitted to the Trustee as required in the bond resolution. SRBBA has been working with the Trustee to obtain funding for the required audits and to upgrade the accounting system. Currently, the Trustee has not indicated if audit funding will be provided. 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 Department noncompliance were noted. SRBBA does not currently have a traffic and revenue consultant. As such, recommendations for revisions to the toll schedule, as required in Section 5.02 of the bond resolution, cannot be considered by the Board. The Board has been working with the Trustee to obtain funding for the required Traffic and Revenue Study and in October 2013 (FY 2014) the Board approved piggybacking on a Turnpike contract with CDM Smith to conduct the study for Garcon Point Bridge. Funding for the study would be shared between the Department and the Trustee. However, the Traffic and Revenue Study has not yet been funded and no agreement has been reached. It was also noted that public records requests and various correspondence was not always responded to by SRBBA in a timely manner.

In November 2010, the SEC requested numerous SRBBA documents and requested that the SRBBA Chairman, Vice Chairman, General Counsel and FDOT's Administrative Assistant testify before the SEC. Requested documents were provided and no further information regarding the SEC inquiry is available at this time. At the December 2010 SRBBA Board meeting, concerns were expressed by Board members about their potential liability and legal costs that might be incurred as a result of any SEC investigation because there is no funding or insurance to protect Board members. In September 2011, the Trustee agreed to pay for Directors and Officers liability insurance for Board members and to fund legal counsel for SRBBA. As such, necessary appointments were made to reform an active SRBBA Board in December 2011 so that decisions can be made about how to deal with the continuing default. Although Directors and Officers liability insurance is currently provided to SRBBA Board members, three vacancies have continued to exist on the seven-member Board making it difficult to consistently achieve the four member quorum required to conduct official business. The current Board has aggressively worked with both the Governor's Office and Santa Rosa County Board of County Commissioners in attempting to fill vacant positions on the Board.

Based on the Commission's limited review of Board meeting minutes, SRBBA policies and procedures, Florida Statutes, Bond Covenants, and other documentation provided by the SRBBA 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 was not meeting on a regular basis, Commission staff finds there was inadequate governance of the Authority. The Commission further recognizes that SRBBA defaulted on its bonds on July 1, 2011 and the Trustee has retained legal counsel and a financial advisor to assist in developing restructuring alternatives for the bonds. The Commission will continue to monitor SRBBA, its reformed Board, and the operations of the Garcon Point Bridge and will coordinate with the Department on any issues that arise. The Commission will continue to keep the Governor and Legislature apprised of the situation. The Commission would like to acknowledge with appreciation the assistance of the Department and SRBBA in providing information necessary for completion of this report.

Tampa-Hillsborough County Expressway Authority (THEA)

The 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 all 17 of the management objectives established for performance measures.

Operating indicator trend analysis showed that the $59.1 million increase in construction in progress is primarily due to the viaduct deck replacement and widening project. FY 2013 total operating expenses decreased $1.0 million, or 7.2 percent, over FY 2012 while operating revenues decreased $1.2 million, or 2.7 percent. The operating revenue decrease is attributed to the Viaduct Widening and Bridge Replacement and I-4/Selmon Expressway Connector (Connector) construction activities. FY 2013 total toll collection expenses remained virtually unchanged while routine maintenance expenses decreased $0.8 million, or 23.5 percent, over FY 2012. Administrative expenses for FY 2013 increased $0.1 million, or 3.9 percent, while depreciation expenses decreased $1.3 million, or 56.0 percent, primarily due to All Electronic Tolling (AET) equipment and SunPass equipment components that were fully depreciated. In February 2014 (FY 2014), Standard and Poor's raised its credit rating on THEA bonds from A- to A.

In the area of governance, the FY 2013 independent financial statement audit reflected an unmodified opinion. No findings were noted in the areas of internal control and compliance and no recommendations for improvement were noted in the Auditor's Management Letter.

In September 2012, THEA entered into a Memorandum of Understanding with the Florida Turnpike Enterprise (FTE), Miami-Dade Expressway Authority and Orlando-Orange County Expressway Authority to develop and implement a Centralized Customer Service System (CCSS). This system is expected to provide a single point of contact for all non-cash toll collection customers, improve and simplify customer service, reduce the cost of non-cash toll collection, and provide a single centralized service center with regional satellite offices. An Invitation to Negotiate to develop and implement the CCSS was issued by Florida's Turnpike on behalf of the four agencies in November, 2013. The four agencies short-listed the firms to provide technical and price proposals in early 2014. The project has been delayed due to protests filed after a final ranking of the vendors. Implementation of the CCSS is expected in 2016.

In November 2012, the THEA Board amended its Toll Rate Policy whereby an annual system-wide toll increase will be implemented at all THEA tolling locations, with the first toll increase scheduled for July 1, 2013 (FY 2014). Tolls will be adjusted

annually at a minimum of 2.5 percent, or the latest five-year average of the Consumer Price Index, in order to keep pace with inflation. In addition, the video toll rate differential may be adjusted annually to recover the cost above that to collect tolls with transponders. Due to increased construction activities, THEA decided to defer the toll increase until July 1, 2014 (FY 2015). An eight percent toll rate increase (2.5 percent annual inflation compounded over three years) will be applied to all tolls at all tolling locations.

Pursuant to an amended Memorandum of Agreement between the Department and THEA, in December 2012, THEA issued $404 million in fixed rate Refunding Revenue Bonds and $40 million in fixed rate Taxable Revenue Bonds. Bond proceeds were used to: fully defease THEA's current outstanding bonds; pay all amounts owed to the Department under the SIB and TFRTF loans; and fund THEA's portion of the I-4/Selmon Expressway Connector and a portion of the costs related to THEA's AET conversion. Upon issuance of the Bonds, the Lease-Purchase Agreement with the Department terminated. THEA now operates and maintains the expressway system and retains title and absolute ownership of the expressway system. The agreement also requires THEA to fully repay its long-term debt to the Department in 20 equal annual installments beginning July 1, 2025 (currently estimated at approximately $10.2 million annually).

The I-4 Connector opened to traffic in January 2014 (FY 2014). This one-mile, 12-lane, elevated interchange between I-4 and the Selmon Expressway utilizes AET and provides a limited-access route to and from downtown Tampa. The tolled facility also provides exclusive truck lanes for direct access to and from the Port of Tampa removing trucks from the local roads. The facility was constructed through a partnership with the Department, THEA, and FTE. FTE owns and operates this new expansion project and THEA receives a 20 percent share of the "S" movement toll on the facility. This mutually agreed toll sharing was in exchange for use of two miles of the Selmon Expressway that is not tolled and that directly feeds and receives "S" movement traffic.

Based on the Commission's review of Board meeting minutes, THEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by THEA, 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 further recognizes THEA's efforts in securing financial independence from the State of Florida. 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.

Florida's Turnpike System (Turnpike)

The Commission's review of the Turnpike was conducted with the cooperation and assistance of the Turnpike and relied heavily on documentation and assertions provided by Turnpike management.

The Turnpike met or exceeded 13 of the 16 applicable management objectives established for performance measures. The three performance measure objectives not met include state highway system roadway maintenance condition rating, revenue variance and safety. Although the Turnpike did not meet the authority objective for the state highway system roadway maintenance condition rating, it exceeded the minimum maintenance condition rating standard established for the Department.

Operating indicator trend analysis showed that FY 2013 infrastructure assets increased $121 million over FY 2012 primarily due to renovations to six of the eight service plazas along the Mainline. Construction in progress increased by $200 million in FY 2013 primarily due to new facility construction in Hillsborough County and interchange improvements in south Florida. Total operating revenues for FY 2013 increased 23.8 percent over FY 2012 primarily due to record high toll revenues of $756 million, a $147 million, or 24.1 percent, increase over FY 2012. The significant increase in revenue is attributed to the first full year of a system-wide toll indexing implemented on June 24, 2012, as mandated by the 2007 Florida Legislature. Section 338.165, Florida Statutes, requires toll rates on existing Turnpike facilities (and other Department-owned facilities) to be adjusted for inflation no more frequently than once a year and must be made no less frequently than once every five years as necessary to accommodate cash toll rate schedules, with the indexing of tolls to occur on or before June 30, 2012. As such, on June 24, 2012, Turnpike increased cash toll rates by 11.7 percent (the change in the Consumer Price Index [CPI] for the five year period ended 2010) adjusted up to the next higher quarter for collection efficiency. The SunPass toll rates were set to be a quarter less than the adjusted cash toll rates and the TOLL -BY-PLATE toll rates were increased to be equal to the adjusted cash toll rates. For subsequent years, the cash toll rate will be adjusted every five years by the change in CPI over the previous five years and adjusted to the next higher quarter. The SunPass and TOLL-BY-PLATE toll rates will be adjusted annually based on the year-over-year change in CPI and rounded to the nearest penny. Accordingly, on July 1, 2013 (FY 2014), the SunPass and TOLL-BY-PLATE toll rates were adjusted up by 2.1 percent and rounded to the nearest penny.

FY 2013 total operating expenses increased $25.7 million, or 10.3 percent, over FY 2012. Toll collection and maintenance expenses for FY 2013 decreased 8.9 percent and 10.9 percent, respectively, over FY 2012 levels. The overall increase in FY 2013 total operating expenses is attributed to increases in renewal and replacement and depreciation expenses. Renewal and replacement expenses increased $37.8 million, or 85.9 percent, due to an increase in resurfacing projects in FY 2013. Depreciation expenses increased $4.1 million as a result of additional assets placed in service in FY 2013.

In the area of governance, the FY 2013 independent financial statement audit reflected an unmodified opinion. Annual training was provided to all Turnpike employees on ethics, public records requests, and defensive driving. As a result of a State Attorney's Office investigation into possible Sunshine Law violations by Orlando-Orange County Expressway Authority Board members, four individuals, including two OOCEA Board members, were charged with various violations of the law. One of the individuals charged with violating the Sunshine law was a Department employee assigned to the Turnpike. The employee subsequently resigned from the Department. Additional detailed information regarding the OOCEA Board investigation can be found in the OOCEA chapter of this report.

In September 2012, the Enterprise entered into a Memorandum of Understanding with the Miami-Dade Expressway Authority, Orlando-Orange County Expressway Authority and Tampa-Hillsborough Expressway Authority to adopt an agreement to manage the procurement and engagement of a third-party private sector vendor to provide a Centralized Customer Service System that will provide statewide back office operation for processing electronic customer transactions and managing customer accounts.

During, and subsequent to, FY 2013, Turnpike issued four series of bonds:

- In February 2013 (FY 2013), the Turnpike issued $306.1 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012A. Bond proceeds are primarily being used to refund all or a portion of the outstanding Series 1998A, 1999A and 2003C Turnpike Revenue Bonds and to finance a portion of the costs of acquisition and construction of various Work Program projects. The refunding is estimated to result in a net present value savings of $35.6 million due to lower interest costs.

- In May 2013 (FY 2013), the Turnpike issued $183.1 million in State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013A to refund all of the Series 2003B Turnpike Revenue Refunding Bonds maturing in years 2014 through 2025. The refunding is estimated to result in a net present value savings of $40.8 million due to lower interest costs.

- In August 2013 (FY 2014), the Turnpike issued $206.0 million in State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013B to refund all of the outstanding Series 2003A Turnpike Revenue Refunding Bonds. The refunding is estimated to result in a net present value savings of $25.2 million due to lower interest costs.

- In February 2014 (FY 2014), the Turnpike issued $267.4 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2013C to finance a portion of the costs of acquisition and construction of various Work Program projects and to refund a portion of the outstanding Series 2004A Turnpike Revenue Bonds. The refunding is estimated to result in a net present value savings of $11.1 million due to lower interest costs.

Based on the Commission's review of Department/ Turnpike policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Turnpike, 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 a Department employee assigned to the Turnpike being charged with a Sunshine law violation as noted above.

The Commission recognizes Turnpike for its ongoing efforts to implement All Electronic Tolling on its facilities and encourages Turnpike to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission further recognizes Turnpike for taking the lead in implementing a Centralized Customer Service System for statewide back office operation for electronic toll collection activities and for taking a primary role in developing regional interoperability as part of the federal requirement of national interoperability of electronic toll collection by October 2016. The Commission acknowledges with appreciation the assistance of Turnpike management and staff in providing the resources necessary to conduct this review and to complete this report.

Central Florida Regional Transportation Authority (CFRTA/LYNX)

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, flex 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 5 of the 12 fixed route objectives established for performance measures. The seven fixed route measures that were not met include: operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, operating expense per passenger mile, revenue miles between revenue vehicle system failures, customer service response time, and on-time performance. Four of the six objectives not met include operating expense components. The Commission encourages LYNX to focus on containing those costs moving forward.

LYNX provides significant public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2013 operating expenses increased $3.9 million, or 4.4 percent, while operating revenues increased $2.4 million, or 6.5 percent, over FY 2012. LYNX logged 0.6 million, or 2.2 percent, more passenger trips and the average trip length increased by 0.1 miles in FY 2013. As a result, passenger miles increased 6.2 million, or 4.1 percent. Revenue miles decreased 0.2 million, or 1.2 percent, while revenue hours increased 0.5 percent from FY 2012. The farebox recovery ratio slightly increased from 29.3 percent in FY 2012 to 29.9 percent in FY 2013 (a record high) and the average fare increased from $0.92 in FY 2012 to $0.96 in FY 2013. The average age of the fleet increased from 5.7 to 5.9 years and the operating spare ratio increased from 17.6 percent to 20.0 percent allowing the Authority flexibility in terms of providing expanded service in the future.

In the area of governance, the FY 2013 independent financial statement audit expressed an unmodified opinion on CFRTA's financial statements. Except for the accuracy of data reported in the National Transit Database (NTD), no issues related to compliance, internal control, findings or questioned costs were reported by the auditors. The auditors identified a significant deficiency in internal control over compliance related to the accuracy of data reported in the NTD. LYNX concurred with the recommendations and is in the process of enhancing the review and approval process and training staff to ensure better internal controls for the NTD Annual Report submittal.

The Federal Transit Administration (FTA) FY 2013 Triennial Review of LYNX indicated that no deficiencies were found with FTA requirements in 15 of the 18 areas examined. The report did identify deficiencies in the areas of Technical Capacity, Procurement and Charter Bus. LYNX submitted formal responses to FTA findings on November 12, 2013 and November 15, 2013. FTA provided a final report on November 25, 2013. LYNX anticipates formal closeout of findings following completion of all corrective actions by September 30, 2014.

Phase 1 of the SunRail commuter rail system opened for service on May 1, 2014 (FY 2014). This 32.5-mile segment runs from the DeBary station in Volusia County to the Sand Lake station in Orange County, and features 12 stations. LYNX entered into a Joint Participation Agreement with the Department for feeder bus service that will provide access to SunRail stations. LYNX also entered into an Interlocal Agreement with the Department to use the Smart Card System as a method of cashless fare collection on the LYNX fixed route services and paratransit services, SunRail, and for patron transfer between transportation systems for seamless interoperability.

Based on the Commission's review of Board meeting minutes, LYNX policies and procedures, Florida Statutes, financial statements, and other documentation provided by LYNX, 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 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.

Jacksonville Transportation Authority (JTA)

JTA is a multi-modal public transportation authority operating within Duval County and portions of three adjacent counties. JTA continues to expand its service parameters and relies on fare revenues, federal and state grants, local option sales surtax revenues and contractual payments of local option gas taxes to fund transit and highway operations.

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

JTA met or exceeded 4 of the 12 objectives established for performance measures for bus. The eight measures not met include: average headway, operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, revenue miles between safety incidents, customer service (number of complaints and complaint response time), and on-time performance. JTA met or exceeded 9 of the 12 performance measures for Skyway. The three measures not met include: operating expense per revenue mile, operating expense per revenue hour, and the ratio of operating revenue to operating expense. JTA met or exceeded all four of the applicable performance measures for Highways.

JTA continues to provide fixed route bus service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2013 operating expenses increased 8.3 percent and operating revenues increased 5.6 percent over FY 2012. Some of the FY 2013 revenue increase is a result of a full year of the fare increase implemented on January 30, 2012 (FY 2012). Weekday ridership and revenue service hours increased 3.3 percent and 13.6 percent, respectively. JTA logged 14.9 percent more revenue miles in FY 2013. Because JTA logged 2.9 percent more passenger trips, and the average trip length increased by 0.4 miles, passenger miles increased by 10.0 percent. The farebox recovery ratio decreased from 19.4 percent to 18.9 percent, while the average fare increased from $1.04 to $1.06. The Commission encourages JTA to continue to focus on reducing expenditures.

Concurrent with implementation of the STAR Card electronic fare payment system, JTA suspended fares on the Skyway system beginning January 30, 2012 until at least the end of FY 2014 (September 30, 2014). In addition, JTA's Route Optimization Initiative includes more routes terminating at Skyway stations. As a result, significant increases in Skyway utilization and significant decreases in revenue related operating indicators were noted for the Skyway in FY 2013. Operating revenue has declined annually since FY 2007. Currently operating revenue consists of parking fee

revenues only. The farebox recovery ratio and average fare for FY 2013 was zero due to the suspended fares on the Skyway system. Operating expenses increased 3.7 percent over FY 2012. JTA logged 32.1 percent more passenger trips and the average trip length remained the same in FY 2013.. As a result, passenger miles increased by 121 thousand to 496 thousand (an increase of 32.4 percent). FY 2013 revenue miles and revenue hours increased 2.7 percent and 4.5 percent, respectively, from FY 2012 while average weekday ridership increased 29.0 percent. The average age of the Skyway fleet is 14.6 years.

In the area of Governance, the FY 2013 Independent Financial Statement Audit reflected an unmodified opinion. The auditors identified a significant deficiency in internal control regarding the review of adjusting journal entries. In the Independent Auditor's Management Letter, the auditors had no current year management recommendations. However, one of the recommendations from the prior year regarding physical inventory of assets is still relevant. The Federal Transit Administration's (FTA) FY 2012 Triennial Review of JTA indicated that no deficiencies were found in 23 of the 24 areas examined. Deficiencies were noted in the area of preventative maintenance of its paratransit fleet of vehicles. In January 2013, FTA advised JTA that corrective actions taken by the Authority had satisfactorily resolved all findings and that the report is closed. JTA created the position of Internal Audit in August 2013 and established an Audit Committee in September 2013. In October 2013 (FY 2014), Internal Audit released the Executive Leadership Team (ELT) Recruitment, Relocation and Travel Audit to determine if payments made on behalf of the new ELT were in compliance with employment agreements, recruitment, relocation and travel policies and procedures. The audit identified two findings and three internal control weaknesses.

On December 3, 2012, Nathaniel Ford assumed the position of CEO of JTA. In late January 2013, JTA unveiled a major reorganization plan that included a chief of staff and five vice presidents which all report directly to the CEO. The new organizational structure will allow for quicker decision-making and has clearer lines of responsibility and accountability. JTA advertised locally and nationally for the new positions and currently has filled all six of the senior management positions.

Based on the Commission's review of Board meeting minutes, JTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by JTA, 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 JTA to continue its efforts to achieve all of its performance objectives. In addition, the Commission acknowledges with appreciation the cooperation and assistance on the part of the JTA Board and staff in providing the resources necessary to complete this review.

South Florida Regional Transportation Authority (SFRTA/Tri-Rail)

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 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 met or exceeded 8 of the 11 objectives established for performance measures. The three measures not met were operating revenue per operating expense, operating expense per passenger mile and the number of customer complaints per boardings.

SFRTA continues to provide public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2013 operating expenses increased 5.9 percent, while operating revenue increased 2.5 percent over FY 2012. The farebox recovery ratio decreased to 22.1 percent (a 4.7 percent decrease) while the average fare decreased from $2.98 to $2.87 (a 3.7 percent decrease). FY 2013 average weekday ridership increased 5.2 percent over FY 2012. SFRTA logged 4.9 percent more passenger trips in FY 2013, while the average trip length decreased 3.2 percent, resulting in a 1.2 percent increase in passenger miles. Revenue hours increased 5.5 percent and revenue miles increased 7.5 percent. The weekday span of revenue service and fleet size remained the same. The average number of years since the last rebuild was 11.2 years for locomotives and 12.2 years for coaches. The delivery of new locomotives and rolling stock will position SFRTA for future service expansion.

In the area of Governance, the FY 2013 annual Independent Financial Statement Audit reflected an unmodified opinion. In the Independent Auditor's Management Letter, the auditors noted that one of the prior year recommendations related to information technology remained outstanding but will no longer be relevant since the testing of controls over revenue generated and processed by the Miami-Dade County Transportation Department was completed during June 2013 by a CPA firm.

SFRTA has been working with its partner agencies on accelerating plans to expand Tri-Rail service onto the Florida East Coast (FEC) Railway corridor. The "Tri-Rail Coastal Link" (TRCL) would create new economic development opportunities and would provide a one-seat ride between the region's major travel markets and downtowns, including Miami, Fort Lauderdale, Boca Raton, and West Palm Beach. In May 2013, a TRCL Memorandum of Understanding (MOU) was unanimously passed by the members of seven agency boards in South Florida and the Department that establishes key roles and responsibilities through the remaining phases of the project. The Department is the lead agency for the upcoming Project Development phase and SFRTA is the lead agency for the project's Finance Plan, Engineering, Construction, and Operations. The MOU also identifies a process for FEC corridor access negotiations. In the spring of 2014 (FY 2014), the Department and SFRTA submitted a request to the Federal Transit Administration for entry into the next Project Development phase. Project Development activities are scheduled to begin in July 2014 and it is anticipated that expanded Tri-Rail service on the FEC will occur by 2020.

House Bill 599 (Chapter 2012-174, Laws of Florida), passed by the 2012 Florida Legislature, significantly amended SFRTA's enabling legislation, effective July 1, 2012 (FY 2013). The SFRTA Board

was expanded from 9 to 10 members as a result of an additional Board member to be appointed by the Governor. The legislation also enhanced Department oversight of the SFRTA budget and limits expansion of the system to Monroe County without Department approval. In addition, SFRTA and the Department are required to cooperate in the effort to identify and implement an alternate dedicated local funding source before July 1, 2019. Upon commencement of the alternate funding source, the Department will cease funding SFRTA operations and will convey to SFRTA a perpetual commuter rail easement over the South Florida Rail Corridor (SFRC) and all of the Department's right, title, and interest in rolling stock, equipment, tracks, and other personal property owned and used by the Department for the operation and maintenance of the commuter rail operations in the SFRC. If a new local funding source is not found by July 1, 2019, Tri-Rail's level of operations may be reduced. (The relevant language from HB 599 is detailed in Appendix A.)

Based on the Commission's review of Board 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.

Northwest Florida Transportation Corridor Authority (NFTCA)

The Commission review of NFTCA was conducted with the cooperation and assistance of NFTCA and relied heavily on documentation and assertions provided by NFTCA. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, funding agreements, policies and procedures that have been adopted by NFTCA, and a review of the audited financial statements. Limited tests of compliance with applicable statutes were performed and, based on those results, it was determined that NFTCA is meeting its statutory responsibilities and the governance criteria established by the Commission, except for required quarterly Board meetings. The NFTCA Board did not meet at least quarterly in either fiscal year (October through September) or calendar year 2013 as required by Section 343.81 (3)(c), Florida Statutes.

NFTCA adopted a 2013 updated Corridor Master Plan in April 2013. The 2013 Master Plan was presented to governing bodies and legislative delegation members by July 24, 2013, as required.

An independent audit of NFTCA financial statements for FY 2012 has been completed and the FY 2013 audit is currently underway. The FY 2012 audit reflected an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses. These deficiencies relate to the preparation of financial statements and adjustments to the financial records.

In September 2013, the Joint Legislative Auditing Committee (Committee) directed NFTCA to provide a written statement describing the corrective action to be taken for two audit findings that have been reported in three successive audit reports. In October 2013, the auditors responded to the Committee and requested that the Committee reconsider requiring NFTCA to acquire the resources necessary to eliminate these findings in future audits and allow the auditors to continue assisting NFTCA with the preparation of the financial statements and proposing certain adjusting journal entries when necessary.

In July 2010, NFTCA executed a two year agreement with the Department that will provide $1.1 million in Federal funding for Authority administration, professional services and regional transportation planning. As such, in January 2011, NFTCA contracted with a General Planning Consultant to perform activities required to manage and update the Regional Master Plan and provide administrative services. This agreement was amended in June 2011 to include an additional $1.1 million in federal funds and also extended the agreement by an additional year. The agreement was amended for a second time in February 2012 to include a new NFTCA Work Plan that also includes preparation of a business case analysis. In October 2013, the agreement was amended for a third time to include a new NFTCA Work Plan and extended the agreement by an additional year to July 31, 2015. As part of the 2013 Master Plan update, NFTCA conducted a business case analysis to help select and plan transportation projects by assessing their respective economic benefits, developed an investment plan and proposed viable funding strategies. This business case analysis included an extensive public outreach program involving regional planning councils and workshops involving other key stakeholders in the region.

The Commission acknowledges with appreciation the assistance of the NFTCA Board, and NFTCA's General Planning Consultant in providing the resources necessary to conduct this review and to complete this report. The Commission encourages NFTCA to conduct Board meetings at least quarterly to comply with statutory requirements.

Osceola County Expressway Authority (OCX)

The Commission review of OCX was conducted with the cooperation and assistance of OCX and relied heavily on documentation and assertions provided by OCX. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures, various agreements that have been adopted by OCX, the Official Statement for the Osceola County Series 2014 Bonds, and a review of the OCX 2040 Master Plan.

OCX does not employ staff and Osceola County has elected to provide staff assistance and other support to OCX during the start up period including meeting facilities, a website, legal and financial services, and a design and planning consultant to assist in developing the OCX 2040 Master Plan. Jeffery Jones, Strategic Initiatives Director for Osceola County, is the registered agent for OCX under the Special District Program. Osceola County and OCX entered into a Contribution Agreement whereby the County has agreed to advance funds to OCX to provide for operation and startup costs until OCX has a revenue producing project. Any funding provided to OCX by the County, including interest, must be repaid by OCX within 15 years of receiving the funds.

The Board adopted the OCX 2040 Master Plan at its public hearing on May 8, 2012. At its August 13, 2013 public hearing, the OCX Board amended

the OCX 2040 Master Plan to include two alternatives for the I-4 segment of the Poinciana Parkway Alternative Analysis and eliminated the original "broad brush lines." The Master Plan calls for construction of four new expressways that will be funded through revenues generated by the toll system and through partnerships with other public agencies and private entities. The four expressways are Poinciana Parkway, Southport Connector Expressway, Northeast Connector Expressway and Osceola Parkway Extension that, once completed, will provide for a seamless connection between I-4 on the east and SR 417 to the north.

The FY 2013 annual independent financial statement audit reflected an unmodified opinion. This is the first audited year of OCX. Although OCX had no operating revenue in FY 2013, $2.8 million in capital contributions and $39 thousand in operating expenses were reported. The auditors noted a significant deficiency in compliance and internal control over compliance over a major state project. The finding relates to reporting for Department grants for the Osceola Parkway Extension and Boggy Creek Road and the SR 417 Access Road. OCX concurred with the finding and will submit all required past due reports and assign staff that will be responsible to comply with reporting requirements going forward.

In October 2012, an Agreement for Development of Poinciana Parkway was reached between Osceola County, Polk County, Avatar Properties and OCX that formally outlines the duties and responsibilities of each party. Osceola County agrees to provide planning, engineering, procurement and other staff support to facilitate the initial design and construction of Poinciana Parkway. In April 2013, the OCX Board selected a Construction Management/Construction Engineering and Inspection firm to assist in managing the design and construction of the Poinciana Parkway. In October 2013 (FY 2014), OCX entered into a contract with a Design-Build firm for Poinciana Parkway with a guaranteed price of $68.8 million. In December 2013 (FY 2014) OCX provided the contractor with a notice to proceed on the first phase of design and construction in order to take advantage of the winter and early spring dry season. Currently, the Poinciana Parkway is expected to be complete and open to traffic in February 2016.

In April 2014 (FY 2014), Osceola County issued $69.7 million in Series 2014 Bonds to pay for a portion of Poinciana Parkway project costs. The Bonds are secured by a pledge upon the net revenues of the expressway system (after operating and maintenance expenses) and neither the full faith and credit of Osceola County, OCX, or the State of Florida is pledged for the payment of the bonds. OCX entered into a Lease-Purchase Agreement with Osceola County whereby OCX leased the Osceola County right of way and will be responsible for designing, constructing, operating and maintaining Poinciana Parkway. Funding sources for the Poinciana Parkway project include Series 2014 Bond proceeds, developer contributions, State Infrastructure Bank loan proceeds, and Osceola and Polk County contributions.

The 2014 Legislature passed Senate Bill (SB) 230 which renames Orlando-Orange County Expressway Authority (OOCEA) as the Central Florida Expressway Authority (CFX). It expands the area served by CFX to include Seminole, Lake and Osceola Counties in addition to Orange County. The bill provides for the transfer of governance and control, legal rights and powers, responsibilities, terms and obligations of OOCEA to CFX. A new nine member Board will be appointed to CFX. In addition, SB 230 transfers governance and control of OCX, including all OCX assets and liabilities, to CFX sometime after December 31, 2018 when the current and forecasted total annual debt service coverage ratio for OCX's system is greater than or equal to 1.5 times. OCX can build the four projects identified in the May 8, 2012 Master Plan that are

under construction by December 31, 2018. SB 230 was signed by the Governor in June 2014 and became effective immediately upon his signature. OOCEA and OCX staff are preparing for the implementation of SB 230.

Based on the Commission's limited review of Board meeting minutes, OCX policies and procedures, Florida Statutes, and other documentation provided by OCX, 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 commends Osceola County for the support they have provided to OCX during the start up period. The Commission encourages OCX to continue to develop and implement policies and procedures to ensure proper governance of OCX, especially since significant funding for the Poinciana Parkway has been provided to the Authority beginning in FY 2014. The Commission acknowledges with appreciation the assistance of the OCX Board and Osceola County staff in providing the resources necessary to conduct this review and to complete this report.

Tampa Bay Area Regional Transportation Authority (TBARTA)

The Commission review of TBARTA was conducted with the cooperation and assistance of TBARTA and relied heavily on documentation and assertions provided by Authority management. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures that have been adopted by TBARTA, various contracts, and a review of the audited financial statements.

In the area of governance, the FY 2013 independent financial statement audit, dated May 22, 2014, reflected an unmodified opinion. No issues related to compliance, internal control, findings or questioned costs were reported by the auditors. In the Independent Auditor's Management Letter, the auditors had one recommendation for improvement regarding documentation of review of employee timesheets and bank reconciliations. General Counsel provided training to Board members on the sunshine law, public records, and code of ethics at the January 2013 and January 2014 Board meetings.

TBARTA adopted a Regional Transportation Master Plan for the seven-county Tampa Bay Region in May 2009 that focused on regional transit. Building upon the transit networks developed in the inaugural Master Plan, the TBARTA Board adopted an Updated Master Plan in June 2011 that developed regional freight and regional roadway networks. In June 2013 the TBARTA Board adopted the 2013 Master Plan Update which was a minor update that refined the transit, freight, and roadway networks and incorporated the progress made locally and regionally towards implementing the TBARTA vision. Five regional priority projects identified by TBARTA were included in the 2013 Master Plan Update: Roosevelt Connector (SR 686), Suncoast Parkway 2 (SR 589), SR 54/SR 56 Managed Lanes, I-275 Express Lanes, and the Port Manatee Connector.

Through Joint Participation Agreements with the Department, the Department advanced funds in FY 2009 to TBARTA, from a $2 million appropriation, to pay initial administrative expenses. Funding under the agreements ceased on June 30, 2011. TBARTA cumulatively expended $1.3 million of the original $2 million appropriation. Bay Area Commuter Services, Inc. (BACS) merged with TBARTA on April 30, 2010. The merger increased

program effectiveness, decreased overall costs, and took advantage of efficiencies through the co-location and combination of programs and operations. As a result of the merger, the assets and liabilities of BACS were merged into TBARTA at fair market value, leaving a net contribution of approximately $283 thousand. Various agreements have been executed that assign funding previously provided to BACS to TBARTA to continue operating commuter assistance programs including carpool and vanpool services.

To further solidify its financial standing and independence, TBARTA is now reporting its Vanpool usage and statistics to the National Transit Database, which ultimately enables TBARTA to collect Federal Urbanized Area Formula Funds (Section 5307) each year. With the inclusion of TBARTA's Vanpool program, these annual funds bring over $2 million of new Federal funding to the region with TBARTA receiving approximately $850 thousand.

House Bill 599, passed by the 2012 Legislature, required Pinellas Suncoast Transit Authority (PSTA) and Hillsborough Area Regional Transit Authority (HART) to conduct a joint study to identify greater efficiencies and service enhancements including possible consolidation of functions or organizational merger. The required report was timely submitted by PSTA and HART to the Legislature on January 28, 2013. Although required by legislation, TBARTA was not fully engaged in assisting with the study. On January 30, 2013, TBARTA provided a letter to the Legislature commenting on the implementation of the legislation and recommended that the substance of the law be reenacted by the 2013 Legislature to authorize TBARTA to facilitate ongoing collaboration between PSTA and HART and to provide recommendations to the Legislature by February 1, 2014.

Chapter 2013-40, Laws of Florida (Annual State Appropriations Act), provided $200 thousand to TBARTA to facilitate a financial analysis of potential cost savings from collaboration or consolidation of functions and activities of PSTA and HART. The TBARTA Board competitively contracted with a firm to conduct the study and submitted the final report to the President of the Senate and the Speaker of the House of Representatives of the State of Florida on January 30, 2014. The report concluded that organizational consolidation would provide opportunities for cost savings but would require significant costs to implement that would render consolidation not a viable option at this time. Although PSTA and HART are currently collaborating in multiple areas to deliver cost effective services, the recommendation was to investigate additional areas of collaboration and knowledge sharing of leading practices.

Based on the Commission's review of Board meeting minutes, TBARTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by TBARTA, 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 TBARTA to continue to develop and implement policies and procedures to ensure proper governance of TBARTA expanded operations as a result of the BACS merger and ongoing activities. The Commission acknowledges with appreciation the assistance of the TBARTA Board and staff in providing the resources necessary to conduct this review and to complete this report.

PLAN FOR FISCAL YEAR 2014

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Plan for Fiscal Year 2014

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 committee 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 performance measures and operating indicators in addition to performance measures that had been modified or were introduced as new performance measures and operating 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 continues to replicate the successful process used for monitoring and oversight and is committed to carrying out its designated responsibilities in a deliberative manner and encourages input, feedback or suggestions to help improve the report and monitoring process.

The Commission's committee to oversee the continuing effort of transportation authority monitoring will 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 2014 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 information.

The Commission intends to continue occasional monitoring of authority board or committee meetings during 2014 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 statutory responsibility, while not interfering with day-to-day management of the authorities.

The Commission will monitor the 2014 legislature to identify any legislative changes that may affect its oversight role. During the summer and fall of 2014, 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. The Commission will then submit a comprehensive annual report to the 2015 legislature that provides the status and findings of transportation authorities under its oversight.

APPENDIX A—LEGISLATIVE EXCERPTS

2012 LEGISLATURE

HB 599—An act relating to transportation and mitigation programs; revises membership of the South Florida Regional Transportation Authority (SFRTA) governing board and provides that the Department will cease funding SFRTA operations if an alternate dedicated local funding source is implemented before July 1, 2019; enhances Department oversight of the SFRTA budget and limits expansion of the system to Monroe County without Department approval; revises financial disclosure requirements and use of communications media technology for public meetings for the Jacksonville Transportation Authority; directs the Florida Transportation Commission to study potential cost savings through the sharing of resources by expressway authorities, with a report due by December 31, 2012; requires the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority to conduct a joint study to identify greater efficiencies and service enhancements including possible consolidation of functions or organizational merger (the Tampa Bay Area Regional Transportation Authority will assist and facilitate the study), with a report due by February 1, 2013; codifies a Memorandum of Understanding between the Department and the Orlando-Orange County Expressway Authority concerning financing, construction, operation, and maintenance of the Wekiva Parkway; approved by Governor Scott on April 27, 2012, effective date July 1, 2012.

SB 1998—An act relating to transportation; repeals the Toll Facilities Revolving Trust Fund (TFRTF) and authority for the Department to advance funds from the TFRTF to expressway authorities; requires the cash balance in the TFRTF and all future payments obligated to the trust fund be deposited in the State Transportation Trust Fund; approved by Governor Scott on April 20, 2012, effective date July 1, 2012.

Chapter 2012-118 Laws of Florida (HB 5001)—An act making appropriations; providing moneys for the annual period beginning July 1, 2012, and ending June 30, 2013; approved by Governor Scott, with vetoes, on April 17, 2012. Vetoes include; $12.3 million in payments to expressway authorities from the State Transportation Trust Fund; and an appropriation of $1.2 million to the Central Florida Regional Transportation Authority for a LYNX route.

2013 LEGISLATURE

HB 85—An act relating to public-private partnerships; extends the terms for leases that the Orlando-Orange County Expressway Authority may enter into from 40 years to 99 years; effective July 1, 2013.

SB 50—An act relating to public meetings; requires that a member of the public be given a reasonable opportunity to be heard by a board or commission before it takes official action on a proposition; effective October 1, 2013.

SB 606—An act creating the Northeast Florida Regional Transportation Commission (NFRTC) under Chapter 343, Florida Statutes, for the purposes of improving mobility and expanding multimodal transportation options for persons and freight throughout Baker, Clay, Duval, Nassau, Putnam, and St. Johns Counties; provides for NFRTC membership, powers and duties, and funding; effective July 1, 2013.

Chapter 2013-40 Laws of Florida (SB 1500)—An act making appropriations; providing moneys for the annual period beginning July 1, 2013, and ending June 30, 2014. Provides $200 thousand to the Tampa Bay Area Regional Transportation Authority in order to provide a financial analysis of the cost savings to be achieved from the consolidation of the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority pursuant to the provisions of Chapter 2012-174, Laws of Florida.

permits, the recapture of taxes on nonqualified purchases, and the manner and form of refund applications.

Section 62. Subsection (3) of section 343.52, Florida Statutes, is amended to read:

343.52 Definitions.—As used in this part, the term:

(3) "Area served" means Miami-Dade, Broward, and Palm Beach Counties. However, this area may be expanded by mutual consent of the authority and the board of county commissioners of Monroe County ~~representing the proposed expansion area~~. The authority may not expand into any additional counties without the department's prior written approval.

Section 63. Section 343.53, Florida Statutes, is amended to read:

343.53 South Florida Regional Transportation Authority.—

(1) There is created and established a body politic and corporate, an agency of the state, to be known as the "South Florida Regional Transportation Authority," hereinafter referred to as the "authority."

(2) The governing board of the authority shall consist of 10 ~~nine~~ voting members, as follows:

(a) The county commissions of Miami-Dade, Broward, and Palm Beach Counties shall each elect a commissioner as that commission's representative on the board. The commissioner must be a member of the county commission when elected and for the full extent of his or her term.

(b) The county commissions of Miami-Dade, Broward, and Palm Beach Counties shall each appoint a citizen member to the board who is not a member of the county commission but who is a

resident of the county from which he or she is appointed and a qualified elector of that county. Insofar as practicable, the citizen member shall represent the business and civic interests of the community.

(c) The secretary of the Department of Transportation shall appoint one of the district secretaries, or his or her designee, for the districts within which the area served by the South Florida Regional Transportation Authority is located, who shall serve ex officio as a voting member.

(d) If the authority's service area is expanded pursuant to s. 343.54(5), the county containing the new service area shall have two ~~three~~ members appointed to the board as follows:

1. The county commission of the county shall elect a commissioner as that commission's representative on the board. The commissioner must be a member of the county commission when elected and for the full extent of his or her term.

~~2. The county commission of the county shall appoint a citizen member to the board who is not a member of the county commission but who is a resident and a qualified elector of that county. Insofar as is practicable, the citizen member shall represent the business and civic interests of the community.~~

2.~~3.~~ The Governor shall appoint a citizen member to the board who is not a member of the county commission but who is a resident and a qualified elector of that county.

(e) The Governor shall appoint three ~~two~~ members to the board who are residents and qualified electors in the area served by the authority but who are not residents of the same county ~~and also not residents of the county in which the~~

~~district secretary who was appointed pursuant to paragraph (c) is a resident~~.

(3)~~(a)~~ Members of the governing board of the authority shall be appointed to serve 4-year staggered terms, except that the terms of the appointees of the Governor shall be concurrent.

~~(b) The terms of the board members currently serving on the authority that is being succeeded by this act shall expire July 30, 2003, at which time the terms of the members appointed pursuant to subsection (2) shall commence. The Governor shall make his or her appointments to the board within 30 days after July 30, 2003.~~

(4) A vacancy during a term shall be filled by the respective appointing authority in the same manner as the original appointment and only for the balance of the unexpired term.

(5) The members of the authority shall serve without compensation, but are entitled to reimbursement for travel expenses actually incurred in their duties as provided by law.

Section 64. Paragraph (q) is added to subsection (3) of section 343.54, Florida Statutes, and subsection (5) of that section is amended, to read:

343.54 Powers and duties.—

(3) The authority may exercise all powers necessary, appurtenant, convenient, or incidental to the carrying out of the aforesaid purposes, including, but not limited to, the following rights and powers:

(q) To privatize any of the administrative functions of the authority existing as of July 1, 2012, by contracting with a

private entity or entities to perform any or all of those functions, which shall require a two-thirds vote of the entire membership of the board.

(5) The authority, by a resolution of its governing board, may expand its service area into Monroe County ~~and enter into a partnership with any county that is contiguous to the service area of the authority~~. The board shall determine the conditions and terms of the partnership, except as provided herein. However, the authority may not expand its service area without the consent of the board of county commissioners representing the proposed expansion area, and a county may not be added to the service area except in the year that federal reauthorization legislation for transportation funds is enacted. The authority shall not expand into any county other than Monroe County without the department's prior written approval.

Section 65. Section 343.56, Florida Statutes, is amended to read:

343.56 Bonds not debts or pledges of credit of state.—Revenue bonds issued under the provisions of this part are not debts of the state or pledges of the faith and credit of the state. Such bonds are payable exclusively from revenues pledged for their payment. All such bonds shall contain a statement on their face that the state is not obligated to pay the same or the interest thereon, except from the revenues pledged for their payment, and that the faith and credit of the state is not pledged to the payment of the principal or interest of such bonds. The issuance of revenue bonds under the provisions of this part does not directly, indirectly, or contingently

obligate the state to levy or to pledge any form of taxation whatsoever, or to make any appropriation for their payment. No state funds shall be used or pledged to pay the principal or interest of any bonds issued to finance or refinance any portion of the South Florida Regional Transportation Authority transit system, and all such bonds shall contain a statement on their face to this effect. ~~However, federal funds being passed through the department to the South Florida Regional Transportation Authority and those state matching funds required by the United States Department of Transportation as a condition of federal funding may be used to pay principal and interest of any bonds issued.~~

Section 66. Section 343.57, Florida Statutes, is amended to read:

343.57 Pledge to bondholders not to restrict certain rights of authority.—The state pledges to and agrees with the holders of the bonds issued pursuant to this part that the state will not limit or restrict the rights vested in the authority to construct, reconstruct, maintain, and operate any project as defined in this part, to establish and collect such fees or other charges as may be convenient or necessary to produce sufficient revenues to meet the expenses of maintenance and operation of the system, and to fulfill the terms of any agreements made with the holders of bonds authorized by this part. The state further pledges that it will not in any way impair the rights or remedies of the holders of such bonds until the bonds, together with interest thereon, are fully paid and discharged. Nothing in this section or in any agreement between

the authority and the Department of Transportation shall be construed to require the Legislature to make or continue any appropriation of state funds to the authority, including, but not limited to, the amounts specified in s. 343.58(4), nor shall any holder of bonds have any right to require the Legislature to make or continue any appropriation of state funds.

Section 67. Subsection (4) of section 343.58, Florida Statutes, is amended, and subsection (6) is added to that section, to read:

343.58 County funding for the South Florida Regional Transportation Authority.—

(4) Notwithstanding any other provision of law to the contrary and effective July 1, 2010, until as provided in paragraph (d), the department shall transfer annually from the State Transportation Trust Fund to the South Florida Regional Transportation Authority the amounts specified in subparagraph (a)1. or subparagraph (a)2.

(a)1. If the authority becomes responsible for maintaining and dispatching the South Florida Rail Corridor:

a. $15 million from the State Transportation Trust Fund to the South Florida Regional Transportation Authority for operations, maintenance, and dispatch; and

b. An amount no less than the work program commitments equal to $27.1 million for fiscal year 2010-2011, as of July 1, 2009, for operating assistance to the authority and corridor track maintenance and contract maintenance for the South Florida Rail Corridor.

2. If the authority does not become responsible for

maintaining and dispatching the South Florida Rail Corridor:

a. $13.3 million from the State Transportation Trust Fund to the South Florida Regional Transportation Authority for operations; and

b. An amount no less than the work program commitments equal to $17.3 million for fiscal year 2010-2011, as of July 1, 2009, for operating assistance to the authority.

(b) Funding required by this subsection may not be provided from the funds dedicated to the Florida Rail Enterprise under s. 201.15(1)(c)1.d.

(c)1. Funds provided to the authority by the department under this subsection may not be committed by the authority without the approval of the department, which may not be unreasonably withheld. At least 90 days before advertising any procurement or renewing any existing contract that will rely on state funds for payment, the authority shall notify the department of the proposed procurement or renewal and the proposed terms thereof. If the department, within 60 days after receipt of notice, objects in writing to the proposed procurement or renewal, specifying its reasons for objection, the authority may not proceed with the proposed procurement or renewal. Failure of the department to object in writing within 60 days after notice shall be deemed consent. This requirement does not impair or cause the authority to cancel contracts that exist as of June 30, 2012.

2. To enable the department to evaluate the authority's proposed uses of state funds, the authority shall annually provide the department with its proposed budget for the

following authority fiscal year and shall provide the department with any additional documentation or information required by the department for its evaluation of the proposed uses of the state funds.

(d) Funding required by this subsection shall cease upon commencement of an alternate dedicated local funding source sufficient for the authority to meet its responsibilities for operating, maintaining, and dispatching the South Florida Rail Corridor. The authority and the department shall cooperate in the effort to identify and implement such an alternate dedicated local funding source before July 1, 2019. Upon commencement of the alternate dedicated local funding source, the department shall convey to the authority a perpetual commuter rail easement in the South Florida Rail Corridor and all of the department's right, title, and interest in rolling stock, equipment, tracks, and other personal property owned and used by the department for the operation and maintenance of the commuter rail operations in the South Florida Rail Corridor.

(6) Before the authority undertakes any new capital projects or transit system improvements not approved by the authority board, and not identified in the authority's 5-year capital program, on or before July 1, 2012, the authority shall ensure that the funding available to the authority under this section, together with any revenues available to the authority, are currently, and are anticipated to continue to be, sufficient for the authority to meet its obligations under any agreement through which federal funds have been or are anticipated to be received by the authority.

Section 68. Section 347.215, Florida Statutes, is created to read:

347.215 Operation of ferries by joint agreement between public and private entities.—The county commission of any county that has granted a license to operate a ferry in the county may authorize the operation of such ferry by a single party or multiple parties under a joint agreement between the appropriate public entities and one or more private corporations conducting business in the state.

Section 69. Paragraph (c) of subsection (4) of section 348.0003, Florida Statutes, is amended to read:

348.0003 Expressway authority; formation; membership.—

(4)

(c) Members of each expressway authority, transportation authority, bridge authority, or toll authority, created pursuant to this chapter, chapter 343, ~~or chapter 349~~ or any other general law, ~~legislative enactment~~ shall comply with the applicable financial disclosure requirements of s. 8, Art. II of the State Constitution. This paragraph does not subject any statutorily created authority, other than an expressway authority created under this part, to any other requirement of this part except the requirement of this paragraph.

Section 70. Section 348.7645, Florida Statutes, is created to read:

348.7645 Exit sign to university.—Notwithstanding any provision of law to the contrary, the authority, upon request by a university described in this section, shall erect signage at the most convenient, existing exit directing traffic to a

university with at least 6,000 full-time students which is located within 5 miles of a roadway operated by the authority. Any such university shall pay to the authority the actual costs of any signage erected.

Section 71. Subsection (3) of section 349.03, Florida Statutes, is amended to read:

349.03 Jacksonville Transportation Authority.—

(3)(a) The terms of appointed members shall be for 4 years deemed to have commenced on June 1 of the year in which they are appointed. Each member shall hold office until a successor has been appointed and has qualified. A vacancy during a term shall be filled by the respective appointing authority only for the balance of the unexpired term. Any member appointed to the authority for two consecutive full terms shall not be eligible for appointment to the next succeeding term. One of the members so appointed shall be designated annually by the members as chair of the authority, one member shall be designated annually as the vice chair of the authority, one member shall be designated annually as the secretary of the authority, and one member shall be designated annually as the treasurer of the authority. The members of the authority shall not be entitled to compensation, but shall be reimbursed for travel expenses or other expenses actually incurred in their duties as provided by law. Four voting members of the authority shall constitute a quorum, and no resolution adopted by the authority shall become effective unless with the affirmative vote of at least four members. Members of the authority shall file as their mandatory financial disclosure a statement of financial interest with the

Commission on Ethics as provided in s. 112.3145.

(b) The authority shall employ an executive director, and the executive director may hire such staff, permanent or temporary, as he or she may determine and may organize the staff of the authority into such departments and units as he or she may determine. The executive director may appoint department directors, deputy directors, division chiefs, and staff assistants to the executive director, as he or she may determine. In so appointing the executive director, the authority may fix the compensation of such appointee, who shall serve at the pleasure of the authority. All employees of the authority shall be exempt from the provisions of part II of chapter 110. The authority may employ such financial advisers and consultants, technical experts, engineers, and agents and employees, permanent or temporary, as it may require and may fix the compensation and qualifications of such persons, firms, or corporations. The authority may delegate to one or more of its agents or employees such of its powers as it shall deem necessary to carry out the purposes of this chapter, subject always to the supervision and control of the governing body of the authority.

Section 72. Subsection (8) is added to section 349.04, Florida Statutes, to read:

349.04 Purposes and powers.—

(8) The authority may conduct public meetings and workshops by means of communications media technology, as provided in s. 120.54(5). However, a resolution, rule, or formal action is not binding unless a quorum is physically present at

the noticed meeting location, and only members physically present may vote on any item.

Section 73. Subsection (6) is added to section 373.118, Florida Statutes, to read:

373.118 General permits; delegation.—

(6) By July 1, 2012, the department shall initiate rulemaking to adopt a general permit for stormwater management systems serving airside activities at airports. The general permit applies statewide and shall be administered by any water management district or any delegated local government pursuant to the operating agreements applicable to part IV, with no additional rulemaking required. Such rules are not subject to any special rulemaking requirements related to small business.

Section 74. Subsection (6) is added to section 373.413, Florida Statutes, to read:

373.413 Permits for construction or alteration.—

(6) It is the intent of the Legislature that the governing board or department exercise flexibility in the permitting of stormwater management systems associated with the construction or alteration of systems serving state transportation projects and facilities. Because of the unique limitations of linear facilities, the governing board or department shall balance the expenditure of public funds for stormwater treatment for state transportation projects and facilities with the benefits to the public in providing the most cost-efficient and effective method of achieving the treatment objectives. In consideration thereof, the governing board or department shall allow alternatives to onsite treatment, including, but not limited to, regional

publicly displaying such business partners' names on school district property in the unincorporated areas of the county. Project graduation and athletic sponsorships are examples of appropriate recognition. The district shall make every effort to display its business partners' names in a manner that is consistent with the county standards for uniformity in size, color, and placement of signs. If the provisions of this section are inconsistent with county ordinances or regulations relating to signs in the unincorporated areas of the county or inconsistent with chapter 125 or chapter 166, Florida Statutes, the provisions of this section prevail. The pilot program expires June 30, 2014.

Section 78. Effective upon this act becoming a law, all administrative rules adopted by the former Pilotage Rate Review Board, which were in effect upon the effective date of ss. 5 and 6, chapter 2010-225, Laws of Florida, are transferred by a type two transfer, as defined in s. 20.06(2), Florida Statutes, to the Pilotage Rate Review Committee of the Board of Pilot Commissioners and shall apply retroactively to the effective date of ss. 5 and 6, chapter 2010-225, Laws of Florida.

Section 79. The Florida Transportation Commission shall conduct a study of the potential for cost savings that might be realized through increased efficiencies through the sharing of resources for the accomplishment of design, construction, and maintenance activities by or on behalf of expressway authorities in the state. The commission may retain such experts as are reasonably necessary to complete the study, and the department shall pay the expenses of such experts. The commission shall

complete the study and provide a written report of its findings and conclusions to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the chairs of each of the appropriations committees of the Legislature by December 31, 2012. In conducting the study, the commission shall seek input from the existing expressway authorities.

Section 80. Notwithstanding s. 120.569, s. 120.57, or s. 373.427, Florida Statutes, or any other provision of law to the contrary, a challenge to a consolidated environmental resource permit or any associated variance or any sovereign submerged lands authorization proposed or issued by the Department of Environmental Protection in connection with the state's deepwater ports, as listed in s. 403.021(9), Florida Statutes, shall be conducted pursuant to the summary hearing provisions of s. 120.574, Florida Statutes; however, the summary proceeding shall be conducted within 30 days after a party files a motion for a summary hearing, regardless of whether the parties agree to the summary proceeding, and the administrative law judge's decision shall be in the form of a recommended order and does not constitute final agency action of the department. The Department of Environmental Protection shall issue the final order within 45 working days after receipt of the administrative law judge's recommended order. The summary hearing provisions of this section apply to pending administrative proceedings; however, s. 120.574(1)(b) and (d) and (2)(a)3. and 5., Florida Statutes, do not apply to pending administrative proceedings. This section shall take effect upon this act becoming a law.

Section 81. It is the intent of the Legislature to

CODING: Words stricken are deletions; words underlined are additions.

encourage and facilitate a review by the Pinellas Suncoast Transit Authority (PSTA) and the Hillsborough Area Regional Transit Authority (HART) in order to achieve improvements in regional transit connectivity and implementation of operational efficiencies and service enhancements that are consistent with the regional approach to transit identified in the Tampa Bay Area Regional Transportation Authority's (TBARTA's) Regional Transportation Master Plan. The Legislature finds that such improvements and efficiencies can best be achieved through a joint review, evaluation, and recommendations by the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority.

(1) The governing bodies or a designated subcommittee of both the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority shall hold a joint meeting within 30 days after July 1, 2012, and as often as deemed necessary thereafter, in order to consider and identify opportunities for greater efficiency and service improvements, including specific methods for increasing service connectivity between the jurisdictions of each agency. The elements to be reviewed must also include:

(a) Governance structure, including governing board membership, terms, responsibilities, officers, powers, duties, and responsibilities;

(b) Funding options and implementation;

(c) Facilities ownership and management;

(d) Current financial obligations and resources; and

(e) Actions to be taken that are consistent with the Tampa

Bay Area Regional Transportation Authority's master plan.

(2) The Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority shall jointly submit a report to the Speaker of the House of Representatives and the President of the Senate on the elements described in this section by February 1, 2013. The report must include proposed legislation to implement each recommendation and specific recommendations concerning the reorganization of each agency, the organizational merger of both agencies, or the consolidation of functions within and between each agency.

(3) The Tampa Bay Area Regional Transportation Authority shall assist and facilitate the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority in carrying out the purposes of this section. The Tampa Bay Area Regional Transportation Authority shall provide technical assistance and information regarding its master plan, make recommendations for achieving consistency and improved regional connectivity, and provide support to the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority in the preparation of their joint report and recommendations to the Legislature. For this purpose, the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority shall reimburse the Tampa Bay Area Regional Transportation Authority for necessary and reasonable expense in a total amount not to exceed $100,000.

Section 82. Subsection (7) of section 215.616, Florida Statutes, is amended to read:

215.616 State bonds for federal aid highway construction.—

recipient of the Purple Heart medal shall, upon application therefor to the department, with the payment of the required fees, be issued a license plate as provided in s. 320.06, on which license plate are stamped the words "Purple Heart" and the likeness of the Purple Heart medal followed by the serial number. Each application shall be accompanied by proof that the applicant is the unremarried surviving spouse of a recipient of the Purple Heart medal.

(4) The owner or lessee of an automobile or truck for private use, a truck weighing not more than 7,999 pounds, or a recreational vehicle as specified in s. 320.08(9)(c) or (d) which automobile, truck, or recreational vehicle is not used for hire or commercial use who is a resident of the state and a current or former member of the United States military who was deployed and served in Iraq during Operation Iraqi Freedom or in Afghanistan during Operation Enduring Freedom shall, upon application to the department, accompanied by proof of active membership or former active duty status during one of these operations, and upon payment of the license tax for the vehicle as provided in s. 320.08, be issued a license plate as provided by s. 320.06 upon which, in lieu of the registration license number prescribed by s. 320.06, shall be stamped the words "Operation Iraqi Freedom" or "Operation Enduring Freedom," as appropriate, followed by the registration license number of the plate.

Section 100. Subsection (10) is added to section 338.165, Florida Statutes, to read:

338.165 Continuation of tolls.—

(10) The department's Beachline-East Expressway may be transferred by the department and become part of the turnpike system under the Florida Turnpike Enterprise Law. Any funds expended by Florida Turnpike Enterprise for the acquisition of the Beachline-East Expressway shall be deposited into the State Transportation Trust Fund, and, notwithstanding any other law to the contrary, such funds shall first be allocated by the department to fund the department's obligation to construct the Wekiva Parkway. The term "Wekiva Parkway" means a limited access highway or expressway constructed between State Road 429 and Interstate 4 specifically incorporating the corridor alignment recommended by Recommendation 2 of the Wekiva River Basin Area Task Force final report dated January 15, 2003, and the recommendations of the SR 429 Working Group which were adopted January 16, 2004, and related transportation facilities.

Section 101. Section 348.7546, Florida Statutes, is amended to read:

348.7546 Wekiva Parkway, construction authorized; financing. ~~Notwithstanding s. 338.2275,~~

(1) The Orlando-Orange County Expressway Authority is ~~hereby~~ authorized to exercise its condemnation powers and to~~,~~ construct, finance, operate, own, and maintain those portions of the Wekiva Parkway which are identified by agreement between the authority and the department and which are included as part of the authority's long-range capital improvement plan. The "Wekiva Parkway" means any limited access highway or expressway constructed between State Road 429 and Interstate 4 specifically incorporating the corridor alignment recommended by

Recommendation 2 of the Wekiva River Basin Area Task Force final report dated January 15, 2003, and the recommendations of the SR 429 Working Group which ~~that~~ were adopted January 16, 2004. This project may be financed with any funds available to the authority for such purpose or revenue bonds issued by the authority under s. 11, Art. VII of the State Constitution and s. 348.755(1)(b). This section does not invalidate the exercise by the authority of its condemnation powers or the acquisition of any property for the Wekiva Parkway before July 1, 2012.

(2) Notwithstanding any other provision of law to the contrary, in order to ensure that funds are available to the department for its portion of the Wekiva Parkway, beginning July 1, 2012, the authority shall repay the expenditures by the department for costs of operation and maintenance of the Orlando-Orange County Expressway System in accordance with the terms of the memorandum of understanding between the authority and the department ratified by the authority board on February 22, 2012, which requires the authority to pay the department $10 million on July 1, 2012, and $20 million on each successive July 1 until the department has been fully reimbursed for all costs of the Orlando-Orange County Expressway System which were paid, advanced, or reimbursed to the authority by the department, with a final payment in the amount of the balance remaining. Notwithstanding any other law to the contrary, the funds paid to the department pursuant to this subsection shall be allocated by the department for construction of the Wekiva Parkway.

(3) The department's obligation to construct its portions of the Wekiva Parkway is contingent upon the timely payment by

the authority of the annual payments required of the authority and receipt of all required environmental permits and approvals by the Federal Government.

Section 102. Subsections (6) is added to section 348.755, Florida Statutes, to read:

348.755 Bonds of the authority.—

(6) Notwithstanding any other provision of law to the contrary, on and after July 1, 2012, the authority may not issue any bonds except as permitted under the terms of the memorandum of understanding between the authority and the department ratified by the authority board on February 22, 2012.

Section 103. Subsections (8) and (9) are added to section 348.757, Florida Statutes, to read:

348.757 Lease-purchase agreement.—

(8) The only lease-purchase agreement authorized by this section is the lease-purchase agreement between the department and the authority dated December 23, 1985, as supplemented by a first supplement to the lease-purchase agreement dated November 25, 1986, and a second supplement to the lease-purchase agreement dated October 27, 1988.

(9) Upon the earlier of the defeasance, redemption, or payment in full of the authority bonds issued before July 1, 2012, or the earlier date to which the purchasers of the authority bonds have consented:

(a) The obligations of the department under the lease-purchase agreement with the authority, including any obligation to pay any cost of operation, maintenance, repair, or rehabilitation of the expressway system, terminate;

(b) The lease purchase agreement terminates;

(c) The expressway system remains the property of the authority and may not be transferred to the department; and

(d) The authority remains obligated to reimburse the department in accordance with the terms of the memorandum of understanding between the authority and the department ratified by the authority board on February 22, 2012.

Section 104. Subsections (2) and (5) of section 369.317, Florida Statutes, are amended to read:

369.317 Wekiva Parkway.—

(2) The Wekiva Parkway and related transportation facilities shall follow the design criteria contained in the recommendations of the Wekiva River Basin Area Task Force adopted by reference by the Wekiva River Basin Coordinating Committee in its final report of March 16, 2004, and the recommendations of the Wekiva Coordinating Committee contained in its final report of March 16, 2004, subject to reasonable environmental, economic, and engineering considerations. For those activities associated with the Wekiva Parkway and related transportation facilities which require authorization pursuant to part IV of chapter 373, the Department of Environmental Protection is the exclusive permitting authority.

(5) In Seminole County, ~~the Seminole County Expressway Authority,~~ the Department of Transportation~~, and the Florida Turnpike Enterprise~~ shall locate the precise corridor and interchanges for the Wekiva Parkway consistent with the legislative intent expressed in this act and other provisions of this act.

canceled or while the licenseholder is disqualified from driving a commercial vehicle; or

8. Causing a fatality through the negligent operation of a commercial motor vehicle.

(5) A ~~Any~~ person who is convicted of two violations specified in subsection (3) which were committed while operating a commercial motor vehicle, or any combination thereof, arising in separate incidents shall be permanently disqualified from operating a commercial motor vehicle. A ~~Any~~ holder of a commercial driver ~~driver's~~ license who is convicted of two violations specified in subsection (3) which were committed while operating any ~~a noncommercial~~ motor vehicle~~, or any combination thereof,~~ arising in separate incidents shall be permanently disqualified from operating a commercial motor vehicle. The penalty provided in this subsection is in addition to any other applicable penalty.

Section 20. Present subsections (8) through (13) of section 334.30, Florida Statutes, are redesignated as subsections (7) through (12), respectively, and present subsection (7) of that section is amended, to read:

334.30 Public-private transportation facilities.—The Legislature finds and declares that there is a public need for the rapid construction of safe and efficient transportation facilities for the purpose of traveling within the state, and that it is in the public's interest to provide for the construction of additional safe, convenient, and economical transportation facilities.

~~(7) The department may lend funds from the Toll Facilities Revolving Trust Fund, as outlined in s. 338.251, to private~~

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~~entities that construct projects on the State Highway System containing toll facilities that are approved under this section. To be eligible, a private entity must comply with s. 338.251 and must provide an indication from a nationally recognized rating agency that the senior bonds for the project will be investment grade, or must provide credit support such as a letter of credit or other means acceptable to the department, to ensure that the loans will be fully repaid. The state's liability for the funding of a facility is limited to the amount approved for that specific facility in the department's 5-year work program adopted pursuant to s. 339.135.~~

Section 21. Subsection (5) is added to section 335.074, Florida Statutes, to read:

335.074 Safety inspection of bridges.—

(5) Upon receipt of an inspection report that recommends reducing the weight, size, or speed limit on a bridge, the governmental entity having maintenance responsibility for the bridge shall reduce the maximum limits for the bridge in accordance with the inspection report and shall post the limits in accordance with s. 316.555. The governmental entity shall, within 30 days after receipt of an inspection report recommending lower limits, notify the department that the limitations have been implemented and the limits have been posted accordingly. If the required actions are not taken within 30 days after receipt of an inspection report, the department shall post the limits on the bridge in accordance with the recommendations in the inspection report. The costs incurred by the department in connection with providing notice of the bridge's limitations or restrictions shall be assessed against

metropolitan planning organization. If such turnpike project does not fall within the jurisdiction of a metropolitan planning organization, the department shall notify the affected county and provide for public hearings in accordance with s. 339.155(6)(c).

Section 29. Section 338.251, Florida Statutes, is repealed.

Section 30. Paragraph (f) of subsection (1) of section 339.08, Florida Statutes, is amended to read:

339.08 Use of moneys in State Transportation Trust Fund.—

(1) The department shall expend moneys in the State Transportation Trust Fund accruing to the department, in accordance with its annual budget. The use of such moneys shall be restricted to the following purposes:

(f) To pay the cost of economic development transportation projects in accordance with s. 339.2821 ~~288.063~~.

Section 31. Section 339.139, Florida Statutes, is created to read:

339.139 Transportation debt assessment.—

(1) It is the policy of the state to manage the financing of transportation infrastructure in a manner that ensures the fiscal integrity of the State Transportation Trust Fund.

(2) The department shall provide a debt and debtlike contractual obligations load report to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the legislative appropriations committees in conjunction with the tentative work program required under s. 339.135. The debt and debtlike contractual obligations load report must include the following data on current and planned department commitments that are payable from

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SECTION 5 - NATURAL RESOURCES/ENVIRONMENT/GROWTH MANAGEMENT/TRANSPORTATION

1917 FIXED CAPITAL OUTLAY
AVIATION DEVELOPMENT/GRANTS
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 176,928,822

From the funds in Specific Appropriation 1917, $1,118,000 shall be used by the Greater Orlando Aviation Authority at the Orlando Executive Airport for necessary improvements in preparation for the National Business Aviation Association Convention. The funding for these improvements shall be up to 100 percent of the non-federal share.

1918 FIXED CAPITAL OUTLAY
PUBLIC TRANSIT DEVELOPMENT/GRANTS
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 206,688,731

~~From the funds in Specific Appropriation 1918, $1,200,000 shall be used by the Central Florida Regional Transportation Authority for a LYNX route serving the area between Orlando International Airport and Lake Buena Vista.~~

1919 FIXED CAPITAL OUTLAY
RIGHT-OF-WAY LAND ACQUISITION
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 387,520,470
FROM RIGHT-OF-WAY ACQUISITION AND
BRIDGE CONSTRUCTION TRUST FUND . . 55,573,450

1920 FIXED CAPITAL OUTLAY
SEAPORT - ECONOMIC DEVELOPMENT
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 15,000,000

1921 FIXED CAPITAL OUTLAY
SEAPORTS ACCESS PROGRAM
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 10,000,000

1922 FIXED CAPITAL OUTLAY
SEAPORT GRANTS
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 115,446,664

~~From the funds in Specific Appropriation 1922, up to $5,000,000 shall be used for port projects involving bulkhead repairs for those ports located in counties designated as Rural Areas of Critical Economic Concern (RACEC) and are eligible for funding as provided in section 311.07(3)(a), Florida Statutes.~~

1923 FIXED CAPITAL OUTLAY
RAIL DEVELOPMENT/GRANTS
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 31,376,561

1924 FIXED CAPITAL OUTLAY
INTERMODAL DEVELOPMENT/GRANTS
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 91,013,006

1925 FIXED CAPITAL OUTLAY
PRELIMINARY ENGINEERING CONSULTANTS
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 531,660,133
FROM RIGHT-OF-WAY ACQUISITION AND
BRIDGE CONSTRUCTION TRUST FUND . . 289,177

From the funds provided in Specific Appropriation 1925, up to $2,000,000 may be used by the department to determine the value added to overall project delivery by the use of Subsurface Utility Engineering technology for collecting information in the design process to facilitate drainage design, shorten the design process and project time, reduce contractor risk, minimize redesign, and identify unknown facilities. All procurements for this program shall be competitively bid by the department.

SECTION 5 - NATURAL RESOURCES/ENVIRONMENT/GROWTH MANAGEMENT/TRANSPORTATION

2006 SPECIAL CATEGORIES
CONTRACTED SERVICES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 25,820,753

~~2007A SPECIAL CATEGORIES~~
~~PAYMENT TO EXPRESSWAY AUTHORITIES~~
~~FROM STATE TRANSPORTATION~~
~~(PRIMARY) TRUST FUND . . . . . 12,322,862~~

2008 SPECIAL CATEGORIES
FLORIDA HIGHWAY PATROL SERVICES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 19,311,625

2009 SPECIAL CATEGORIES
HUMAN RESOURCES DEVELOPMENT
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 134,949

2010 SPECIAL CATEGORIES
OVERTIME
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 147,739

2011 SPECIAL CATEGORIES
TRANSPORTATION MATERIALS AND EQUIPMENT
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 5,668,409

2012 SPECIAL CATEGORIES
LEASE OR LEASE-PURCHASE OF EQUIPMENT
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 52,557

2013 FIXED CAPITAL OUTLAY
MINOR RENOVATIONS, REPAIRS, AND
IMPROVEMENTS - STATEWIDE
FROM TURNPIKE GENERAL RESERVE
TRUST FUND 379,498

2014 FIXED CAPITAL OUTLAY
TRANSPORTATION HIGHWAY MAINTENANCE
CONTRACTS
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 42,516,971

From the funds in Specific Appropriation 2014, an amount not less than $2,560,000 in state revenues shall be used for the Road Ranger program. Road Ranger services provided through sponsorships, local contributions or federal funds are not restricted.

From the funds in Specific Appropriation 2014, the Department of Transportation may contract with non-profit youth organizations in Florida to perform work on the state highway system. All non-profit youth organizations providing services under contract with the Department of Transportation must certify to the department that all participating youth are Florida residents. In order to maintain continuity and quality, the department shall give preference to those youth organizations with which it has previously contracted for such services.

The department is specifically limited to an expenditure level of $2,000,000 for any contract with a single youth organization or for any group of contracts with two or more youth organizations that have the same registered agent or substantially similar officers and directors. The department shall not supplement these funds from any source in the absence of express legislative authority.

2015 FIXED CAPITAL OUTLAY
INTRASTATE HIGHWAY CONSTRUCTION
FROM TURNPIKE RENEWAL AND
REPLACEMENT TRUST FUND 7,525,378
FROM TURNPIKE GENERAL RESERVE
TRUST FUND 965,966,454

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project and agreement are exempt from s. 255.20 pursuant to s. 255.20(1)(c)11.

(4) Except as otherwise expressly provided in this section, this section does not affect existing law by granting additional powers to or imposing further restrictions on local government entities.

Section 4. Paragraph (d) of subsection (2) of section 348.754, Florida Statutes, is amended to read:

348.754 Purposes and powers.—

(2) The authority is hereby granted, and shall have and may exercise all powers necessary, appurtenant, convenient or incidental to the carrying out of the aforesaid purposes, including, but without being limited to, the following rights and powers:

(d) To enter into and make leases for terms not exceeding 99 ~~40~~ years, as either lessee or lessor, in order to carry out the right to lease as set forth in this part.

Section 5. This act shall take effect July 1, 2013.

201350er

An act relating to public meetings; creating s. 286.0114, F.S.; defining "board or commission"; requiring that a member of the public be given a reasonable opportunity to be heard by a board or commission before it takes official action on a proposition; providing exceptions; establishing requirements for rules or policies adopted by the board or commission; providing that compliance with the requirements of this section is deemed to have occurred under certain circumstances; providing that a circuit court has jurisdiction to issue an injunction under certain circumstances; authorizing a court to assess reasonable attorney fees in actions filed against a board or commission; providing that an action taken by a board or commission which is found in violation of this section is not void; providing that the act fulfills an important state interest; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 286.0114, Florida Statutes, is created to read:

286.0114 Public meetings; reasonable opportunity to be heard; attorney fees.—

(1) For purposes of this section, "board or commission" means a board or commission of any state agency or authority or of any agency or authority of a county, municipal corporation,

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or political subdivision.

(2) Members of the public shall be given a reasonable opportunity to be heard on a proposition before a board or commission. The opportunity to be heard need not occur at the same meeting at which the board or commission takes official action on the proposition if the opportunity occurs at a meeting that is during the decisionmaking process and is within reasonable proximity in time before the meeting at which the board or commission takes the official action. This section does not prohibit a board or commission from maintaining orderly conduct or proper decorum in a public meeting. The opportunity to be heard is subject to rules or policies adopted by the board or commission, as provided in subsection (4).

(3) The requirements in subsection (2) do not apply to:

(a) An official act that must be taken to deal with an emergency situation affecting the public health, welfare, or safety, if compliance with the requirements would cause an unreasonable delay in the ability of the board or commission to act;

(b) An official act involving no more than a ministerial act, including, but not limited to, approval of minutes and ceremonial proclamations;

(c) A meeting that is exempt from s. 286.011; or

(d) A meeting during which the board or commission is acting in a quasi-judicial capacity. This paragraph does not affect the right of a person to be heard as otherwise provided by law.

(4) Rules or policies of a board or commission which govern the opportunity to be heard are limited to those that:

(a) Provide guidelines regarding the amount of time an individual has to address the board or commission;

(b) Prescribe procedures for allowing representatives of groups or factions on a proposition to address the board or commission, rather than all members of such groups or factions, at meetings in which a large number of individuals wish to be heard;

(c) Prescribe procedures or forms for an individual to use in order to inform the board or commission of a desire to be heard; to indicate his or her support, opposition, or neutrality on a proposition; and to indicate his or her designation of a representative to speak for him or her or his or her group on a proposition if he or she so chooses; or

(d) Designate a specified period of time for public comment.

(5) If a board or commission adopts rules or policies in compliance with this section and follows such rules or policies when providing an opportunity for members of the public to be heard, the board or commission is deemed to be acting in compliance with this section.

(6) A circuit court has jurisdiction to issue an injunction for the purpose of enforcing this section upon the filing of an application for such injunction by a citizen of this state.

(7)(a) Whenever an action is filed against a board or commission to enforce this section, the court shall assess reasonable attorney fees against such board or commission if the court determines that the defendant to such action acted in violation of this section. The court may assess reasonable attorney fees against the individual filing such an action if

the court finds that the action was filed in bad faith or was frivolous. This paragraph does not apply to a state attorney or his or her duly authorized assistants or an officer charged with enforcing this section.

(b) Whenever a board or commission appeals a court order that has found the board or commission to have violated this section, and such order is affirmed, the court shall assess reasonable attorney fees for the appeal against such board or commission.

(8) An action taken by a board or commission which is found to be in violation of this section is not void as a result of that violation.

Section 2. The Legislature finds that a proper and legitimate state purpose is served when members of the public have been given a reasonable opportunity to be heard on a proposition before a board or commission of a state agency or authority, or of an agency or authority of a county, municipal corporation, or political subdivision. Therefore, the Legislature determines and declares that this act fulfills an important state interest.

Section 3. This act shall take effect October 1, 2013.

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ENROLLED
2013 Legislature **CS for SB 606**

2013606er

An act relating to the Northeast Florida Regional Transportation Commission; providing a directive to the Division of Law Revision and Information; creating s. 343.1001, F.S.; providing a short title; creating s. 343.1002, F.S.; providing definitions; creating s. 343.1003, F.S.; creating the Northeast Florida Regional Transportation Commission; providing for a nine-member commission board; providing for board appointment; providing for staffing; providing for member removal; providing liability protection for members; creating s. 343.1004, F.S.; providing commission powers and duties; prohibiting the commission from pledging the state's credit; creating s. 343.1005, F.S.; providing for transportation projects of regional significance; specifying the characteristics for such projects; creating s. 343.1006, F.S.; requiring commission plans and planning activity to be coordinated with other specified entities; creating s. 343.1008, F.S.; authorizing other governmental units and the commission to contract with each other; creating s. 343.1009, F.S.; exempting the commission from taxes or assessments; creating s. 343.1010, F.S.; specifying that the powers of the commission are supplemental to other laws; creating s. 343.1011, F.S.; providing for public meetings and hearings; creating s. 343.1012, F.S.; specifying that the commission is not an authority for purposes of specified provisions

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relating to a discretionary tax; creating s. 343.1013, F.S.; providing for repeal; amending s. 120.52, F.S.; conforming provisions; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. The Division of Law Revision and Information is requested to create part V of chapter 343, Florida Statutes, consisting of ss. 343.1001-343.1013, Florida Statutes.

Section 2. Section 343.1001, Florida Statutes, is created to read:

343.1001 Short title.—This part may be cited as the "Northeast Florida Regional Transportation Commission Act."

Section 3. Section 343.1002, Florida Statutes, is created to read:

343.1002 Definitions.—As used in this part, the term:

(1) "Agency of the state" means the state and any department of the state, the commission, or any corporation, agency, or instrumentality created, designated, or established by the state.

(2) "Board" means the governing body of the commission.

(3) "Commission" means the Northeast Florida Regional Transportation Commission.

(4) "Department" means the Department of Transportation.

(5) "Transportation authorities" means the department and any entity created under this chapter, chapter 348, or chapter 349.

(6) "Transportation facilities" means all mobile and fixed assets, including real or personal property or rights therein,

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used in the transportation of persons or property by any means of conveyance, and all appurtenances thereto, such as, but not limited to: highways; bridges; limited or controlled access roadways, lanes, and related facilities; docks, wharves, vessels, jetties, piers, and marine terminals; vehicles, fixed guideway facilities, including freight rail, intermodal facilities, and any means of conveyance of persons or property of all types; passenger and other terminals; park-and-ride facilities; bicycle ways and related facilities; pedestrian ways and pedestrian-related facilities appurtenant to other transportation facilities; transit-related improvements or developments adjacent to transit facilities or stations; bus, train, vessel, or other vehicle storage, cleaning, fueling, control, and maintenance facilities; and administrative and other office space necessary for the exercise by the commission of the powers and obligations granted under this part.

(7) "Transportation services" means the conveyance of persons or property, including mass transit services such as fixed-route bus service, fixed-guideway vehicle service, paratransit service, flex route or demand responsive service, and the planning and funding of transportation facilities.

Section 4. Section 343.1003, Florida Statutes, is created to read:

343.1003 Northeast Florida Regional Transportation Commission.—

(1) The Northeast Florida Regional Transportation Commission, an agency of the state, is created and established as a body politic and corporate, covering the six-county area comprised of Baker, Clay, Duval, Nassau, Putnam, and St. Johns

Counties.

(2) The nine-member governing board of the commission shall be selected and serve as follows:

(a) The county commissions of Baker, Clay, Nassau, Putnam, and St. Johns Counties shall each appoint one person, who may be an elected official of such county. However, in order to ensure continuity on the initial governing board, the initial appointees under this paragraph shall draw lots at the first meeting of the governing board to determine which two members shall serve initial terms of 2 years, which member shall serve an initial term of 3 years, and which two members shall serve initial terms of 4 years.

(b) The City of Jacksonville shall be represented by four members, who may be elected officials of the city. Of the four members, the mayor of the City of Jacksonville shall appoint two members, and the Jacksonville City Council shall appoint two members. However, in order to ensure continuity on the initial governing board, the initial appointees shall draw lots at the first meeting of the governing board to determine which member shall serve an initial term of 2 years, which two members shall serve initial terms of 3 years, and which member shall serve an initial term of 4 years.

(c) An appointed member may not select or have a designee selected to serve in the absence of the member, whether such member is an elected official or otherwise. However, if an appointed member is designated by the appointing entity by title, such as the chair of a county commission or the chair of a transportation or planning agency, the successor or vice chair may serve for such appointee in his or her absence.

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(d) Except for the initial board, members shall be appointed for 4-year terms. A member may not serve more than two consecutive terms.

(3) The secretary of the department shall appoint a nonvoting advisor to the board.

(4) The board may create an advisory panel, with membership to be determined by the board, and may establish committees by and at the will of the chair, or upon vote of the board.

(5) The members of the board shall serve without compensation but are entitled to receive reimbursement from the commission for travel expenses and per diem incurred in connection with the business of the commission as provided in s. 112.061. Persons appointed to a committee or an advisory panel shall also serve without compensation but may be entitled to per diem or travel expenses incurred in connection with the business of the commission as provided in s. 112.061.

(6) Notwithstanding s. 348.0003(4)(c), members of the board shall file a statement of financial interest with the Commission on Ethics pursuant to s. 112.3145.

(7) At its inaugural meeting, the board shall establish the duties and powers of its officers as set forth in subsection (8) and its initial rules of conduct and meeting procedures.

(8) At its inaugural meeting, and annually thereafter, the board shall elect a chair, vice chair, secretary, and treasurer from among its members, to serve for a term of 1 year. No person may hold the office of chair for more than two consecutive terms.

(9) The first meeting of the commission shall be held within 60 days after the creation of the commission.

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(10) Six members of the board constitute a quorum. The commission may meet upon the presence of a quorum. A vacancy on the board does not impair the ability of a quorum to exercise all rights and perform all duties of the commission.

(11) The commission may employ an executive director and an administrative assistant to the board and to the executive director. The commission may employ permanent or temporary staff, including consultants, as it determines necessary or convenient, or, subject to approval by their respective boards or administrative chiefs, may use the staff of:

(a) The Jacksonville Transportation Authority, its legal counsel, technical experts, engineers, and other administrative employees.

(b) The North Florida Transportation Planning Organization, for planning matters.

(c) The Northeast Florida Regional Council, for planning and coordination matters.

(d) The department.

(e) The Jacksonville Port Authority.

(f) The counties represented on the commission board, on an as-needed basis.

(12) An appointing county commission, or, in the case of Duval County, upon request of the mayor or the city council president, the Jacksonville City Council, may remove a member appointed by it for cause, including, but not limited to, failure to attend two or more meetings of the commission during any 9-month period.

(13) No liability on the part of, and no cause of action may arise against, any member for any action taken in the

performance of his or her duties under this part.

Section 5. Section 343.1004, Florida Statutes, is created to read:

343.1004 Commission powers and duties.—

(1) The express purposes of the commission are to improve mobility and expand multimodal transportation options for persons and freight throughout the six-county North Florida region. The commission shall, at a minimum:

(a) Use the data contained in the Long Range Transportation Plan of the North Florida Transportation Planning Organization and other data to develop a multimodal and prioritized regional transportation plan consisting of transportation projects of regional significance; and

(b) Research and develop an implementation plan that identifies available but not yet imposed, and potentially developable, sources of funding to execute the regional transportation plan. In developing the regional transportation plan, the commission shall review and coordinate with the future land use, capital improvements, and traffic circulation elements of the counties' local government comprehensive plans, the Strategic Regional Policy Plan of the Northeast Florida Regional Council, and the schedules of other units of government having transit or transportation authority within whose jurisdictions the projects or improvements will be located in order to define and resolve potential inconsistencies between such plans and the commission's regional transportation plan. The commission shall present the regional transportation plan and updates to the governing bodies of the constituent counties within 90 days after adoption. The commission shall update the regional

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transportation plan and the implementation plan at least every other year.

(2) The commission may plan, develop, coordinate, and promote transportation projects and transportation services of regional significance which are identified in the commission's regional transportation plan.

(a) Subject to available funding and with the approval of the affected counties and transportation authorities, the commission may provide transportation services of regional significance which are identified in the regional transportation plan.

(b) To ensure coordination of its plans with those of local governments, the commission shall consult with local governments concerning the commission's regional transportation plan.

(c) The commission may facilitate efforts to secure funding commitments from federal and state sources, or from the applicable counties, for the planning, development, construction, purchase, operation, and maintenance of transportation projects that are of regional significance or that support intercounty mobility for persons or freight.

(3) In carrying out its purposes and powers, the commission may request funding and technical assistance from the department and from federal and local agencies. In order to carry out the purposes and powers of the commission for its first 5 years, the commission shall also timely request annually that each constituent county appropriate a cash contribution of up to 30 cents per capita per year, based on the latest decennial census, to support its budget; however, the contribution of Duval County may not exceed 45 percent of the commission's budget for any

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fiscal year.

(4) The commission may exercise all powers necessary, appurtenant, convenient, or incidental to carrying out the purposes identified in subsections (1)-(3), including, but not limited to, the power to:

(a) Sue and be sued, implead and be impleaded, and complain and defend in all courts in its own name.

(b) Adopt and use a corporate seal.

(c) Apply for and accept grants from federal, state, local, or private sources for the carrying out of the purposes and powers of the commission.

(d) Partner with private sector business community entities that may further the commission's mission and engage the public in support of regional multimodal transportation improvements.

(e) Adopt rules, including bylaws and sanctions, for the regulation of the affairs and the conducting of business, including termination of membership in the commission for nonpayment of county contributions required under subsection (3).

(f) Advertise, market, and promote regional transit services and facilities, freight mobility plans and projects, and the general activities of the commission.

(g) Cooperate with other governmental entities and contract with other governmental agencies, including the Federal Government, the department, counties, transit and transportation authorities or agencies, municipalities, and expressway and bridge authorities.

(h) Purchase liability insurance directly from local, national, or international insurance companies which the

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commission is contractually and legally obligated to provide, notwithstanding s. 287.022(1).

(i) Make contracts and execute all instruments necessary or convenient for conducting its business.

(j) Form, alone or with one or more other agencies of the state or local governments, public benefit corporations to carry out the powers and obligations granted under this part or the powers and obligations of such other agencies or local governments.

(k) Do everything necessary or convenient for the conduct of its business and the general welfare of the commission in order to carry out the powers granted to it by this part or any other law.

(5) The commission may not pledge the credit or taxing power of the state or any political subdivision or agency thereof, nor may any of the commission's obligations be deemed to be obligations of the state or of any political subdivision or agency thereof, nor may the state or any political subdivision or agency thereof, except the commission, be liable for the payment of the principal of or interest on such obligations.

Section 6. Section 343.1005, Florida Statutes, is created to read:

343.1005 Transportation projects of regional significance.—Transportation projects of regional significance are those transportation facilities and transportation services within, in whole or in part, a regional transportation corridor identified in the commission report presented to the Legislature on or about December 31, 2012, or subsequently identified by the

commission, which have one or more of the following characteristics:

(1) Exhibit a significant level of travel between counties or regions.

(2) Provide a primary connection between activity centers or municipalities.

(3) Exhibit a significant percentage of freight conveyance.

(4) Provide a primary connection to marine, aviation, or intermodal facilities.

(5) Provide a regional emergency evacuation route.

(6) Support or enhance the functionality of another identified transportation project of regional significance in the corridor by providing for regional movement or removing nonregional trips from other transportation projects of regional significance.

(7) Such other characteristics as the commission may determine relating to regional significance.

Section 7. Section 343.1006, Florida Statutes, is created to read:

343.1006 Plan coordination with other agencies.—The regional transportation plan and implementation plan shall be forwarded to the North Florida Transportation Planning Organization for inclusion in its long range transportation plan and other planning documents as required by law. To the extent feasible, the commission's planning activities, including the development and adoption of the regional transportation plan and the implementation plan, shall be coordinated with the work of the North Florida Transportation Planning Organization, the Northeast Florida Regional Council, and the department.

Section 8. Section 343.1008, Florida Statutes, is created to read:

343.1008 Authority to contract.—Any county, municipality, drainage district, road and bridge district, school district, or any other political subdivision, board, commission, or individual, in or of the state, may make and enter into contracts, leases, conveyances, partnerships, or other agreements with the commission within the provisions and for the purposes of this part. The commission may make and enter into contracts, leases, conveyances, partnerships, interlocal agreements, and other agreements with any political subdivision, agency, or instrumentality of the state and any federal agencies, corporations, and individuals for the purpose of carrying out the provisions of this part and serving the purposes of the commission.

Section 9. Section 343.1009, Florida Statutes, is created to read:

343.1009 Exemption from taxation and assessment.—The effectuation of the authorized purposes of the commission created under this part is for the benefit of the people of this state, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and, because the commission performs essential governmental functions in effectuating such purposes, the commission is not required to pay any taxes or assessments upon any property acquired or used by it for such purposes, or upon any rates, fees, rentals, receipts, income, or charges at any time received by it.

Section 10. Section 343.1010, Florida Statutes, is created to read:

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343.1010 Powers of commission are supplemental.—

(1) The powers conferred by this part are supplemental to the existing powers of the North Florida Transportation Planning Organization, the Jacksonville Transportation Authority, the Northeast Florida Regional Council, the counties and the municipalities located therein, and the department. This part does not repeal any provisions of any other law, general, special, or local, but supplements such other laws in the exercise of the powers provided under this part and provides a complete method for the exercise of the powers granted in this part. The projects of the commission must comply with all applicable federal, state, and local laws. The projects of the commission undertaken pursuant to this part may be accomplished without regard to or necessity for compliance with the provisions, limitations, or restrictions contained in any other general, special, or local law except as specifically set forth in this part.

(2) This part does not repeal, rescind, or modify any other law relating to the North Florida Transportation Planning Organization, the Jacksonville Transportation Authority, or the department.

Section 11. Section 343.1011, Florida Statutes, is created to read:

343.1011 Public meetings and hearings.—

(1) The commission shall hold regular public meetings at the times and locations determined by the chair but, if feasible, at least quarterly.

(2) Before the adoption of the regional transportation plan or the implementation plan, a public hearing shall be conducted

by the commission in each of the counties affected, at least one of which must be before the board. Any interested party shall have the opportunity to be heard in person or by counsel and to introduce testimony in his or her behalf at the hearing. Reasonable notice of each public hearing must be published in a newspaper of general circulation in each county in which such hearings are required to be held, at least 7 days before the hearing. The commission shall comply with all applicable federal and state requirements related to new or altered transportation facilities or services.

Section 12. Section 343.1012, Florida Statutes, is created to read:

343.1012 Discretionary sales surtax.—The commission is not an "authority" for purposes of s. 212.055(1).

Section 13. Section 343.1013, Florida Statutes, is created to read:

343.1013 Repeal.—This part shall stand repealed on November 30, 2018, unless:

(1) The commission has adopted the regional transportation plan and the implementation plan, and at least Clay, Duval, Nassau, and St. Johns Counties have adopted resolutions endorsing such plans; and

(2) Adequate funding sources to carry out the initial phases of such plans have been secured.

Section 14. Subsection (1) of section 120.52, Florida Statutes, is amended to read:

120.52 Definitions.—As used in this act:

(1) "Agency" means the following officers or governmental entities if acting pursuant to powers other than those derived

from the constitution:

(a) The Governor; each state officer and state department, and each departmental unit described in s. 20.04; the Board of Governors of the State University System; the Commission on Ethics; the Fish and Wildlife Conservation Commission; a regional water supply authority; a regional planning agency; a multicounty special district, but only if ~~when~~ a majority of its governing board is comprised of nonelected persons; educational units; and each entity described in chapters 163, 373, 380, and 582 and s. 186.504.

(b) Each officer and governmental entity in the state having statewide jurisdiction or jurisdiction in more than one county.

(c) Each officer and governmental entity in the state having jurisdiction in one county or less than one county, to the extent they are expressly made subject to this chapter ~~act~~ by general or special law or existing judicial decisions.

This definition does not include a ~~any~~ municipality or legal entity created solely by a municipality; a ~~any~~ legal entity or agency created in whole or in part pursuant to part II of chapter 361; a ~~any~~ metropolitan planning organization created pursuant to s. 339.175; a ~~any~~ separate legal or administrative entity created pursuant to s. 339.175 of which a metropolitan planning organization is a member; an expressway authority pursuant to chapter 348 or any transportation authority or commission under chapter 343 or chapter 349; or a ~~any~~ legal or administrative entity created by an interlocal agreement pursuant to s. 163.01(7), unless any party to such agreement is

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otherwise an agency as defined in this subsection.

Section 15. This act shall take effect July 1, 2013.

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SECTION 5 - NATURAL RESOURCES/ENVIRONMENT/GROWTH MANAGEMENT/TRANSPORTATION

1827 EXPENSES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 3,697,543
FROM TRANSPORTATION DISADVANTAGED
TRUST FUND 383,325

1828 OPERATING CAPITAL OUTLAY
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 581,819
FROM TRANSPORTATION DISADVANTAGED
TRUST FUND 10,000

1829 SPECIAL CATEGORIES
CONSULTANT FEES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 7,227,877

1830 SPECIAL CATEGORIES
CONTRACTED SERVICES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 2,706,786
FROM TRANSPORTATION DISADVANTAGED
TRUST FUND 584,530

From the funds in Specific Appropriation 1830, in order to quantify the true unmet demand for services to support those individuals who are transportation disadvantaged, $200,000 in nonrecurring funds from the Transportation Disadvantaged Trust Fund is provided for the Florida Commission for the Transportation Disadvantaged to conduct a study to define the unmet and latent travel demand and mobility needs for the Florida disadvantaged population who because of physical or mental disability, income status, or age are unable to transport themselves or purchase transportation. The study shall compare current assessments and future forecasts of transportation disadvantaged mobility needs to existing service capacity at both the county and statewide level. The study shall also include the review of existing requirements for background screening of direct service transit providers to determine whether adequate screening exists, and shall determine the costs of additional screening requirements.

The Commission shall report the findings to the chair of the Senate Appropriations Subcommittee on Transportation, Tourism and Economic Development, and the chair of the House Transportation and Economic Development Appropriations Subcommittee, and shall include a methodology to incorporate the unmet need as a part of the funding allocation formula.

1830A SPECIAL CATEGORIES
PAYMENT TO EXPRESSWAY AUTHORITIES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 200,000

From the funds in Specific Appropriation 1830A, $200,000 of nonrecurring funds from the State Transportation Trust Fund are provided to the Tampa Bay Area Regional Transportation Authority in order to provide a financial analysis of the costs savings to be achieved from the consolidation of the Pinellas Suncoast Transit Authority and the Hillsborough Area Regional Transit Authority pursuant to the provisions of chapter 2012-174, Laws of Florida.

1831 SPECIAL CATEGORIES
HUMAN RESOURCES DEVELOPMENT
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 835,123

1832 SPECIAL CATEGORIES
OVERTIME
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 34,313

1833 SPECIAL CATEGORIES
LEASE OR LEASE-PURCHASE OF EQUIPMENT
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 147,939
FROM TRANSPORTATION DISADVANTAGED
TRUST FUND 3,830

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APPENDIX B—AUTHORITY DATA

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)
Official Reporting Period: July 1 through June 30

Operations:

	Objective	2009	2010	2011	2012	2013
Growth in Value of Transportation Assets		$ 854,981,450	$ 969,421,861	$ 1,092,757,958	$ 1,200,243,493	$ 1,287,972,802
Land Acquisition		250,621,556	260,087,004	268,353,339	292,095,225	316,865,423
Infrastructure Assets		324,296,911	318,265,641	342,007,681	470,678,234	517,094,675
Construction in Progress		280,062,983	391,069,216	482,396,938	437,470,034	454,012,704
Preservation of Transportation Assets		$ 4,598,681	$ 6,021,728	$ 6,577,417	$ 6,548,707	$ 5,887,349
Renewal & Replacement of Infrastructure		-	-	-	-	-
Routine Maintenance of Infrastructure		4,598,681	6,021,728	6,577,417	6,548,707	5,887,349
SHS Maintenance Condition Rating	90	90.7	90.9	91.5	90.6	92.2
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	89.1%	91.8%	91.4%	92.3%	91.4%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	98.4%	98.4%	97.6%	97.6%	97.6%
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 6/30/12	74.8%	75.8%	93.9%	95.9%	96.2%
Revenue from Electronic Transactions		65.7%	68.2%	81.3%	86.6%	85.3%
Annual Revenue Growth						
Toll & Operating Revenue		-2.5%	-1.1%	8.9%	0.7%	9.7%
Revenue Variance						
Actual Revenue with "recovery of fines"		100.0%	99.7%	98.3%	94.7%	98.1%
Actual Revenue without "recovery of fines"	< 4% (96%)	97.0%	97.5%	97.5%	94.5%	98.0%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.562	0.843	0.970	0.644	N/A
Customer Service						
Customers satisfied with level of service	> 90%	94.6%	N/A	96.3%	N/A	95.0%

Operations & Budget:

	Objective	2009	2010	2011	2012	2013
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	-20.2%	2.1%	2.8%	1.1%	13.3%
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%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.14	$0.12	$0.07	$0.06	$0.03
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		40.5%	36.2%	37.1%	40.3%	29.6%
Routine Maintenance Expense as a % of Operating Expense		8.3%	11.2%	12.0%	10.8%	10.4%
Administrative Expense as a % of Operating Expense		13.4%	11.2%	10.2%	8.3%	9.1%
Operating Expense as a % of Operating Revenue		48.9%	47.6%	44.5%	49.0%	41.6%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	91.4%	94.6%	92.7%	96.4%	77.9%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		23.8%	22.6%	21.9%	25.1%	16.7%

Applicable Laws:

	Objective	2009	2010	2011	2012	2013
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	14.2%	21.4%	31.3%	16.8%	22.6%

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)

Official Reporting Period: July 1 through June 30

Revenue Management & Bond Proceeds:

	Objective	2009	2010	2011	2012	2013
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.59	1.56	1.64	1.26	1.50
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.37	1.40	1.45	1.11	1.34
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:

	Objective	2009	2010	2011	2012	2013
Right-of-Way						
Agency Appraisals		$ 392,000	$ 2,200,000	$ 653,400	$ -	$ -
Initial Offers		$ 500,500	$ 1,868,483	$ 412,500	$ -	$ -
Owners Appraisals		$ 2,528,000	$ 1,868,483	$ 2,180,000	$ -	$ -
Final Settlements		$ 1,305,980	$ 1,868,483	$ 922,888	$ -	$ -

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY (OOCEA)

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2009	2010	2011	2012	2013
Growth in Value of Transportation Assets		$ 2,820,113,000	$ 2,859,868,000	$ 3,029,657,000	$ 3,170,741,000	$ 3,304,344,000
Land Acquisition		529,446,000	535,489,000	537,831,000	549,092,000	655,588,000
Infrastructure Assets		1,798,514,000	2,096,290,000	2,110,704,000	2,177,126,000	2,509,704,000
Construction in Progress		492,153,000	228,089,000	381,122,000	444,523,000	139,052,000
Preservation of Transportation Assets		$ 15,002,000	$ 14,099,000	$ 15,371,000	$ 26,050,000	$ 14,476,000
Renewal & Replacement of Infrastructure		1,307,000	522,000	1,694,000	13,679,000	880,000
Routine Maintenance of Infrastructure		13,695,000	13,577,000	13,677,000	12,371,000	13,596,000
SHS Maintenance Condition Rating	90	94.0	92.0	93.0	93.0	93.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	100.0%	98.6%	100.0%	95.1%	97.7%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	100.0%	99.3%	99.3%	99.3%	99.3%
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 6/30/12	70.7%	73.3%	74.6%	76.0%	79.2%
Revenue from Electronic Transactions		69.0%	71.8%	73.1%	74.7%	75.6%
Annual Revenue Growth						
Toll & Operating Revenue		0.2%	22.7%	2.7%	1.7%	13.8%
Revenue Variance						
Actual Revenue with "recovery of fines"		97.3%	97.4%	98.0%	98.9%	99.0%
Actual Revenue without "recovery of fines"	< 4% (96%)	97.0%	97.2%	97.5%	98.2%	97.9%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.534	0.172	0.462	0.340	N/A
Customer Service						
Customers satisfied with level of service	> 90%	N/A	N/A	90.5%	N/A	95.5%

Operations & Budget:

	Objective	2009	2010	2011	2012	2013
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	2.9%	-6.3%	-17.4%	-3.8%	0.5%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	100.0%	100.0%	100.0%	100.0%	88.2%
Completed within 10% above original contract amount	≥ 90%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.11	$0.11	$0.11	$0.11	$0.11
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		45.8%	44.0%	43.6%	36.8%	43.9%
Routine Maintenance Expense as a % of Operating Expense		19.5%	18.3%	17.8%	13.8%	17.5%
Administrative Expense as a % of Operating Expense		7.5%	7.0%	6.9%	6.3%	7.1%
Operating Expense as a % of Operating Revenue		33.8%	29.0%	29.3%	33.5%	25.6%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	96.4%	94.6%	96.8%	92.7%	95.6%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		22.1%	18.1%	18.0%	17.0%	15.7%

Applicable Laws:

	Objective	2009	2010	2011	2012	2013
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	16.4%	9.7%	13.5%	19.2%	25.0%

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY (OOCEA)

Official Reporting Period: July 1 through June 30

Revenue Management & Bond Proceeds:

	Objective	2009	2010	2011	2012	2013
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.47	1.74	1.62	1.52	1.94
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.45	1.73	1.61	1.47	1.74
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		A1	A1	A1	A2	A2
Fitch Bond Rating		A	A	A	A	A

Property Acquisition:

	Objective	2009	2010	2011	2012	2013
Right-of-Way						
Agency Appraisals		$ 14,972,300	$ 5,764,738	$ 5,220,800	$ 4,217,800	$ 9,838,600
Initial Offers		$ 7,587,422	$ 4,020,640	$ 3,377,800	$ 4,294,500	$ -
Owners Appraisals		$ 13,551,210	$ -	$ 11,644,750	$ 10,512,625	$ 13,530,000
Final Settlements		$ 20,594,598	$ 7,566,819	$ 9,534,609	$ 8,131,141	$ 7,234,646

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: SANTA ROSA BAY BRIDGE AUTHORITY (SRBBA)

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2009	2010	2011	2012	2013
Growth in Value of Transportation Assets[1]		$ 107,634,490	$ 107,565,514	$ -	$ -	$ -
Land Acquisition[1]		-	-	-	-	-
Infrastructure Assets[1]		107,634,490	107,565,514	-	-	-
Construction in Progress[1]		-	-	-	-	-
Preservation of Transportation Assets		$ 98,387	$ 135,305	$ 159,514	$ 195,817	$ 147,529
Renewal & Replacement of Infrastructure		-	-	-	-	-
Routine Maintenance of Infrastructure		98,387	135,305	159,514	195,817	147,529
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 6/30/12	35.1%	35.7%	36.2%	37.6%	38.5%
Revenue from Electronic Transactions		32.5%	33.0%	33.5%	34.0%	34.8%
Annual Revenue Growth						
Toll & Operating Revenue		-8.4%	-3.8%	1.7%	7.4%	3.1%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.0%	96.9%	96.1%	98.3%	98.5%
Actual Revenue without "recovery of fines"	< 4% (96%)	96.0%	96.9%	96.1%	98.3%	98.5%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.0	0.0	0.0	0.0	N/A
Customer Service						
Customers satisfied with level of service	> 90%	94.6%	N/A	96.3%	N/A	95.0%

Operations & Budget:

	Objective	2009	2010	2011	2012	2013
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	$0.63	$0.62	$0.63	$0.65	$0.63
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		84.3%	84.4%	59.4%	78.3%	86.6%
Routine Maintenance Expense as a % of Operating Expense		8.3%	11.9%	9.8%	15.1%	12.9%
Administrative Expense as a % of Operating Expense		0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expense as a % of Operating Revenue		27.0%	26.9%	38.2%	28.3%	24.1%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	82.4%	99.4%	95.1%	103.2%	96.2%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		25.1%	26.0%	26.4%	26.4%	24.0%

Applicable Laws:

	Objective	2009	2010	2011	2012	2013
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

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: SANTA ROSA BAY BRIDGE AUTHORITY (SRBBA)

Official Reporting Period: July 1 through June 30

Revenue Management & Bond Proceeds:

	Objective	2009	2010	2011	2012	2013
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	0.52	0.47	0.43	0.44	0.44
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	0.52	0.47	0.43	0.44	0.44
Authority Compliance with Bond Covenants for Debt Service Coverage	Yes	No	No	No	No	No
Underlying Bond Ratings from Agencies						
S&P Bond Rating		CC	CC	D	D	D
Moody's Bond Rating		B3	Caa3	Ca	Withdrawn	Withdrawn
Fitch Bond Rating		CCC	C	D	D	Withdrawn

Property Acquisition:

	Objective	2009	2010	2011	2012	2013
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). Beginning in FY 2011, this data is not available because neither an Audit or Accountant's Compilation was prepared. All other data based on the State FY (July 1 through June 30).

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: TAMPA-HILLSBOROUGH EXPRESSWAY AUTHORITY (THEA)

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2009	2010	2011	2012	2013
Growth in Value of Transportation Assets		$ 609,065,708	$ 608,395,000	$ 616,032,754	$ 661,339,000	$ 721,525,797
Land Acquisition		91,037,064	91,037,064	91,037,064	91,037,064	91,037,064
Infrastructure Assets		509,038,603	501,321,191	510,060,221	531,789,782	532,859,869
Construction in Progress		8,990,041	16,036,745	14,935,469	38,512,154	97,628,864
Preservation of Transportation Assets		$ 4,022,050	$ 3,523,872	$ 3,264,976	$ 4,011,944	$ 4,176,449
Renewal & Replacement of Infrastructure		-	49,037	-	581,568	1,552,155
Routine Maintenance of Infrastructure		4,022,050	3,474,835	3,264,976	3,430,376	2,624,294
SHS Maintenance Condition Rating	90	90.0	91.5	92.0	94.0	94.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	98.1%	100.0%	100.0%	100.0%	100.0%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	86.2%	96.9%	96.9%	96.9%	96.9%
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 6/30/12	72.0%	74.3%	80.0%	100.0%	100.0%
Revenue from Electronic Transactions		73.3%	75.0%	79.1%	100.0%	100.0%
Annual Revenue Growth						
Toll & Operating Revenue		-2.7%	-0.8%	1.1%	6.2%	-2.7%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.5%	96.8%	97.8%	97.5%	97.2%
Actual Revenue without "recovery of fines"	< 4% (96%)	96.2%	96.6%	97.7%	97.5%	97.2%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.000	0.000	0.000	0.000	N/A
Customer Service						
Customers satisfied with level of service	> 90%	94.6%	N/A	96.3%	N/A	95.0%

Operations & Budget:

	Objective	2009	2010	2011	2012	2013
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	-17.6%	N/A	N/A	1.3%	-8.3%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	100.0%	N/A	100.0%	100.0%	100.0%
Completed within 10% above original contract amount	≥ 90%	100.0%	N/A	100.0%	100.0%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.18	$0.16	$0.10	$0.11	$0.11
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		39.3%	36.6%	28.1%	31.5%	33.8%
Routine Maintenance Expense as a % of Operating Expense		23.2%	21.9%	22.9%	24.9%	20.5%
Administrative Expense as a % of Operating Expense		12.1%	13.6%	16.6%	19.7%	22.0%
Operating Expense as a % of Operating Revenue		43.1%	39.7%	35.2%	32.0%	30.6%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	94.7%	92.1%	75.4%	91.0%	84.1%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		26.9%	23.2%	18.0%	18.1%	16.6%

Applicable Laws:

	Objective	2009	2010	2011	2012	2013
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	28.0%	15.8%	8.8%	12.6%	12.0%

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: TAMPA-HILLSBOROUGH EXPRESSWAY AUTHORITY (THEA)

Official Reporting Period: July 1 through June 30

Revenue Management & Bond Proceeds:

	Objective	2009	2010	2011	2012	2013
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.13	1.16	2.00	2.00	1.93
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.07	1.11	1.38	1.41	1.55
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:

	Objective	2009	2010	2011	2012	2013
Right-of-Way						
Agency Appraisals		$ -	$ -	$ -	$ -	$ -
Initial Offers		$ -	$ -	$ -	$ -	$ -
Owners Appraisals		$ -	$ -	$ -	$ -	$ -
Final Settlements		$ -	$ -	$ -	$ -	$ -

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: FLORIDA'S TURNPIKE SYSTEM (TURNPIKE)

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2009	2010	2011	2012	2013
Growth in Value of Transportation Assets		$ 6,778,841,000	$ 7,156,193,000	$ 7,447,539,000	$ 7,574,184,000	$ 7,947,248,000
Land Acquisition		865,191,000	866,680,000	863,893,000	863,355,000	866,624,000
Buildings		-	-	-	-	48,981,000
Infrastructure Assets		5,073,715,000	5,641,690,000	5,958,776,000	6,311,641,000	6,432,812,000
Construction in Progress		839,935,000	647,823,000	624,870,000	399,188,000	598,831,000
Preservation of Transportation Assets		$ 102,201,000	$ 88,914,000	$ 75,291,000	$ 84,342,000	$ 117,809,000
Renewal & Replacement of Infrastructure		62,848,000	50,005,000	34,502,000	44,064,000	81,912,000
Routine Maintenance of Infrastructure		39,353,000	38,909,000	40,789,000	40,278,000	35,897,000
SHS Maintenance Condition Rating	90	92.0	91.0	91.0	91.0	88.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	95.5%	96.4%	96.6%	98.3%	97.4%
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 6/30/12	68.3%	71.0%	75.6%	79.1%	80.9%
Revenue from Electronic Transactions		64.0%	66.3%	70.3%	72.9%	76.5%
Annual Revenue Growth						
Toll & Operating Revenue		-7.0%	1.1%	0.1%	1.3%	23.8%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.2%	96.6%	95.0%	97.3%	95.5%
Actual Revenue without "recovery of fines"	< 4% (96%)	95.9%	96.4%	94.6%	95.4%	94.6%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.573	0.564	0.595	0.551	N/A
Customer Service						
Customers satisfied with level of service	> 90%	94.6%	N/A	96.3%	N/A	95.0%

Operations & Budget:

	Objective	2009	2010	2011	2012	2013
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	90.5%	194.8%	55.5%	40.6%	N/A
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	82.8%	68.8%	73.3%	92.3%	100.0%
Completed within 10% above original contract amount	≥ 90%	69.0%	81.3%	73.3%	92.3%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.173	$0.159	$0.152	$0.141	$0.136
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		53.9%	56.2%	59.9%	53.6%	44.3%
Routine Maintenance Expense as a % of Operating Expense		14.0%	16.4%	17.5%	16.2%	13.1%
Administrative Expense as a % of Operating Expense		0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expense as a % of Operating Revenue		46.4%	38.9%	38.0%	40.1%	35.7%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	97.8%	94.5%	92.1%	96.6%	89.5%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		31.5%	28.2%	29.4%	28.0%	20.5%

Applicable Laws:

	Objective	2009	2010	2011	2012	2013
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	5.7%	6.7%	13.6%	11.3%	8.5%

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: FLORIDA'S TURNPIKE SYSTEM (TURNPIKE)

Official Reporting Period: July 1 through June 30

Revenue Management & Bond Proceeds:

	Objective	2009	2010	2011	2012	2013
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	2.04	2.01	1.82	1.82	2.51
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	2.01	1.99	1.80	1.78	2.43
Authority Compliance with Bond Covenants for Debt Service Coverage	Yes	Yes	Yes	Yes	Yes	Yes
Underlying Bond Ratings from Agencies						
S&P Bond Rating		AA-	AA-	AA-	AA-	AA-
Moody's Bond Rating		Aa2	Aa3	Aa3	Aa3	Aa3
Fitch Bond Rating		AA-	AA-	AA-	AA-	AA-

Property Acquisition:

	Objective	2009	2010	2011	2012	2013
Right-of-Way						
Agency Appraisals		$ 4,840,000	$ 2,287,000	$ 1,218,000	$ -	$ 4,344,000
Initial Offers		$ 8,813,000	$ 2,324,000	$ 2,100,000	$ -	$ 2,500,000
Owners Appraisals		$ 16,576,000	$ -	$ 6,024,000	$ -	$ -
Final Settlements		$ 12,249,000	$ 2,081,000	$ 3,301,000	$ -	$ 2,500,000

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX)

Official Reporting Period: October 1 through September 30

Performance Measures

	Objective	2009	2010	2011	2012	2013
Average Headway (minutes)						
Average time for vehicle to complete its portion of total route miles one time	<30 Minutes	24.0	28.3	25.7	24.6	25.5
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$5.30	$ 6.13	$ 5.78	$ 5.85	$ 6.06	$ 6.40
Operating Expense Per Revenue Hour						
Operating expense divided by revenue hours	<$75	$ 84.71	$ 82.01	$ 83.59	$ 84.75	$ 88.05
Operating Revenue Per Operating Expense						
Revenue generated through operation of the transit authority divided by operating expense	>30%	37.6%	39.9%	43.3%	41.4%	42.2%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$3	$ 3.67	$ 3.41	$ 3.19	$ 3.15	$ 3.22
Operating Expense Per Passenger Mile						
Operating expenses divided by passenger miles	<$0.47	$ 0.61	$ 0.63	$ 0.61	$ 0.58	$ 0.58
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents	>5% above 2009 (124,513)	118,584	131,642	108,997	143,619	140,473
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	8,806	9,620	14,041	15,071	9,770
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.88	0.88	0.89	0.89	0.90
Customer Service						
Average time from complaint to response	14 days	6	8	11	10	20
Customer complaints divided by boardings	<1 per 5,000 boardings	0.5	0.6	0.7	0.7	0.5
On-time Performance						
% trips end to end on time < 5 minutes late	>80%	86%	83%	82%	79.7%	78.4%

Reportable Indicators

	2009	2010	2011	2012	2013
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 56.76	$ 46.78	$ 46.84	$ 47.23	$ 48.42
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	23.1%	24.9%	28.7%	29.3%	29.9%
Service Area Population					
Approximation of overall market size	1,536,900	1,805,921	1,837,359	1,878,762	1,913,779
Service Area Population Density					
Persons per square mile based on the service area population and size	605.6	711.5	723.9	740.0	754.1
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 87,231,880	$ 84,482,228	$ 86,069,842	$ 88,727,930	$ 92,663,107
Operating Revenue					
Revenue generated through the operation of the transit authority	$ 32,842,406	$ 33,730,496	$ 37,238,587	$ 36,771,242	$ 39,143,688
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	14,230,128	14,612,279	14,714,555	14,649,104	14,468,719
Total Annual Revenue Hours					
Vehicle hours operated in active service	1,029,713	1,030,195	1,029,656	1,046,880	1,052,451
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	288	267	270	273	290
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	234	223	225	225	232

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX)

Official Reporting Period: October 1 through September 30

Reportable Indicators

	2009	2010	2011	2012	2013
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	18.8%	16.5%	16.7%	17.6%	20.0%
Annual Passenger Trips					
Passenger boardings on transit vehicles	23,747,795	24,780,704	26,996,158	28,184,740	28,801,893
Average Trip Length					
Average length of passenger trip, generally derived through sampling	6.0	5.4	5.2	5.4	5.5
Annual Passenger Miles					
Passenger trips multiplied by average trip length	142,486,770	133,815,802	140,380,022	152,197,596	158,410,412
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	23.3	23.0	23.0	23.0	23.0
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.85	$ 0.85	$ 0.91	$ 0.92	$ 0.96
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.67	1.70	1.83	1.92	1.99
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	23.1	24.1	26.2	26.9	27.4
Passenger Trips Per Capita					
Passenger trips divided by service area population	15.5	13.7	14.7	15.0	15.0
Average Age of Fleet in Years					
Average age of fleet in years	3.6	4.1	4.4	5.7	5.9
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 25,746,155	$ 23,476,890	$ 25,402,118	$ 29,110,185	$ 22,530,314
Weekday Ridership					
Average ridership on weekdays	75,810	79,035	85,473	92,319	91,587
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	84%	100%	73%	46%	67%
% of capital spent on system expansion	16%	0%	27%	54%	33%
Intermodal Connectivity					
Number of intermodal transfer points available	6	5	5	5	6

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: JACKSONVILLE TRANSPORTATION AUTHORITY (JTA) Bus

Official Reporting Period: October 1 through September 30

Performance Measures

	Objective	2009	2010	2011	2012	2013
Average Headway (minutes)						
Average time for vehicle to complete its portion of total route miles one time	<30 Minutes	18.9	17.7	21.3	18.8	32.7
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$6.50	$ 6.03	$ 6.59	$ 6.98	$ 7.66	$ 7.22
Operating Expense Per Revenue Hour						
Operating expense divided by revenue hours	<$91.00	$ 90.91	$ 98.28	$ 93.71	$ 111.39	$ 106.18
Operating Revenue Per Operating Expense						
All revenue generated through operation of the transit authority divided by operating expense	>20%	18.3%	17.2%	18.4%	21.2%	20.7%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$5.30	$ 5.24	$ 5.26	$ 4.87	$ 5.36	$ 5.64
Operating Expense Per Passenger Mile						
Operating expense divided by passenger miles	<$1.00	$ 1.01	$ 0.91	$ 0.84	$ 0.87	$ 0.85
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents for bus	>5% above 2009 (227,975)	217,119	231,844	204,422	129,296	94,216
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	8,327	12,292	14,124	26,488	21,851
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.97	0.95	0.96	0.96	0.94
Customer Service						
Average time from complaint to response	14 Days	7	7	8	18	24
Customer complaints divided by boardings	<1 per 5,000 boardings	0.8	0.9	1.0	2.1	2.6
On-time Performance						
% trips end to end on time < 5 minutes late	>80%	80.0%	81.1%	82.2%	66.0%	72.1%

Reportable Indicators

	2009	2010	2011	2012	2013
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 63.10	$ 64.43	$ 50.93	$ 69.67	$ 76.50
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	15.4%	15.6%	16.8%	19.4%	18.9%
Service Area Population					
Approximation of overall market size	850,962	853,300	1,065,219	838,815	827,481
Service Area Population Density					
Persons per square mile based on the service area population and size	3,516.4	3,080.5	1,160.4	1,893.5	1,915.5
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 53,695,432	$ 54,979,921	$ 54,251,641	$ 58,440,315	$ 63,300,646
Operating Revenue					
Revenues generated through the operation of the transit authority	$ 9,837,889	$ 9,435,655	$ 9,986,689	$ 12,386,243	$ 13,082,307
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	8,901,889	8,346,395	7,768,038	7,628,436	8,762,085
Total Annual Revenue Hours					
Vehicle hours operated in active service	590,626	559,406	578,955	524,666	596,161
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	182	154	153	147	172
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	135	135	125	118	138

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: JACKSONVILLE TRANSPORTATION AUTHORITY (JTA) Bus

Official Reporting Period: October 1 through September 30

Reportable Indicators

	2009	2010	2011	2012	2013
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	25.8%	12.3%	18.3%	19.7%	19.8%
Annual Passenger Trips					
Passenger boardings on transit vehicles	10,253,890	10,443,111	11,138,076	10,906,226	11,220,230
Average Trip Length					
Average length of passenger trip, generally derived through sampling	5.2	5.8	5.8	6.2	6.6
Annual Passenger Miles					
Passenger trips multiplied by average trip length	53,320,228	60,297,003	64,600,841	67,442,423	74,165,720
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	21.9	21.9	21.3	21.0	21.5
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.81	$ 0.82	$ 0.82	$ 1.04	$ 1.06
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.15	1.25	1.43	1.43	1.28
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	17.4	18.7	19.2	20.8	18.8
Passenger Trips Per Capita					
Passenger trips divided by service area population	12.0	12.2	10.5	13.0	13.6
Average Age of Fleet in Years					
Average age of fleet in years	6.8	6.6	7.4	6.8	6.5
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 11,005,843	$ 1,890,958	$ 4,966,717	$ 7,555,815	$ 4,895,237
Weekday Ridership					
Average ridership on weekdays	34,872	35,484	37,457	36,839	38,050
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	100%	100%	100%	100%	100%
% of capital spent on system expansion	0%	0%	0%	0%	0%
Intermodal Connectivity					
Number of intermodal transfer points available	3	3	3	3	3

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: JACKSONVILLE TRANSPORTATION AUTHORITY (JTA) Skyway

Official Reporting Period: October 1 through September 30

Performance Measures

	Objective	2009	2010	2011	2012	2013
Average Headway (minutes)						
Average time for train to complete its portion of total route miles one time	<6 Minutes	3.5	3.4	3.5	5.6	5.7
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$23.00	$ 30.49	$ 32.74	$ 34.65	$ 34.88	$ 35.24
Operating Expense per Revenue Hour						
Operating expense divided by revenue hours	<$310.00	$ 407.34	$ 439.55	$ 462.82	$ 403.07	$ 400.29
Operating Revenue Per Operating Expense						
All revenue generated through operation of the transit authority divided by operating expense	>15%	7.2%	6.4%	5.0%	3.5%	3.0%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$11.00	$ 13.35	$ 11.51	$ 11.50	$ 7.61	$ 5.98
Operating Expense Per Passenger Mile						
Operating expense divided by passenger miles	<$27.50	$ 33.38	$ 28.31	$ 27.20	$ 16.59	$ 13.00
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents for bus	>5% above 2009 (41,348)	39,379	55,113	55,659	29,733	61,066
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	8,950	9,726	27,830	8,495	16,654
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.99	0.99	0.99	0.99	0.99
Customer Service						
Average time from complaint to response	14 Days	1	1	8	10	9
Customer complaints divided by boardings	<1 per 5,000 boardings	0.1	0.0	0.2	0.1	0.1
On-time Performance						
Successful cycles divided by scheduled cycles	>80%	98.0%	98.2%	99.2%	99.3%	99.1%

Reportable Indicators

	2009	2010	2011	2012	2013
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 7.06	$ 6.34	$ 6.61	$ 7.42	$ 7.80
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	5.1%	4.2%	3.2%	1.1%	0.0%
Service Area Population					
Approximation of overall market size	850,962	853,300	874,673	838,815	827,481
Service Area Population Density					
Persons per square mile based on the service area population and size	3,516.4	3,080.5	1,796.0	1,893.5	1,915.5
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 6,004,260	$ 5,413,928	$ 5,785,721	$ 6,221,789	$ 6,455,066
Operating Revenue					
Revenues generated through the operation of the transit authority	$ 431,327	$ 345,453	$ 289,978	$ 216,360	$ 195,469
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	196,896	165,338	166,977	178,399	183,197
Total Annual Revenue Hours					
Vehicle hours operated in active service	14,740	12,317	12,501	15,436	16,126
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	10	10	10	10	10
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	7	7	7	5	5

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: JACKSONVILLE TRANSPORTATION AUTHORITY (JTA) Skyway

Official Reporting Period: October 1 through September 30

Reportable Indicators

	2009	2010	2011	2012	2013
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	30.0%	30.0%	30.0%	50.0%	50.0%
Annual Passenger Trips					
Passenger boardings on transit vehicles	449,730	470,389	502,941	817,153	1,079,179
Average Trip Length					
Average length of passenger trip, generally derived through sampling	0.4	0.4	0.4	0.5	0.5
Annual Passenger Miles					
Passenger trips multiplied by average trip length	179,892	191,209	212,744	374,940	496,422
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	16.0	15.0	15.0	15.0	15.0
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.68	$ 0.48	$ 0.37	$ 0.08	$ -
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	2.28	2.85	3.01	4.58	5.89
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	30.5	38.2	40.2	52.9	66.9
Passenger Trips Per Capita					
Passenger trips divided by service area population	0.5	0.6	0.6	1.0	1.3
Average Age of Fleet in Years					
Average age of fleet in years	10.6	11.6	12.6	13.6	14.6
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 4,629,892	$ -	$ 133,402	$ -	$ 355,086
Weekday Ridership					
Average ridership on weekdays	1,559	1,674	1,965	3,167	4,086
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	100%	100%	100%	100%	100%
% of capital spent on system expansion	0%	0%	0%	0%	0%
Intermodal Connectivity					
Number of intermodal transfer points available	3	3	3	3	3

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: JACKSONVILLE TRANSPORTATION AUTHORITY (JTA) Highways

Official Reporting Period: October 1 through September 30

Operations & Budget:

	Objective	2009	2010	2011	2012	2013
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	-1.3%	-5.2%	-11.1%	-0.4%	0.0%
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%	100.0%	100.0%	100.0%	100.0%	100.0%

Applicable Laws:

	Objective	2009	2010	2011	2012	2013
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	14.3%	14.3%	14.6%	14.6%	14.3%

Property Acquisition:

	Objective	2009	2010	2011	2012	2013
Right-of-Way						
Agency Appraisals		$ 2,087,600	$ 4,863,525	$ 54,900	$ 88,100	$ 1,339,050
Initial Offers		$ 1,566,300	$ 4,863,525	$ 54,900	$ 88,100	$ 1,339,050
Owners Appraisals		$ 5,670,376	$ 19,975,000	$ -	$ -	$ 2,647,811
Final Settlements		$ 3,842,275	$ 7,888,325	$ 65,900	$ 88,100	$ 1,750,000

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY (SFRTA/Tri-Rail)

Official Reporting Period: July 1 through June 30

Performance Measures

	Objective	2009	2010	2011	2012	2013
Average Headway (minutes)						
Average time for train to complete its portion of total route miles one time	<30 Minutes	26.6	30.6	28.7	27.6	27.9
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$18	$ 15.12	$ 15.56	$ 16.96	$ 17.51	$ 17.25
Operating Revenue Per Operating Expense						
Revenue generated through operation of the transit authority divided by operating expenses	>25%	22.3%	23.3%	23.0%	23.8%	23.0%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$15	$ 10.67	$ 12.48	$ 12.82	$ 12.87	$ 12.99
Operating Expense Per Passenger Mile						
Operating expenses divided by passenger miles	<$0.45	$ 0.37	$ 0.43	$ 0.43	$ 0.46	$ 0.48
Revenue Miles Between Major Incidents						
Revenue miles divided by FRA reportable incidents for rail	Zero	0	0	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	>41,863	64,826	96,413	68,570	117,762	87,902
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.93	0.98	0.97	0.97	0.96	0.97
Customer Service						
Average time from complaint to response	14 days	32.0	29.0	13.8	12.3	10.2
Customer complaints divided by boardings	<1 per 5,000 boardings	0.6	0.9	2.0	2.6	2.2
On-time Performance						
% trips end to end on time < 6 minutes late	>80%	73.4%	86.3%	89.7%	86.5%	82.6%

Reportable Indicators

	2009	2010	2011	2012	2013
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 8.20	$ 8.19	$ 8.88	$ 9.37	$ 9.92
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	21.6%	22.9%	22.3%	23.2%	22.1%
Service Area Population					
Approximation of overall market size	5,497,997	5,497,997	5,497,997	5,502,379	5,502,379
Service Area Population Density					
Persons per square mile based on the service area population and size	1,072	1,072	1,072	1,084	1,238
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 45,075,706	$ 45,007,680	$ 48,842,085	$ 51,557,460	$ 54,580,897
Operating Revenue					
Revenue generated through the operation of the transit authority	$ 10,045,435	$ 10,507,019	$ 11,231,078	$ 12,272,397	$ 12,575,652
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	2,981,997	2,892,398	2,879,940	2,944,042	3,164,457
Total Annual Revenue Hours					
Vehicle hours operated in active service	87,315	96,240	96,960	97,198	102,501
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	47	47	45	50	50
Operating Expense Per Revenue Hour					
Cost of operating an hour of revenue service	$ 516.24	$ 467.66	$ 503.73	$ 530.44	$ 532.49
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	34	34	38	40	40

Performance Measures Florida Transportation Commission 2013

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY (SFRTA/Tri-Rail)

Official Reporting Period: July 1 through June 30

Reportable Indicators

	2009	2010	2011	2012	2013
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	27.7%	27.7%	15.6%	20.0%	20.0%
Annual Passenger Trips					
Passenger boardings on transit vehicles	4,223,350	3,606,055	3,810,823	4,005,967	4,201,040
Average Trip Length					
Average length of passenger trip, generally derived through sampling	29.0	29.0	29.5	28.1	27.2
Annual Passenger Miles					
Passenger trips multiplied by average trip length	122,477,150	104,575,595	112,381,170	112,727,911	114,100,246
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	19.0	19.5	19.5	19.5	19.5
Average Fare					
Passenger fare revenues divided by passenger trips	$ 2.31	$ 2.85	$ 2.86	$ 2.98	$ 2.87
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.42	1.25	1.32	1.36	1.33
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	48.4	37.5	39.3	41.2	41.0
Passenger Trips Per Capita					
Passenger trips divided by service area population	0.77	0.66	0.69	0.73	0.76
Average Years Since Last Rebuild					
Locomotives (9)	7.2	8.2	9.2	10.2	11.2
Coaches (12)	8.2	9.2	10.2	11.2	12.2
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 13,346,864	$ 16,534,534	$ 19,444,152	$ 20,152,899	$ 20,989,164
Weekday Ridership					
Average ridership on weekdays	14,430	12,139	12,900	13,587	14,292
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

APPENDIX C—OOCEA AUDIT FINDINGS

Executive Summary
Recommendations Summary
2010 Ethics Audit
2010 Contracts Audit
2012 Right of Way Audit
2012 Toll Violations Audit
2013 Contracts Audit
2013 Toll Revenue Audit
2014 Contracts Audit



Prior Audit Recommendations Follow-Up
January 24, 2014

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Executive Summary

As part of the Fiscal Year 2014 Internal Audit plan, Internal Audit (IA) performed a review of open audit recommendations from prior audit reports to verify the implementation status reported by management. Open recommendations from the following audits were evaluated:

- 2010 Ethics Audit
- 2010 Contracts Audit
- 2012 Right of Way Audit
- 2012 Toll Violation Audit
- 2013 Contracts Audit
- 2013 Toll Revenue Audit
- 2014 Contracts Audit

Internal Audit last reviewed the status of open audit recommendations in August 2013. Results were reported to the Audit Committee at that time.

This review was completed on January 24, 2014, and consisted of meetings with management to determine the status of open audit recommendations and performing testing of management's response, status, and explanation for all recommendations deemed "Completed" or "In Process." If a recommendation was noted "Not Done," no testing was performed by Internal Audit. In addition, only those recommendations that remained open at the time of the last review have been included in this report. If a recommendation was completed as of August 26, 2013, no further work was performed and the recommendation was not included for review in this report.

Testing performed included inquiry with the employees responsible for completing the recommendations and obtaining documentation evidence to confirm management's reported status and explanation. In instances where the evidence obtained did not agree with management's status, discussions with management were held and the differences were resolved.

There were no instances where management and Protiviti did not come to an agreement on the status of a recommendation.

Recommendations Summary

Audit	Open as of August 26, 2013	New Recommendations	Completed Since August 26, 2013	In Process / Not Done as of January 24, 2014*	Past Due
2010 Ethics Audit	1	0	0	1	1
2010 Contracts Audit	1	0	0	1	1
2012 Right of Way Audit	1	0	0	1	1
2012 Toll Violations Audit	2	0	1	1	1
2013 Contracts Audit	1	0	0	1	1
2013 Toll Revenue Audit	2	0	1	1	0
2014 Contracts Audit	0	2	1	1	0
Total	**8**	**2**	**3**	**7**	**5**

* 7 recommendations are classified as "In Process." 5 of the open recommendations are "Past Due."

Ethics Audit
June 2010 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 24, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
5. Mission, Vision, and Core Values The existing vision and mission statements of the Authority do not reference ethics, core values or integrity to help make ethical values and standards integral to all company operations and planning. Ethical standards should be integral to the organization and not simply an "add on" to be considered after important decisions have been made.	Concur	In Progress (Past Due)	The Authority has done many things to improve the ethical standards of the organization. The Ethics Policy has been strengthened by the Board in the past two years and has been added to the Authority's web site. Board members and staff receive regular ethics training in accordance with the Ethics Policy and a hotline has been set up so that anyone can anonymously report an ethics violation. All non-payroll checks are posted to the Authority's website. Ethics standards are an integral part of the organization. The Board will consider ethics references in the vision and mission statements through the master plan development process over the next twelve months.	Per discussion with Lisa Lumbard, the ethics recommendation is expected to be addressed in the master plan update, but the update has been postponed. There is currently a pending bill in the Florida Legislature that would change OOCEA into the Central Florida Expressway Authority, expanding into 2 additional counties. This would also expand the Board of Directors from its current size to an 11 member board. This legislation is expected to be passed and therefore, the development of the master plan has been postponed until it is determined whether or not a new entity will form.	Original: 8/31/10 Revised: 7/31/12 Revised: 12/31/13 Revised: 12/31/14	Concur

Contracts Audit
January 2011 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 24, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
7. b) The Authority should utilize CSC Manager and CSC Supervisor passwords, rather than PINs, to approve adjustment transactions in TRIMS (passwords are required to be changed on a regular basis by the system).	Concur	b) In Progress (Past Due)	b) The change to a password based approval key would be a fairly significant change to the existing system. The current system is currently being reviewed for back office consolidation with Florida's other toll agencies. Making these changes now may be waste of valuable IT resources if the current system were to be disposed of in the near term. The Authority will make this requirement a part of the back office consolidation effort currently underway.	Per discussion with Joann Chizlett, Director of IT, this change to a password based approval key will be part of the Centralized Customer Service System (CCSS) project. As part of the CCSS project, the TRIMS system will be eliminated and a new system will be introduced. This recommendation will be incorporated into the new system. Per discussion with Lisa Lumbard, the CCSS project is currently in the procurement stage. A contractor is expected to be selected by 7/1/14; however, the project is not expected to go live until 10/1/15. As a result, this recommendation has not been fully implemented and is pending the completion of the CCSS project.	Original: 12/31/2013 Revised: 12/31/2015	Concur

5

Right of Way Audit
February 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 24, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
1. Recordkeeping: Completeness and Retention: (A) Management should update the policy to accurately reflect a comprehensive list of all documentation that management believes should be maintained onsite. Additionally, checklists should be created and continually updated to help management verify completeness of records and files for each acquired parcel within a given project. (B) Management should determine an appropriate timeline after a parcel case is closed by which to receive (or request if applicable) all pertinent case documents from external legal counsel. (C) The file custodian should create a complete master listing of all parcels to be acquired as determined at the beginning of a new construction project. This master list should be updated to reflect any files closed during the project that did not culminate in an acquisition and be described by a related closing memo.	Concur	In Progress (Past Due)	Completeness of files and timeliness of receipt is an important part of Chapter 119 compliance. Consistency of record keeping is also important to ensure that the public and the Authority have access to key information related to property acquisition. Management will update the Property Acquisition and Disposition Procedures manual to reflect the desired list of documentation and the timeframe for provision of the same. Management will work with outside counsel to create appropriate checklists and incorporate them into the files. Management will review the current purpose and usage of the electronic database and determine if any changes are warranted.	Per discussion with Joe Passiatore, on 12/6/2013, the Right of Way committee approved the changes to OOCEA's Property Acquisitions & Disposition Procedures Manual regarding parcel files. Additionally, the changes were approved by the Board on 12/12/13. Internal Audit obtained a copy of the 12/12/13 Board minutes and verified through inspection that the updates were approved in Consent Agenda item #14. Additionally, Internal Audit obtained the updated Property Acquisition and Disposition Procedures manual prepared by outside council (Winderweedle, Haines Ward & Woodman). Internal Audit verified through inspection that the updates to the manual incorporated the development of a desired list of documentation to be maintained by OOCEA for each parcel and identified on 1 of the following 3 checklists: 1) Real Estate Acquisition Closing Binder Checklist for Non-Litigation Parcels; 2) Real Estate Acquisition Closing Binder Checklist for Litigation Parcels; and 3) Real Estate Acquisition Closing Binder Checklist for Surplus Parcels. These checklists are to be included in the files to help management verify completeness of records for each acquired parcel within a given project. The checklists are to be reviewed by OOCEA staff on a regular basis to maintain complete parcel records. Per discussion with Pam Bentley, the Atkins contractor responsible for maintaining parcel documentation, she is aware of the new procedure around the inclusion of checklists but has not implemented the use of the checklist. Also included in the updated manual is a timeline for the provision of the parcel documentation by the external council. Per the manual, the Right of Way Legal Counsel shall deliver the complete parcel file to the OOCEA Records Custodian no later than 6 months from the date of final parcel activity. This deadline may only be extended upon written request to the General Counsel's office.	Original: 6/30/12 Revised: 1/1/13 Revised: 6/30/13 Revised: 1/1/14 Revised: **Pending**	Concur

Toll Violations Audit
March 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 24, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
4. Management should work with the court system to agree on a record keeping method and timely notification system to provide the Authority with information regarding their toll violators which have made payments through the court system. Until a process is established between the Authority and court system, management should consider maintaining an up to date tracking system of all outstanding UTCs that have gone to the court and update it as soon as the Authority becomes aware that a decision has been reached at the court level.	Concur	Complete	The Authority will continue as it has in the past to work with the clerk of the court to obtain the needed information and will also attempt to create a manual tracking process in the event an electronic process cannot be accomplished as it would require assistance from the clerk of the court office. Consideration of the current level of progress on the state wide back office consolidation should also be taken into account before moving forward. Director of Toll Operations will facilitate a meeting with the Clerk of Court to determine if we can get the needed information. If the needed information can be obtained then we will discuss implementing system changes required to facilitate this process with IT.	Per discussion with Dave Wynne, Director of Toll Operations, the Clerk of Court data that is submitted to the Authority regarding UTC payments includes customer information and payment status. The Authority's IT department was able to implement system changes which gave the Authority the ability to merge the data files received from the Clerk of Court into TRIMS. This implementation greatly enhanced the Authority's ability to track the payment status of toll violators which have made payments through the court system. Audit obtained documentation from the Authority's IT department and verified through inspection that this system change went into effect on 11/25/13.	Original: 3/1/2013 Revised: 1/1/14	Concur
6. Process Improvement: Management should determine if it is cost beneficial and within the business objectives of the Authority to turn over delinquent violators to a collection agency. The Authority should consider if the UTC is outstanding with the court. Additionally, the Authority should implement a policy containing a time and dollar threshold of how long a UTN or UTC violator should be outstanding before the Authority pursues collections, as well as, a dollar amount the UTN or UTC must reach prior to sending it to collections.	Concur	In Progress (Past Due)	The Authority will investigate enhancing its collection efforts on unpaid tolls to determine if it is cost beneficial and in the best interest of the Authority. Director of Toll Operations will facilitate a review of potential revenue to be collected, possible collection rates, industry practices, legal ramifications and consideration of community perception.	Per discussion with Dave Wynne, Director of Toll Operations, a Louthan Consulting was hired by the Authority to report on industry debt collection practices. Internal Audit obtained a copy of the consultant's report and verified through inspection that it included commentary on industry debt collection practices. After thorough review of the consultant's report, the Authority determined that it was proficient at collecting its debt when compared to industry standards. Additionally, per David Wynne, the CCSS program is expected to go live in October 2015 and will include debt collection policies and procedures. Therefore, it would not be prudent to take steps towards facilitating a review and updating Authority policies at this time.	Original: 1/1/13 Revised: 3/31/13 Revised: 1/1/14 Revised: 12/31/15	Concur

7

Contracts Audit
November 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 24, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
1. A standard Project Rate/Sub-consultant Change Form should be established by the Authority. Consultants should utilize the form to submit rate and employee changes to the Authority for review and approval before changes to the rate schedule are incorporated in the billings. The standard change form should be used to create a master rate schedule to track updates to the project wage rates. The master rate schedule should be included as an attribute in the monthly checklist being recommended in Observation #6 and be kept in the project file to ensure that the most current information is accessible to the personnel performing the detailed review of the invoices prior to payment approval. The Authority should investigate options to include contract terms and conditions in their standard contract language (e.g. right to withhold payment without proper supporting documentation) to ensure invoices are properly supported. The Authority should also consider whether the itemized wage rate requirement is warranted. Setting wage rates based on job classifications instead of individual employees may increase the efficiency of the invoice review process. The Authority should consider performing a detailed review of the RS&H consultant billings, to determine what amount, if any, is due to or from the consultants as a result of the discrepancies in the billings. This would require the Authority to obtain detailed support for all billings submitted by the consultant and sub consultants for the project.	Concur	In Progress (Past Due)	The Authority will create a standard consultant change form and require consultants to submit wage modifications request through the form. The Authority must approve all wage modifications before changes are included in monthly billings. The Contract Support Specialist will update the rate schedule with the approved wage rate changes and create a master rate schedule. The Authority will evaluate the current invoice support requirement and determine if establishing wage rates based on job classification is appropriate.	Per inquiry with Glenn Pressimone, Director of Engineering, the wage rate approval process has been implemented and consultant invoices are now reviewed for accuracy, acceptable wage rates, and contractual compliance by Jeannie Perez, Contract Support Specialist. Per discussion with Jeannie Perez, Contract Support Specialist, a project change form was created in the form of the Request for Addition or Promotion that must be submitted to the Authority for review and approval. The Authority maintains the original wage rate list included in the executed contract and any modifications to wage rates must be submitted through the Request for Addition or Promotion. Internal Audit obtained the Request for Addition or Promotion template and verified its existence. Additionally, per discussion with Jeannie Perez, Contract Support Specialist, Glenn Pressimone performed a detailed review of the RS&H consultant billings to determine if there were any amounts due to or from RS&H relating to this project. Audit obtained an invoice discrepancy analysis dated 2/18/2013 and noted a total overpayment of $9,625.87. The Authority is still investigating the option of determining wage rates based on job classification.	Original: 1/31/2013 Revised: 3/31/2014	Concur

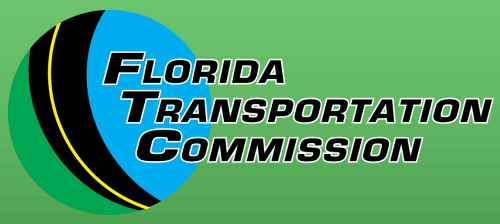
Toll Revenue Audit
March 2013 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 24, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
4. Every Monday, the third party vendor that manages the EPASS Service Center verifies that the Eligibility Permit Letter is on file for all newly issued handicap non-revenue transponders. As the exception identified by Internal Audit during testing relates to an older non-revenue account, the Authority should perform a review of all non-revenue accounts opened prior to fiscal year 2008, before the weekly review began, to verify that customer Eligibility Permit Letters are on file and that there is no additional revenue leakage.	Concur	Complete	The Authority will continue to have its third party vendor verify that the Eligibility Permit Letter is on file for all newly issued handicap non-revenue transponders on a weekly basis, every Monday. In addition the Authority will begin a full review of all the handicapped non-revenue accounts starting with the older accounts first and working to the current date. This review will be completed no later than October 1, 2013. The exception to this item may be in the event that the existing E-PASS accounts are transferred to the Florida Turnpike Enterprise's SunPass program before the aforementioned date. These reviews will be completed by the Authority's Toll Operations & Quality Control Specialist. In the future, if the Authority continues to maintain private non-revenue accounts, Eligibility Permit Letters will be reviewed every two years.	Per discussion with Fred Nieves, Toll Operations Manager, the Authority continues to have its third party vendors verify that the Eligibility Permit Letter is on file for all newly issued handicap non-revenue transponders on a weekly basis, every Monday. Additionally, a full review of all handicap non-revenue accounts was conducted by the Authority's Toll Operations & Quality Control Specialist. A list of all handicap non-revenue accounts was generated and reviewed by the toll operations department. The list was then provided to Xerox ACS, the back office service provider, to verify if Eligibility Permit Letters were on file for each non-revenue account. Any account without an Eligibility Permit Letter on file was given a timeframe to obtain the necessary documentation. If the documentation was not received within the allotted timeframe, the account was closed. Internal Audit obtained a copy of the audit findings for the review of handicap non-revenue accounts and verified through inspection that it was thorough and reasonable. Per discussion with Dave Wynne, Director of Toll Operations, this recommendation will be a function in the planned Toll System Replacement (TSR) project. The RFP is currently being prepared by the Authority.	10/1/13	Concur
6. a) The Authority should weigh the cost and the associated annual benefit of approximately $3,400 to determine if it would be beneficial to require the third party contractor to reference the Detailed Audit Report for all proposed audit adjustments that would reduce expected toll revenue. The Detailed Audit Report should be included in the daily audit packets as evidence of the review. b) The Authority should also consider automating certain aspects of the Attendant's Shift Record log by intergrading the unusual occurrence, violations, and insufficient fund transactions within the MLT system. This would reduce the subjectivity of the FTS auditor's interpretation of the manual ASR log.	Concur	In Progress	a) The Authority determined that cost outweighs the benefit of this recommendation. b) The Authority currently has this recommendation as a function in the planned Toll System Replacement project that is currently ongoing at this time. The Authority would expect to have the new system in place and operating by July 1, 2015	Per discussion with Dave Wynne, Director of Toll Operations, this recommendation will be implemented as a function in the planned Toll System Replacement (TSR) project. The RFP is currently being prepared by the Authority.	7/1/15	Concur

Contracts Audit
October 2013 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at January 24, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
1. The Authority should consider whether the opportunity exists to tighten the scope of services as defined under the current GEC contract. Also, it is recommended that subcontracts over $25K to be awarded under the GEC contract be reviewed and approved by the Executive Director to determine if the work should be procured through a competitive bidding process.	Concur	Complete	The GEC has not reached their MWBE participation target of 3.7% over the life of the contract. The Authority has been strongly encouraging additional MWBE participation for over two years, which led to more MWBE subcontractors under this prime. The contract terms state that subconsultant costs will be based on actual costs of the subconsultant directly chargeable to the project and supported by invoices. The Authority will request approval from the Executive Director for subcontracts over $25,000 in the future in accordance with the internal auditor's recommendation.	Per discussion with Claude Miller, Director of Procurement, the Authority currently requires Board approval for any subcontracts over $25,000. In addition, the Authority has implemented a new procedure requiring the Executive Director to review the subcontract under the GEC contract to determine if the work should be procured through a competitive bidding process or if the categorization as a subconsultant is appropriate. To date, no additional subcontracts over $25,000 have been added to the GEC Contract.	6/30/14	Concur
2. The Authority should discuss with FTS the best way to be reimbursed for the possible impact of the billing errors that may have occurred prior to the implementation of the new timekeeping system. Also, to better enable the Authority staff to identify vendor billing errors or inaccuracies before making payments, the Authority should consider implementing a procedure that requires personnel reviewing vendor invoices for payment periodically request underlying support for the billings from the vendors.	Concur	In Progress	The Authority will ask FTS to conduct a reconciliation of invoices and supporting documentation for the period prior to the new timekeeping system to determine if any additional compensation is due to either party for over or under billings. The Authority will also request supporting documentation for billings occasionally in accordance with the internal Auditor's recommendation.	Per discussion with Dave Wynne, Director of Toll Operations, the Authority will begin negotiations with FTS regarding the recovery of the compensation identified in the audit findings. Additionally, the Authority plans to periodically review FTS billings per the recommendation by reconciling the invoices to the support provided by FTS. The decision to perform these reviews internally or externally is still pending.	6/30/14	Concur

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