TRANSPORTATION AUTHORITY MONITORING AND OVERSIGHT

FISCAL YEAR 2014 REPORT







A Report by the
Florida Transportation
Commission

Florida Transportation Commission





FLORIDA TRANSPORTATION COMMISSION

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Rick Scott
Governor

August 7, 2015

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 2014 Report*, which was adopted at our public meeting on July 23, 2015. This annual report is produced in fulfillment of the FTC's oversight role that encompasses the monitoring and evaluation of 11 transportation authorities created under Chapters 343, 348 and 349, Florida Statutes, as well as the Mid-Bay Bridge Authority. In addition, this is the second 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.

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. 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 2014 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.

During the course of this review, the FTC found:

- Many of the authorities have instituted "best practices" and are operating in an efficient and effective manner.
- 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.
- 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). 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, was immediately due and payable. In March 2015, the Trustee's legal counsel requested that the Florida Department of Transportation

(Department) increase tolls on the Garcon Point Bridge. However, the Department indicated that it is not clear that it has the authority to increase the tolls and the proposed toll rate increase has not yet been implemented. The bonds are not backed by the Department or the State of Florida and no instances of Department noncompliance were noted during the review.

If you have any questions regarding this report, please do not hesitate to contact me or the FTC staff at (850) 414-4105. A digital copy of the report is available on our website at www.ftc.state.fl.us. Your comments are always welcomed.

With regards,

Jay Trumbull, Chairman
Florida Transportation Commission

cc: Honorable Andy Gardiner, President, Florida Senate
Honorable Steve Crisafulli, Speaker, Florida House of Representatives
Honorable Jeff Brandes, Chairman, Senate Transportation Committee
Honorable Jack Latvala, Chairman, Senate Transportation, Tourism and Economic Development Appropriations Subcommittee
Honorable Tom Lee, Chairman, Senate Appropriations Committee
Honorable Patrick Rooney, Chairman, House Transportation and Ports Subcommittee
Honorable Clay Ingram, Chairman, House Transportation and Economic Development Appropriations Subcommittee
Honorable Richard Corcoran, Chairman, House Appropriations Committee
Mr. Jim Boxold, Secretary, Florida Department of Transportation

Florida Transportation Commission

Transportation Authority Monitoring and Oversight

Fiscal Year 2014 Annual Report

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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 226 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).

Central Florida Expressway Authority (CFX) is a new agency created into law on June 20, 2014. CFX assumed all assets, liabilities, duties, responsibilities and obligations of the Orlando-Orange County Expressway Authority. CFX owns and operates 109 centerline-miles of roadway in Orange County. The toll facilities include: 22 miles of the East-West Expressway (SR 408); 23 miles of the Beachline Expressway (SR 528); 33 miles of the Central Florida GreeneWay (SR 417); 20 miles of the Western Beltway (SR 429); 9 miles of the John Land Apopka Expressway (SR 414); and, 2 miles of SR 451.

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 and MacDill Air Force Base 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, community shuttle, 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.

Mid-Bay Bridge Authority (MBBA) owns the 3.6-mile Mid-Bay Bridge (SR 293), the 11-mile Walter Francis Spence Parkway, and the 0.8-mile Danny Wuerffel Way in southeast Okaloosa County. Toll operations are provided by Florida's Turnpike Enterprise and maintenance functions are provided by the Florida Department of Transportation, District Three.

Emerging Authorities

Northwest Florida Transportation Corridor Authority (NFTCA) is not currently operating any facilities but has updated a 2014 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 2015 Regional Transportation Master Plan.

Northeast Florida Regional Transportation Commission (NEFRTC) is not currently operating any facilities. NEFRTC was created for the purpose of improving mobility and expanding multimodal transportation options for passengers and freight throughout the six-county Northeast Region (Baker, Clay, Duval, Nassau, Putnam and St. Johns counties). NEFRTC is in the process of developing a multimodal and prioritized Regional Transportation Plan and Implementation Plan.

Florida's Turnpike System (Turnpike) consists of 461 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, Northern Coin System and the 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, the 11-mile Western Beltway, Part C, and the 1-mile I-4 Connector.

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, expanded Commission oversight responsibilities to include the Jacksonville Transportation Authority, established in Chapter 349, Florida Statutes. 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, Turnpike has been included in this authority report since FY 2013. In addition, HB 7175, passed by the 2014 legislature, further amended Section 20.23, Florida Statutes, requiring the Commission to monitor the Mid-Bay Bridge Authority, re-created pursuant to Chapter 2000-411, Laws of Florida, effective July 1, 2014.

The organization of each of the 13 transportation authorities subject to Commission monitoring and oversight, as presented in this fiscal year (FY) 2014 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 2013; 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 2014, 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. 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 13 transportation authorities are presented as individual chapters in this report.

On June 20, 2014, Governor Rick Scott signed Senate Bill (SB) 230, the Central Florida Expressway Authority (CFX) into law, creating a new agency codified in Chapter 348, Part III, Florida Statutes. CFX assumed all assets, liabilities, duties, responsibilities and obligations of the Orlando-Orange County Expressway Authority (OOCEA) under its existing contracts and agreements, including the Master Bond Resolution. CFX must operate and maintain the expressway system in accordance with the Master Bond Resolution and the Lease-Purchase Agreement entered into between OOCEA and the Department. The area served by CFX includes Seminole, Lake, and Osceola Counties in addition to Orange County. The new CFX Board consists of nine members. In addition, governance and control of the Osceola County Expressway Authority (OCX), including all OCX assets and liabilities, will transfer to CFX sometime after December 31, 2018 when certain debt service coverage ratios are met. CFX replaced OOCEA, effective June 20, 2014 (prior to the end of FY 2014), at which time a new expanded CFX Board was formed which met for the first time on July 10, 2014 (FY 2015). During the Commission review of CFX, no Ethics or Sunshine Law violations were noted. However, the Commission noted an investigation and various Ethics and Sunshine Law violations of the prior OOCEA Board that occurred prior to the reformed CFX. These results were previously reported in last year's report.

The Northeast Florida Regional Transportation Commission (NEFRTC) and Mid-Bay Bridge Authority (MBBA) appear for the first time in this FY 2014 report. SB 606, passed by the 2013 Legislature and signed into law by Governor Scott on June 14, 2013, created the NEFRTC under Chapter 343, Florida Statutes, effective July 1, 2013. The purpose of NEFRTC is to improve mobility and expand multimodal transportation options for persons and freight throughout Baker, Clay, Duval, Nassau, Putnam, and St. Johns Counties. The NEFRTC Board met for the first time in October 2013 at which time Commission staff provided a presentation on its statutory oversight role.

HB 7175, passed by the 2014 Legislature and signed into law by Governor Scott on June 20, 2014, amended Section 20.23, Florida Statutes, providing for the Commission to monitor MBBA re-created pursuant to Chapter 2000-411, Laws of Florida. MBBA owns the 3.6-mile Mid-Bay Bridge (SR 293), the recently opened 11-mile Walter Francis Spence Parkway, and the 0.8-mile Danny Wuerffel Way in southeast Okaloosa County. Toll operations are provided by Florida Turnpike Enterprise and maintenance functions are provided by the Department's District Three.

During and subsequent to FY 2014, several authorities engaged in bonding activity. In December 2013, Miami-Dade Expressway Authority (MDX) issued $75 million in fixed rate Toll System Refunding Revenue Bonds, Series 2013B, resulting in a five percent premium of $3.8 million.

MDX also issued $314 million in Series 2014A Bonds in June 2014 for the purpose of partially funding Work Program projects. In addition, MDX issued $266 million in Series 2014B Bonds in October 2014 (FY 2015) to refund various bond series and terminate two-thirds of its swaps, resulting in an overall net present value savings of $10 million. Turnpike issued three series of bonds (Department of Transportation Turnpike Revenue and Revenue Refunding Bonds): Series 2013B issued in August 2013 for $206 million; Series 2013C issued in February 2014 for $267 million; and Series 2014A issued in July 2014 (FY 2015) for $224 million. Bond proceeds were used to refund outstanding bonds to achieve interest cost savings and to finance acquisition and construction of Work Program projects. Approximately $51 million in net present value savings was achieved from the three bond issues. In May 2015 (FY 2015), MBBA issued $285 million in Series 2015 Bonds to refinance and restructure all of its outstanding debt for a net present value savings of $4.1 million. The City of Jacksonville (City) extended its existing six cent Local Option Gas Tax (LOGT) set to expire on August 31, 2016, for another 20 years. Through an Interlocal Agreement (ILA), the City dedicated five cents to Jacksonville Transportation Authority (JTA) for transportation projects and services. In January 2015 (FY 2015), JTA issued approximately $98 million (par value) in Senior Lien Local Option Gas Tax Revenue Bonds payable from a pledge of the five cent LOGT.

In February 2012, a Memorandum of Understanding (MOU) delineated the plan to fund, design, construct, own operate and maintain the Wekiva Parkway. The Wekiva Parkway ILA approved in May 2014 contains specific terms and provisions governing the project that are consistent with the MOU. CFX will independently finance, build, own and manage sections of the Wekiva Parkway in Orange and Lake Counties and the Department will be responsible for the portion in Seminole County and the remaining portion of Lake County. As part of the agreement, CFX will 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. CFX was awarded a federal loan and plans to issue Bond Anticipation Notes at the beginning of FY 2016 to advance construction of its respective sections. 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, JTA suspended fares on the Skyway system. In August 2014, JTA further extended the free fare to September 30, 2015 (FY 2015). JTA also implemented Route Optimization Initiative (ROI) changes to its Fixed Route Bus and Community Shuttle services on December 1, 2014 (FY 2015). The ROI consisted of restructuring routes to make them more frequent and direct, improving spacing between bus stops to reduce travel time, and realigning hours of operation to reflect commuting patterns.

Several other authorities made changes to their tolling plans. In November 2012, the Tampa-Hillsborough County Expressway Authority (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). Due to increased construction activities, the toll rate increase was deferred until July 1, 2014 (FY 2015). On July 1, 2014, tolls were increased eight percent (2.5 percent annual inflation compounded over three years) at all THEA tolling locations. THEA will now index tolls annually. 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 eliminated the administrative fee, effective July 1, 2013, for TOLL-BY-PLATE customers and set the new rate at twice the SunPass rate. In addition, effective July 1, 2017 (FY 2018), but can be deferred to no later than July 1, 2019 (FY 2020), all toll rates on all MDX facilities will be indexed to the Consumer Price Index. Pursuant to Section 338.165, Florida Statues, Turnpike indexed SunPass and TOLL-BY-PLATE rates for inflation by 2.1 percent, rounded to the penny, on July 1, 2013 (FY 2014), and again by 1.5 percent on July 1, 2014 (FY 2015). Cash toll rates, last indexed on June 24, 2012, will be indexed every five years to accommodate quarter increments.

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 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. There had been three vacancies on the seven member SRBBA Board since January 2013 making it difficult to consistently achieve the four member quorum required to conduct official business. Subsequent to the June 2014 Board meeting, the Chair, Vice Chair, and Secretary resigned from the Board. As such, no future Board meetings are currently scheduled until necessary appointments are made. In May 2014, the Trustee's Financial Advisor prepared a report recommending that tolls be increased on the Garcon Point Bridge to maximize revenues. In March 2015 (FY 2015), the Trustee's Legal Counsel requested that the Department increase tolls on the Garcon Point Bridge pursuant to the provisions of the Lease-Purchase Agreement between SRBBA and the Department. In its response, the Department indicated that it is not clear that it has the authority to comply with the request to increase tolls. Currently, the proposed toll rate increase has not been implemented. 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, South Florida Regional Transportation Authority (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 (FY 2015).

SFRTA assumed responsibility for dispatch and maintenance of the South Florida Rail Corridor on March 29, 2015 (FY 2015). In addition to the $30.6 million the Department has annually transferred to SFRTA for operations, the Department will cover 100 percent of the annual maintenance costs up to $14.4 million and will also provide an additional $11.5 million in

dedicated funding. Section 343.58, Florida Statutes, requires 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.

One of the significant recommendations contained in the Commission's legislatively mandated report, *FTC Study of Cost Savings for Expressway Authorities* (December 2012) was to implement a Centralized Customer Service System (CCSS). In September 2012, a MOU was entered into with Turnpike, MDX, CFX and THEA to develop and implement a CCSS. The system is expected to provide a single point of contact for all electronic toll collection customers, improve and simplify customer service, reduce the cost of electronic toll collection, and provide a single centralized service center with regional satellite offices. The participating agencies intend to implement the CCSS through a master agreement. Having completed contract negotiations in June 2015 (FY 2015), Turnpike awarded a contract to the number one ranked firm (Xerox State and Local Solutions, Inc.) to develop and implement the CCSS. Subsequent to the award, a notice to protest was filed by one of the competing firms.

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 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.

A Turnpike expansion project, the I-4 Connector, opened to traffic in January 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 and provides a limited-access alternative route to and from downtown Tampa. The truck lanes also provide direct access to and from the Port of Tampa removing trucks from the local roads. THEA receives a 20 percent share of the "S" toll movement on the facility. In addition, the Turnpike purchased the Beachline East Expressway from the Department on July 1, 2014 (FY 2015), for $60 million. This facility will be included in Turnpike reporting for FY 2015. Construction continues on another Turnpike expansion project, the First Coast Expressway, which is planned to open to traffic in the Spring of 2016 (FY 2016).

Central Florida Regional Transportation Authority (LYNX) entered into a Fuel Purchase Agreement whereby a company will design, build, operate and maintain a fast-fill Compressed Natural Gas (CNG) fueling station; will train LYNX employees on CNG fueling and maintenance procedures; and will provide LYNX with royalty payments on all third party sales made at the station. CNG burns cleaner and is approximately $1.50 per diesel gallon equivalent less than diesel fuel. LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses over five years. JTA is also transitioning its fleet to include 100 new CNG buses and will be implementing the CNG program through a public private partnership.

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.

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 and was further expanded in 2014 to include the Mid-Bay Bridge Authority re-created pursuant to Chapter 2000-411, Laws of Florida. Florida's Turnpike System (Turnpike) is part of the Florida Department of Transportation (Department) and has been included in this report since FY 2013 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. The Commission is expected to consider possible enhancements or changes to the performance measures and objectives for FY 2015 based on actual performance results and input from the various authorities.

Authorities under Commission Oversight

Table 1 shows the eleven authorities created under Chapters 343, 348 and 349, Florida Statutes, the Mid-Bay Bridge Authority re-created pursuant to Chapter 2000-411, Laws of Florida, and Florida's Turnpike System that are subject to Commission monitoring and oversight and are included in this FY 2014 report.

Table 1
Authorities under Commission Oversight

Miami-Dade Expressway Authority
Central Florida Expressway Authority[1]
Santa Rosa Bay Bridge Authority
Tampa-Hillsborough County Expressway Authority
Florida's Turnpike System[2]
Mid-Bay Bridge Authority
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
Northeast Florida Regional Transportation Commission

[1] Effective June 20, 2014, Senate Bill 230 renamed the Orlando-Orange County Expressway Authority (OOCEA) the Central Florida Expressway Authority (CFX); transferred governance and control, legal rights and powers, responsibilities, terms and obligations of the OOCEA system to CFX; expanded the area served; and defined the composition of the new CFX Board.

[2] 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

2013 Legislature

During the 2013 legislative session, Senate Bill (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 (NEFRTC) 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 NEFRTC 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.)

2014 Legislature

During the 2014 legislative session, House Bill (HB) 7175 was approved by Governor Scott on June 20, 2014, and became effective on July 1, 2014. HB 7175 amends Section 20.23, Florida Statutes, providing for the Commission to monitor certain aspects of the Mid-Bay Bridge Authority re-created pursuant to Chapter 2000-411, Laws of Florida; repeals provisions for the Florida Statewide Passenger Rail Commission; prohibits the Department from entering into any new lease-purchase agreements with expressway authorities, regional transportation authorities or any other entity. (The relevant language from HB 7175 is detailed in Appendix A.)

SB 230 was approved by Governor Scott on June 20, 2014, and became effective on June 20, 2014. SB 230 renames Orlando-Orange County Expressway Authority (OOCEA) the Central Florida Expressway Authority (CFX); transfers governance and control, legal rights and powers, responsibilities, terms and obligations of the OOCEA System to CFX; expands the area served by CFX beyond Orange County to include Seminole, Lake, and Osceola Counties; defines the composition of the new nine-member CFX Board; enhances ethics and conflict of interest requirements; transfers governance and control of the Osceola County Expressway Authority (OCX), including all assets and liabilities, to CFX sometime after December 31, 2018, when the debt service coverage ratio on OCX's System reaches 1.5; provides that OCX can build the four projects identified in its May 8, 2012, Master Plan that are under construction by December 31, 2018. (The relevant language from SB 230 is detailed in Appendix A.)

SB 1632 is an act relating to special districts that was approved by Governor Scott on May 12, 2014, and became effective on July 1, 2014. SB 1632 reorganizes, renumbers and makes technical and conforming changes to special district provisions in Chapter 189, Florida Statutes; specifies procedures for suspension and removal of a member of the governing body; requires the Legislative Auditing Committee (LAC) to provide notice of failure to file certain required reports and authorizes the LAC or reviewing entity to convene a public hearing on compliance and general oversight; requires special districts to provide certain information prior to hearing; requires special districts to maintain an official Internet website by October 1, 2015, that contains information including contact information and the term and appointing authority for each member of the governing body, public purpose, fiscal year, the district's charter and statutes under which it operates, service area and services provided, fees and charges imposed and collected, adopted code of ethics, budget, and complete audit report. (The relevant language from SB 1632 is detailed in Appendix A.)

Performance Measures and Operating Indicators

The Commission adopted the following revisions to FY 2014 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 2014 Changes to Performance Measures and Operating Indicators – "Established" Toll Authorities

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

FY 2014 Changes to Performance Measures and Operating Indicators – Transit Authorities

No changes were made to transit authority performance measures or operating indicators for FY 2014.

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, 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. The Mid-Bay Bridge Authority was re-created pursuant to Chapter 2000 -411, Laws of Florida, and was placed under Florida Transportation Commission (Commission) oversight by the 2014 Legislature.

Other authorities that are not limited to the construction and operation of expressways are established in Florida Statutes under Chapter 343 (Regional Transportation) and Chapter 349 (Jacksonville Transportation Authority).

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

Of the thirteen transportation authorities that fall under Commission oversight, the Commission has designated six as "Established Toll Authorities," three as "Transit Authorities" and four as "Emerging Authorities." This section of the report pertains to Established Toll Authorities that include:

- Miami-Dade Expressway Authority (MDX)
- Central Florida Expressway Authority (CFX)
- Santa Rosa Bay Bridge Authority (SRBBA)
- Tampa-Hillsborough County Expressway Authority (THEA)
- Florida's Turnpike System (Turnpike)
- Mid-Bay Bridge Authority (MBBA)

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 six 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 six authorities is presented in the following format that includes:

- Background on the authority
- Performance measure results for fiscal year (FY) 2014
- Operating indicators for FY 2012 through FY 2014
- 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

Table 2
Florida Transportation Commission
Toll Authority Performance Measures
FY 2014

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. (.48)
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

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 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).

Table 3
Florida Transportation Commission
Toll Authority Operating Indicators
FY 2014

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

Transportation Authority Monitoring and Oversight

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 six Established Toll Authorities are presented in the following pages, beginning with the Miami-Dade Expressway Authority (MDX).

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) 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*
Maritza Gutierrez	Creative Ideas Advertising, Inc.	Chair
Maurice A. Ferre´	Office of Maurice A. Ferre´	Vice-Chair
Rick Rodriguez Pina	Rodriguez Pina & Associates	Treasurer
Gus Pego, P.E.	District Six Secretary	Ex-Officio
Jose Cancio	North Florida Hauling, LLC	Board Member
Shelly Smith Fano	Miami-Dade College	Board Member
Alfredo L. Gonzalez, Esq.	Genovese Joblove & Battista, P.A.	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
Arthur J. Meyer	Balfour Beatty Construction	Board Member
Javier L. Vazquez, Esq.	Berger Singerman	Board Member
Cliff B. Walters	Cliff Walters Consulting, LLC	Board Member
Luz Weinberg	Commissioner, City of Aventura	Board Member

Highlights

- MDX implemented cashless ORT on three of its five facilities in the summer of 2010. ORT was implemented on the mainlines of the remaining two facilities (SR 836 and SR 112) in November 2014 (FY 2015) with implementation on the ramps anticipated by the end of FY 2015.
- MDX met 10 of the 13 applicable performance measure objectives. The measures not met were Revenue Variance, Safety and Minority Participation.
- FY 2014 total operating revenue decreased $5.4 million, or 4.0 percent, over FY 2013 while total operating expenses increased $9.7 million, or 17.3 percent.
- In June 2015 (FY 2015), Turnpike Enterprise awarded a contract to the number one ranked firm to develop and implement a Centralized Customer Service System (CCSS) to provide statewide back office operation for non-cash toll collection activities. Subsequent to the award, a notice to protest was filed by one of the competing firms.
- 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 eliminated the administrative fee, effective July 1, 2013, for Toll-by-Plate customers and set the new rate at twice the SunPass rate. In addition, effective July 1, 2017 (FY 2018), but can be deferred to no later than July 1, 2019 (FY 2020), all toll rates on all MDX facilities will be indexed to the CPI.
- In December 2013, MDX refunded $75 million of Series 2006 Bonds requested by an investor to extend the 2016 call date in exchange for $3.8 million. MDX issued $314 million in Series 2014A Bonds in June 2014 for the purpose of funding the five year Work Program and also issued $266 million in Series 2014B Bonds in October 2014 (FY 2015) to refund various bond series and terminate two-thirds of its swaps.

-Dade County and each serves a four-year term and may be reappointed.

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 226 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 $129.2 million (net of $540 thousand release of allowance) in Fiscal Year (FY) 2014 based on 244 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, 90 to 95 percent of the users of the Expressway System pay a toll. Conversion to ORT is nearing completion with the remaining two ramp locations on the western section of SR 836 expected to be completed in late 2015.



Open Road Tolling Mainline Gantry.

On September 12, 2012, a Memorandum of Understanding (MOU) was entered into with Florida's Turnpike Enterprise (Enterprise), MDX, Central Florida Expressway Authority (CFX), 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. The contemplated ILA is subject to approval by the CFX, THEA and MDX Board of Directors. An Invitation to Negotiate (ITN) to develop and implement the CCSS was issued by Enterprise 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 and ranked the proposers in April 2014. Vendors filed protests subsequent to the ranking thus significantly delaying negotiations with the number one ranked firm. In June 2015 (FY 2015), Enterprise issued an intent to award to the number one ranked firm (Xerox State and Local Solutions). Subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an ILA to address management and governance of the CCSS by the participating agencies, as per terms of the MOU.

In May 2014, the MDX Board approved an agreement for conveyance of fee simple interest and assignment of third party agreements between the Department and MDX for the Miami Intermodal Center (MIC) property. MDX created a MIC Enterprise Fund to separately account for the MIC and adjacent development parcels. MIC operations will be separate and distinct from the MDX Expressway System Enterprise Fund and system revenues will not be utilized for the construction, maintenance, repair or operation of the MIC property, except as specifically permitted. MDX also amended its Bylaws by creating the MIC Enterprise Committee as a standing committee chaired by the Department's District Six Secretary. The Committee will: review procurement of new and retain current service providers associated with the MIC; review and recommend annual operating, maintenance, administration, and capital budgets; serve as the forum at which stakeholders, third party contractors, consultants and the public may provide updates and comments regarding the day to day operations of the MIC; and review and recommend an overall MIC Commercial Development Program to maximize revenue from all sources and, to the extent available, support transportation improvements in Miami-Dade County. In May 2014, the MDX Board also approved a FY 2015 MIC Enterprise Fund budget. No revenues are anticipated to be generated in the first year of operations and any advances to the MIC Enterprise Fund will be considered loans to be repaid to the MDX Expressway System Enterprise Fund. The transfer agreement has been finalized between the Department and MDX, but is pending approval by the Board of County Commissioners. Currently there is no anticipated approval date.

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. Table 5 indicates that approximately $20.8 million in outstanding debt is due to the Department as of June 30, 2014.

Table 5
Miami-Dade Expressway Authority
Long-Term Debt Payable to the Department
Year Ended June 30, 2014

Transaction	*(millions)*
Loans from Toll Facilities Revolving Trust Fund[1]	$4.5
Loans from State Infrastructure Bank[2]	$16.3
Total Due Department	$20.8

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 2014 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 10 of the 13 applicable performance measure objectives. The three performance measure objectives the Authority did not meet are described below and include trend data, explanations and any action plans that MDX has developed to assist in meeting the measures. Explanations are based on input from MDX management.

Revenue Variance

FY 2014 actual toll revenue, without recovery of fines, represents an 11.7 percent variance from indicated revenue, thereby not achieving the established objective of less than 4.0 percent. MDX indicated that the high revenue variance in FY 2014 is primarily attributable to the transition from an existing single back office vendor to multiple vendors. MDX noted significant deficiencies with its back office vendor, initiated litigation and subsequently terminated its back office vendor. MDX contracted with new service providers and transitioned all back office functions on October 1, 2013. As a result of the transition, the Toll-by-Plate (TBP) billing process was delayed. TBP revenues are recognized when their invoice is generated rather than at lane exit as is the case with Cash and SunPass transactions. MDX considers this to be a more conservative approach. This is also the primary reason that Annual Revenue Growth decreased four percent in FY 2014. MDX anticipates that the TBP billing process will be up-to-date during FY 2015.

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 2013 data. MDX actual performance of 0.82 fatalities per 100 million VMT for CY 2013 exceeded the established objective of 0.48, an increase over CY 2012 results of 0.64 fatalities per 100 million VMT. Accident fatalities on MDX facilities increased from seven in CY 2012 to nine in CY 2013, a 28.6 percent increase.

During FY 2014, MDX continued to take steps to improve on safety measures. MDX will be installing a trial implementation of direct wired and solar LED Raised Pavement Markers on SR 836 and SR 924 at various high crash locations. Wet weather striping will be installed on all current and future projects with plans to retrofit onto the balance of the system. MDX also provides free 24 hours per day/seven days per week roadside assistance on the five MDX expressways through the Road Ranger Program. By assisting stranded motorists, Road Rangers help maintain mobility, decrease congestion and aid in the avoidance of serious secondary accidents.

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

MDX will be installing a trial implementation of direct wired and solar LED raised pavement markers on SR 836 and SR 924 at various high crash locations.

The high revenue variance of 11.7 percent in FY 2014 is attributed to lower than expected Toll-by-Plate (TBP) revenue as a result of delays in generating and mailing invoices during the transition to a new billing service provider. TBP revenues are recognized when invoiced rather than at lane exit date. MDX anticipates that the TBP billing process will be up-to-date during FY 2015.

Table 6
Miami-Dade Expressway Authority
Summary of Performance Measures
FY 2014

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	92.6	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	95.6%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	98.3%	✓
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	97.9%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	11.7%	X
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.48)	0.82	X
Customer Service	% customers satisfied with level of service	> 90%	N/A	N/A
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	$0.06	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	91.6%	✓
Applicable Laws				
Minority Participation[2]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	88.0%	X
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.59	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.42	✓
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 six established Authorities. Actual results based on CY 2013 data.
[2] MDX has a Small Business Enterprise goal of 10 percent and reported achieving 8.8 percent (88 percent of the goal).

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 FY 2016.

MDX has completed 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 2016. This project will minimize weaving and add new movements and additional capacity within the interchange, all of which will enhance safety.

MDX is constructing 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.

Small Business and Local Business Participation

MDX has adopted a Small Business (SB) Participation Policy (certification based on a firm's annual revenues), which requires that not less than 10 percent of MDX's total annual contract dollars awarded for services be committed to SB's. In order to meet this requirement, MDX evaluates individual projects and identifies those projects most applicable for SB participation based on available qualified and certified small businesses and determines a required percentile of the contract amount to be dedicated to SB's. These contracts are then competitively procured through various methods (such as request for proposal (RFP), invitation to bid (ITB), etc.), as may be applicable. Under the advisement of legal counsel, MDX amended its SB Participation Policy in February 2014, removing provisions that allowed for contracts to be set-aside for SB's, as well as provisions that allowed for preferences to be given to SB's in a competitive procurement process. Most of the provisions removed from the SB Participation Policy were not being implemented by MDX. Out of the $82.2 million awarded in service contracts during FY 2014, MDX reported achieving 8.8 percent SB participation commitment, or $7.2 million, thereby not achieving the 10 percent SB participation commitment requirement. As a result of the negotiations with three separate vendors to replace MDX's previous back office vendor, these contracts did not have a SB participation requirement. This is the first year since the adoption of the SB Participation Policy that MDX fell short of its requirement.



SR 836/SR 826 Interchange Improvements.

MDX also adopted a Local Business Preference in Procurement Policy that allowed a defined preference in a competitive procurement process to certified Local Businesses (LB). Under the advisement of legal counsel, MDX also amended its Local Business Preference in Procurement Policy in February 2014, now named Local Business Participation Policy, to remove the preference given to LB's in a competitive procurement process. The Policy now requires participation of LB's in all contracts exceeding $25 thousand. No specific percentile or dollar threshold of participation was established, but similar to the SB requirement, MDX evaluates individual projects and identifies those projects most applicable for LB participation based on available qualified and certified Local Businesses and determines a required percentile of the contract amount to be dedicated to LB's. These contracts are then competitively procured through various methods (such as request for proposal (RFP), invitation to bid (ITB), etc.), as may be applicable. The LB certification requirement and the criteria were also amended so that it is based on fulfillment of two out 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, Broward County and/or Monroe County (previously only in Miami-Dade County); and, the business main office must be located in Miami-Dade County for at least two years (previously one year). Out of the $82.2 million awarded in service contracts during FY 2014, $5.2 million, or 6.3 percent, was committed to LB participation. And out of the $75.2 million paid in service contracts during FY 2014, a total of $15.7 million, or 20.9 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.

Presented below are examples of some of the notable performance measures where MDX either met the objective or the measure was not applicable. Explanations are provided to either clarify the source of the data, the methodology utilized by the Authority, or explanations as to why the performance measure was not applicable.

Electronic Toll Collection (ETC) Transactions

The percentage of Electronic Toll Collection (ETC) transactions to total transactions increased from 96.2 percent in FY 2013 to 97.9 percent in FY 2014, far exceeding the goal of greater than 75 percent ETC participation by June 30, 2012. Total toll transactions in FY 2014 increased by 6.8 million, or 2.9 percent, over FY 2013 levels. Cash transactions decreased by 3.9 million, or 43.2 percent, while ETC transactions increased by 10.7 million, or 4.7 percent.

Customer Service

Results from the Enterprise Customer Satisfaction Survey are used to report MDX Customer Service performance. In an effort to reduce costs, the Enterprise now conducts the survey every two years rather than every year. As a result, the Enterprise Customer Satisfaction Survey was not performed for FY 2014. However, the FY 2015 survey is currently being conducted and is expected to be completed in the spring of 2015.

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. As previously noted, on September 12, 2012, MDX entered into a MOU with the Enterprise, CFX and THEA for the purpose of implementing a CCSS for statewide back office operation for administration of electronic toll collection activities. At this time, Enterprise issued an intent to award to the number one ranked firm (Xerox State and Local Solutions) in June 2015 (FY 2015), and subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an ILA to address management and governance of the CCSS by the participating agencies, as per terms of the MOU.

Consultant Contract Management Construction Contract Adjustments - Time and Cost

Although MDX had many projects underway during FY 2014, no consultant (Design and CEI) or construction contracts were completed during FY 2014 as they are all major multi-year projects.

Cost to Collect a Toll Transaction

MDX achieved the cost to collect a toll transaction objective of less than $0.16, with actual results of $0.06 reported in FY 2014. This compares to $0.07, $0.06, and $0.03 reported in FY's 2011, 2012, and 2013, respectively.

The FY 2013 cost to collect a toll transaction of $0.03 significantly decreased from $0.06 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 decrease in toll collection costs in FY 2013 was primarily due to decreases in Account Management and Toll Enforcement System (AMTES) back office support services of $5.7 million. This was attributed 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 were 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 believed that express requirements of its contract that mandate ETCC meet certain completion, testing, and performance milestones relieved 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. The court denied further motions for partial summary



Central Boulevard Reconstruction.

judgment leaving all remaining issues for determination at trial which is set for "date certain" to begin September 8, 2015. MDX believes that a favorable outcome is likely. MDX and ETCC settled the claims with respect to the In-Lane Contract in August 2014 and have entered into a three year supplemental agreement that allows ETCC to maintain the lane portion of the system in exchange for a fixed monthly amount. 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 $0.16.

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 were in litigation on this matter before a Miami-Dade Court judge. Pursuant to the termination provisions of the AMTES contract, there was an up to 12 month disentanglement period before ETCC had 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 included 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.

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 2014 debt service coverage improved over FY 2013 levels. Debt service coverage for Bonded/Commercial Debt increased from 1.50 in FY 2013 to 1.59 in FY 2014, and debt service

coverage for Comprehensive Debt increased from 1.34 to 1.42.

Debt service coverage ratios, as standardized in the Commission's performance measure calculations, may differ 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 1.58 in the Required Supplementary Information section of the FY 2014 audited financial statements. This compares to 1.59 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), but can be deferred to no later than July 1, 2019 (FY 2020), all toll rates on all MDX facilities will be indexed to the Consumer Price Index (CPI). These 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 2014 operating indicators, as reported by MDX, are provided in Table 7. Also, to assist in trend analysis, FY 2012 and FY 2013 operating results are provided. Results for the last five fiscal years are included in Appendix B. It is important to note FY 2014 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.). There were no major capital projects completed or placed in service during FY 2014. Construction in progress increased $108.5 million in FY 2014 due to numerous on-going major capital projects including: SR 826/SR 836 and SR 836/I-95 interchange improvements, SR 836 and SR 112 infrastructure modifications for ORT, SR 836 operational, capacity and interchange improvements, SR 836 interchange modifications at 87th Avenue, Central Boulevard reconstruction, SR 874 Mainline reconstruction, and a new SR 874 ramp connector to and from SW 128th Street.

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.

Table 7
Miami-Dade Expressway Authority
Summary of Operating Indicators (in millions)
FY 2012 through FY 2014

Indicator	*Detail*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*	*Actual 14 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$292.1	$316.9	$324.1
	Infrastructure Assets	$470.7	$517.1	$496.3
	Construction in Progress	$437.5	$454.0	$562.5
	Total Value of Transportation Assets	$1,200.2	$1,288.0	$1,383.0
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.0	$0.0	$0.0
	Routine Maintenance of Infrastructure	$6.5	$5.9	$6.4
	Total Preservation Costs	$6.5	$5.9	$6.4
Toll Collection Transactions	Revenue from Electronic Transactions	86.6%	85.3%	92.9%
Annual Revenue Growth	Toll and Operating Revenue	0.7%	9.7%	-4.0%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	40.3%	29.6%	35.6%
	Routine Maintenance Expense as % of Operating Expense	10.8%	10.4%	9.7%
	Administrative Expense as % of Operating Expense	8.3%	9.1%	10.2%
	Operating Expense as % of Operating Revenue	49.0%	41.6%	50.9%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	25.1%	16.7%	23.0%
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.

The current approved FY 2015-2019 Work Program ($879 million) continues capacity and operational improvements for ongoing construction in progress projects described above. 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 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 2014 routine maintenance expenses increased $0.5 million, or 8.6 percent, over FY 2013. This increase is primarily due to an increase in roadway, plaza and other maintenance services related to the additional expenses for the planned expansion of SR 924 along NW 138th Street, additional structural inspection costs resulting from the bi-annual cycle of inspections, higher ITS maintenance expenses due to the completion of a backlog of repairs, and general engineering consultant maintenance support.

FY 2014 toll collection, maintenance and administration expenses increased 40.8 percent, 8.6 percent, and 31.1 percent, respectively, over FY 2013 levels.

The significant $6.8 million, or 40.8 percent, increase in FY 2014 toll collection expenses is primarily due to a $5.8 million decrease in AMTES expenses for back office support services reflected in FY 2013 as a result of on-going litigation. 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.

The increase in FY 2014 administration expenses is primarily due to a $1.9 million increase in legal fees for contracted services for litigation.

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 96.2 percent in FY 2013 to 97.9 percent in FY 2014. ETC revenue increased from 85.3 percent of total revenue in FY 2013 to 92.9 percent in FY 2014.

Annual Revenue Growth (Toll and Operating Revenue)

Total operating revenue for FY 2014 decreased $5.4 million, or 4.0 percent, over FY 2013. Cash toll collection ceased at the SR 836 East Mainline and 17th Avenue toll plazas on July 22, 2013. As part of MDX's initial conversion of SR 836 to All Electronic Tolling (AET), tolls at these locations are now collected through Open Road Tolling (ORT). FY 2014 cash and fee revenue decreased $4.7 million and $3.9 million, respectively, while SunPass and Toll-by-Plate (TBP) revenue increased $2.9 million and $0.5 million, respectively. As previously noted, the significant decrease in FY 2014 revenue is primarily attributable to lower than expected TBP revenue as a result of delays in generating and mailing invoices during the transition to a new billing service provider. TBP revenues are recognized when invoiced rather than at lane exit as is the case with Cash and SunPass transactions. MDX anticipates that the TBP billing process will be up-to-date during FY 2015.

The revenue increase of 9.7 percent in FY 2013 is primarily due to a $6.9 million increase in TBP 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.

Operating Efficiency and Rating Agency Performance

FY 2014 total operating revenues decreased $5.4 million, or 4.0 percent, over FY 2013 while total operating expenses increased $9.7 million, or 17.3 percent. This resulted in an overall increase in the ratio of operating expenses to operating revenues in FY 2014. Toll collection, routine maintenance, and administration expenses for FY 2014 increased 40.8 percent, 8.6 percent, and 31.1 percent, respectively, over FY 2013 levels. MDX reports depreciation on infrastructure (roads, bridges and other highway improvements), furniture and equipment, toll equipment, toll facilities and buildings. FY 2014 depreciation expenses increased $0.8 million, or 2.9 percent, over FY 2013.

FY 2014 toll collection expenses of $23.5 million are somewhat comparable to the $24.4 million reported in FY 2012. FY 2013 toll collection expenses of $16.7 million reflected a $7.7 million, or 31.5 percent, decrease over FY 2012 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 $5.7 million decrease in AMTES support service expenses in FY 2013 was 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 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. The increase in FY 2014 administration expenses is primarily due to a $1.9 million increase in legal fees for contracted services related to litigation.

Right-of-Way

MDX did not purchase any land in FY 2014.

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. In September 2014 (FY 2015), Moody's Investors Service revised the outlook on MDX bonds from stable to positive, with the other two rating agencies maintaining a stable outlook.

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 October 21, 2014. 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. On October 21, 2014 (FY 2015), the MDX Board amended its Ethics policy and financial disclosure forms to reflect 2014 legislation that amended ethics standards in MDX's enabling legislation (Section 348.0003(5), Florida Statutes), effective July 1, 2014 (FY 2015).

According to MDX, no ethics or conflict of interest violations or investigations were reported during FY 2014, except for one instance relating to improper use of MDX issued gift cards as noted below. 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. In January 2014, an Ethics presentation on voting conflicts was provided to Board members. In FY 2014, ethics training was also provided to MDX employees during the quarterly employee's staff meetings.

Pursuant to the MDX Ethics policy, fiscal year-end audit requirement, and Section 348.0003, Florida Statutes, Board Members and employees are also required to complete an annual questionnaire. The questionnaire is sent directly to the audit firm for evaluation and includes lobbyist relationship disclosures, financial disclosures, conflict of interest disclosures and knowledge of fraudulent conduct and ethics violations disclosures that are sent directly to the audit firm for evaluation. Commission staff reviewed the questionnaires provided by MDX and noted a reported instance of actual or suspected fraud or ethics violation whereby an MDX employee utilized 19 MDX issued $10 gift cards to replenish the employee's personal SunPass account. MDX utilized the gift cards as part of a marketing promotion to encourage new SunPass customers. The MDX investigation resulted in the termination of one employee and $190 was recovered by MDX through a deduction from the employee's final pay check.

Senate Bill 846 amended ethics standards in MDX's enabling legislation (Section 348.0003(5), Florida Statutes), effective July 1, 2014 (FY 2015).

MDX Assistant 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.

One MDX Board member did not file the required financial disclosure form (Form 6 - Full and Public Disclosure of Financial Interests) with the Florida Commission on Ethics.

The FY 2014 independent financial statement audit reflected an unmodified opinion.

Section 348.0003(4)(c), Florida Statutes, requires that members of the MDX Board comply with the applicable financial disclosure requirements of Section 8, Article II of the State Constitution. Pursuant to Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees), the required financial disclosure must be filed with

the Florida Commission on Ethics and be posted online. Commission staff reviewed the Commission on Ethics financial disclosure website, and noted that one MDX Board member, Robert Holland, had not filed the required financial disclosure form (Form 6 - Full and Public Disclosure of Financial Interests).

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 2014, 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, 2014 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 For Each 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 noted that corrective actions have been taken to address two findings made in the preceding annual financial audit report and identified one current year audit finding and recommendation. During their current-year review of MDX's service organization billing provider's SOC-1 Report (Service Organization Controls Report), the auditors noted that changes to production applications were not operating effectively throughout the testing period. MDX concurred with the audit recommendation that MDX monitor the finding to ensure that corrective action is taken by its service organization to ensure their controls are operating effectively.

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 189.015, 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.

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

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

- All contracts valued at $200 thousand or more.
- Renewal, cancellation or extension of contracts meeting the above threshold.
- Supplemental Agreements for: (1) amounts for a single contract which cumulatively exceed the lesser of 20 percent of the original contract amount or $3 million; and, (2) contract time that involves changes to the original contract amount above $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 2014. As indicated in Table 8, 31 sub consultants were used by the general consulting firms for a total cost of $8.4 million in FY 2014.

Compliance with Bond Covenants

MDX had two bond issues in FY 2014, Series 2013B ($74.8 million) and Series 2014A ($314.0 million). Pursuant to Resolution No. 13-09, adopted by the Board on December 10, 2013, 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. MDX received a payment of $3.8 million and the cost of issuance. The $3.8 million was used to pay interest expense.

In June 2014, MDX issued $314.0 million in Toll System Revenue Bonds, Series 2014A. Bond proceeds will be used to: partially fund Work Program projects; fund the increase in the debt service reserve fund requirement resulting from the issuance of the Series 2014A Bonds; and, pay expenses related to bond issuance costs. As of June 30, 2014, total bonds in the principal amount of approximately $1.51 billion remained outstanding.

In October 2014 (FY 2015), MDX issued $266.4 million in Toll System Revenue and Refunding Revenue Bonds, Series 2014B. Bond proceeds will be used to refund a portion of the MDX Toll System Revenue Bonds, Series 2005A and Series 2006, pay termination costs associated with two interest rate swap agreements, fund the increase in the debt service reserve fund requirement resulting from the issuance of the Series 2014B Bonds, and pay expenses related to bond issuance costs. As a result of the Series 2014B Bond issue, variable rate debt for MDX decreased from 16 percent to 8 percent. The transaction yielded an overall present value savings of $10 million and lowered the overall debt service by $79.2 million.

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 2014, 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

Table 8
Miami-Dade Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2014

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
EAC	**General Construction Management Consultant**	
AECOM U.S.A., Inc.	Transportation Management	$626
AMEC E&I, Inc.	Materials Testing Oversight	$42
ASC Logic, Inc.	Project Management/ITS	$34
Bleu Network, Inc.	Program Controls	$68
Cunningham Group, Inc.	Public Involvement/Information	$65
HOLT Communications, Inc.	Public Involvement/Information	$60
MG Vera & Associates, Inc.	Surveying/Mapping	$587
Pinnacle Consulting Enterprises, Inc.	Construction Engineering & Inspection/Surveying	$448
R.J. Behar & Company, Inc.	Engineering Services	$90
Reynolds, Smith and Hills, Inc.	Engineering Services	$207
Tamayo Engineering, LLC	Document Controls and Traffic Management Center	$317
HNTB	**General Engineering Consultant**	
BCC Engineering, Inc.	Roadway/Structures	$136
Bermello, Ajamil & Partners, Inc.	Public Involvement/Public Information	$654
Botas Engineering, Inc.	Design	$119
CH Perez & Associates Consulting Engineers, Inc.	Roadway/Traffic Studies/Signs & Paving/Surveying	$575
EV Services, Inc.	Public Involvement/Public Information	$72
Glass Land Acquisition Service Specialists, Inc.	Right-of-Way Services	$159
MCO Construction and Services, Inc.	Construction Management/Program Controls	$140
Ribbeck Engineering, Inc.	Design	$480
Terry Couture Communications Corp.	Public Involvement/Public Information	$125
Trace Consultants	Transportation Design and Production Management	$66
Transfield Services Infrastructure, Inc.	**Maintenance Management Consultant**	
American Lighting & Signalization, Inc.	Highway Lighting Maintenance	$308
AmRoad, LLC	Concrete Repairs, Striping, RPM's	$376
CAB Professional Consulting Services, Inc.	Inspection Services	$122
Eco Team, LLC	Facilities Janitorial Services	$165
In & Out Projects Corporation	Pressure Washing and Painting	$58
Remington Steel & Sign Corp.	Guardrail, Sign and Attenuator Repairs	$508
Star Cleaning U.S.A., Inc.	Roadway/Mechanical Sweeping	$125
Tenusa, Inc.	Landscaping Services	$1,585
CDM Smith	**Traffic and Revenue Consultant**	
Florida Transportation Engineering	Traffic Data Collection	$46
The Washington Economics Group, Inc.	Economic Impact Analysis	$60
Total Sub consultants > $25 K		$8,423

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 2014 exceed bond requirements.

- As of June 30, 2014, MDX has fully funded the Debt Service Reserve Fund in the amount of $112.3 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 10 of the 13 applicable management objectives established for performance measures. The three performance measure objectives not met include revenue variance, safety and minority participation.

Operating indicator trend analysis showed that FY 2014 construction in progress increased $108.5 million over FY 2013 due to numerous on-going major capital projects including: SR 826/SR 836 and SR 836/I-95 interchange improvements, SR 836 and SR 112 infrastructure modifications for open road tolling (ORT), SR 836 operational, capacity and interchange improvements, SR 836 interchange modifications at 87th Avenue, Central Boulevard reconstruction, SR 874 Mainline reconstruction, and a new SR 874 ramp connector to and from SW 128th Street. FY 2014 total operating revenues decreased $5.4 million, or 4.0 percent, over FY 2013 while total operating expenses increased $9.7 million, or 17.3 percent. Total toll collection, routine maintenance, and administration expenses for FY 2014 increased 40.8 percent, 8.6 percent, and 31.1 percent, respectively. The decrease in FY 2014 operating revenues is primarily attributed to lower than expected Toll-by-Plate (TBP) revenues as a result of delays in generating and mailing invoices during MDX's transition to a new billing service provider. The significant $6.8 million, or 40.8 percent, increase in FY 2014 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 reflected in FY 2013 as a result of on-going litigation. 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. The increase in FY 2014 administration expenses is primarily due to a $1.9 million increase in legal fees for contracted services related to litigation.

In the area of governance, the FY 2014 independent financial statement audit reflected an unmodified opinion. The Auditor's Management Letter noted that corrective actions were taken by MDX to address two prior years' audit findings and identified one current year finding related to ineffective internal controls noted in MDX's service organization billing provider. MDX will monitor the finding to ensure that corrective action is taken by its service organization. MDX also initiated an ethics investigation into allegations that an employee utilized 19 MDX issued $10 gift cards to replenish the employee's personal SunPass account. MDX utilized the gift cards as part of a promotion to encourage new SunPass customers. The investigation resulted in the termination of one employee and $190 was recovered through a deduction from the employee's final pay check. Section 348.0003(4)(c), Florida Statutes, requires that members of the MDX Board comply with the applicable financial disclosure requirements of Section 8, Article II of the State Constitution. Pursuant to Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees), the required financial disclosure must be filed with the Florida Commission on Ethics and be posed online. Commission staff reviewed the Commission on Ethics financial disclosure website, and noted that one MDX Board member (Robert Holland), had not filed the required financial disclosure form (Form 6 - Full and Public Disclosure of Financial Interest).

In September 2012, MDX entered into a Memorandum of Understanding with the Turnpike Enterprise, Central Florida 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. Enterprise issued an intent to award to the number one ranked firm (Xerox State and Local Solutions) in June 2015 (FY 2015), and subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an ILA to address management and governance of the CCSS by the participating agencies, as per terms of the MOU.

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), but can be deferred to no later than July 1, 2019 (FY 2020), all toll rates on all MDX facilities will be indexed to the Consumer Price Index.

MDX had two bond issues in FY 2014, Series 2013B and 2014A, and one bond issue in FY 2015, Series 2014B. In December 2013, 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. MDX received a payment of $3.8 million and the cost of issuance. The $3.8 million was used to pay interest expense. In June 2014, MDX issued $314.0 million in Toll System Revenue Bonds, Series 2014A. Bond proceeds will be used to partially fund work program projects, fund the increase in the debt service reserve fund, and pay expenses related to bond issuance costs. In October 2014 (FY 2015), MDX also issued $266.4 million in Toll System Revenue and Refunding Revenue Bonds, Series 2014B. Bond proceeds will be used to refund a portion of the MDX Toll System Revenue Bonds, Series 2005A and Series 2006, pay termination costs associated with two interest rate swap agreements, fund the increase in the debt service reserve fund and pay expenses related to bond issuance costs. As a result of the Series 2014B Bond issue, variable rate debt for MDX decreased from 16 percent to 8 percent. The transaction yielded an overall present value savings of $10 million and lowered the overall debt service by $79.2 million.

In May 2014, the MDX Board approved an agreement for conveyance of fee simple interest and assignment of third party agreements between the Department and MDX for the Miami Intermodal Center (MIC) property. MDX created a MIC Enterprise Fund to account for the MIC and adjacent parcels separate and distinct from the MDX Expressway System Enterprise Fund. MDX system revenues will not be utilized for the construction, maintenance, repair or operation of the MIC property, except as specifically provided. In addition, MDX amended its Bylaws by creating the MIC Enterprise Committee as a standing committee chaired by the Department's District Six Secretary to review procurement of service providers, recommend operating, maintenance and capital budgets, serve as a forum for all stakeholders, and recommend an overall MIC Commercial Development Program. MDX is currently awaiting approval of the transfer

agreement by the Board of County Commissioners in order to assume financial and operational control of the MIC.

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, except for one MDX Board member not filing a financial disclosure as required pursuant to Section 348.0003(4)(c), Florida Statutes, as noted above.

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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Central Florida Expressway Authority (CFX)

Background

On June 20, 2014 Governor Rick Scott signed SB 230, the Central Florida Expressway Authority (CFX) bill into law, creating a new agency, with a new vision for the region building on fifty years of successfully providing transportation solutions to the Metro Orlando community. (The relevant language from SB 230 is detailed in Appendix A.) CFX is codified under Chapter 348, Part III, Florida Statutes as an agency of the state and has the right to construct, operate, and maintain roads, bridges, and avenues of access in Orange, Seminole, Lake and Osceola Counties together with similar rights outside of these specified counties with the respective county's consent. CFX 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) and other applicable Florida Statutes.

CFX assumed all assets, liabilities, duties, responsibilities and obligations of the Orlando-Orange County Expressway Authority (OOCEA) under its existing contracts and agreements, including, without limitation, the duties, responsibilities and obligations under the Amended and Restated Master Bond Resolution (Bond Resolution). CFX must operate and maintain the expressway system in accordance with the Bond Resolution and the Lease-Purchase Agreement entered into between OOCEA and the Florida Department of Transportation (Department).

The area served by CFX includes 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

Highlights

- On June 20, 2014 Governor Rick Scott signed Senate Bill (SB) 230, the Central Florida Expressway Authority (CFX) into law, creating a new agency. CFX assumed all assets, liabilities, duties, responsibilities and obligations of the Orlando-Orange County Expressway Authority under its existing contracts and agreements, including the Master Bond Resolution. The area served by CFX includes Seminole, Lake and Osceola Counties in addition to Orange County and the new CFX Board consists of nine members. In addition, governance and control of the Osceola County Expressway Authority (OCX), including all OCX assets and liabilities, will transfer to CFX sometime after December 31, 2018 when certain debt service coverage ratios are met.
- CFX met or exceeded 15 of the 16 applicable performance measure objectives.
- FY 2014 operating revenue increased $22.0 million, or 7.2 percent, over FY 2013 while operating expenses decreased $1.0 million, or 1.3 percent.
- Pursuant to an Interlocal Agreement, CFX will independently finance, build, own and manage sections of the Wekiva Parkway in Orange and Lake Counties. The Department will be responsible for the portion in Seminole County and the remaining portion of Lake County. In FY 2015, CFX was awarded a federal loan (TIFIA) and will issue Bond Anticipation Notes at the beginning of FY 2016 to advance construction of its respective sections.
- The CFX Board named Laura Kelley as the agency's first Executive Director in May 2015.

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 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.

The nine member CFX governing board is made up 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 (FTE) serves as a nonvoting advisor. Subsequent to conducting an Executive Director search, the CFX Board named Laura Kelley as its first Executive Director on May 14, 2015. Ms. Kelley previously served as the CFX Deputy Executive Director of Finance and Administration.

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. SB 230 also provided 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 became effective immediately. Although CFX replaced OOCEA on June 20, 2014 (prior to the end of FY 2014), the first meeting of the CFX Board was held on July 10, 2014 (FY 2015).

Table 9
Central Florida Expressway Authority
Current Board Members

Name	*Affiliation*	*Position*
Welton Cadwell	Lake County Commissioner	Chairman
Scott Boyd	Orange County Commissioner	Vice-Chairman
Brenda Carey	Seminole County Commissioner	Secretary/Treasurer
Buddy Dyer	Orlando Mayor	Board Member
Fred Hawkins, Jr.	Osceola County Commissioner	Board Member
Teresa Jacobs	Orange County Mayor	Board Member
Walter A. Ketcham, Jr.	Governor's Appointee	Board Member
Jay Madara	Governor's Appointee	Board Member
S. Michael Scheeringa	Governor's Appointee	Board Member

CFX owns and operates 109 center-line miles of limited access expressways in Orange County. The expressways include 22 miles of State Road 408 (Spessard L. Holland East-West Expressway), 23 miles of State Road 528 (Martin Andersen Beachline Expressway), 33 miles of the State Road 417 (Central Florida GreeneWay), 20 miles of State Road 429 (Daniel Webster Western Beltway), 9 miles of the State Road 414 (John Land Apopka Expressway) and two miles of State Road 451. CFX reported toll revenue of $319 million in FY 2014 based on 334 million transactions.

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 $1.6 billion, which includes approximately $500 million of non-toll road improvements, and will feature all electronic tolling. In February 2012, a Memorandum of Understanding (MOU) delineated the plan to fund, design, construct, own, operate and maintain the Wekiva Parkway. The Wekiva Parkway Interlocal Agreement approved on May 9, 2014, contains specific terms and provisions governing the project that are consistent with the MOU. CFX will independently finance, build, own and manage Sections 1A, 1B, 2A, 2B and 2C which will constitute part of the CFX system. While CFX 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.

In April 2015 (FY 2015), CFX received a $194 million Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, at a historically low rate of 1.23 percent, to advance Sections 2A, 2B, and 2C by nearly 18 months. The award of this loan could potentially provide over $250 million savings in bond interest payments.

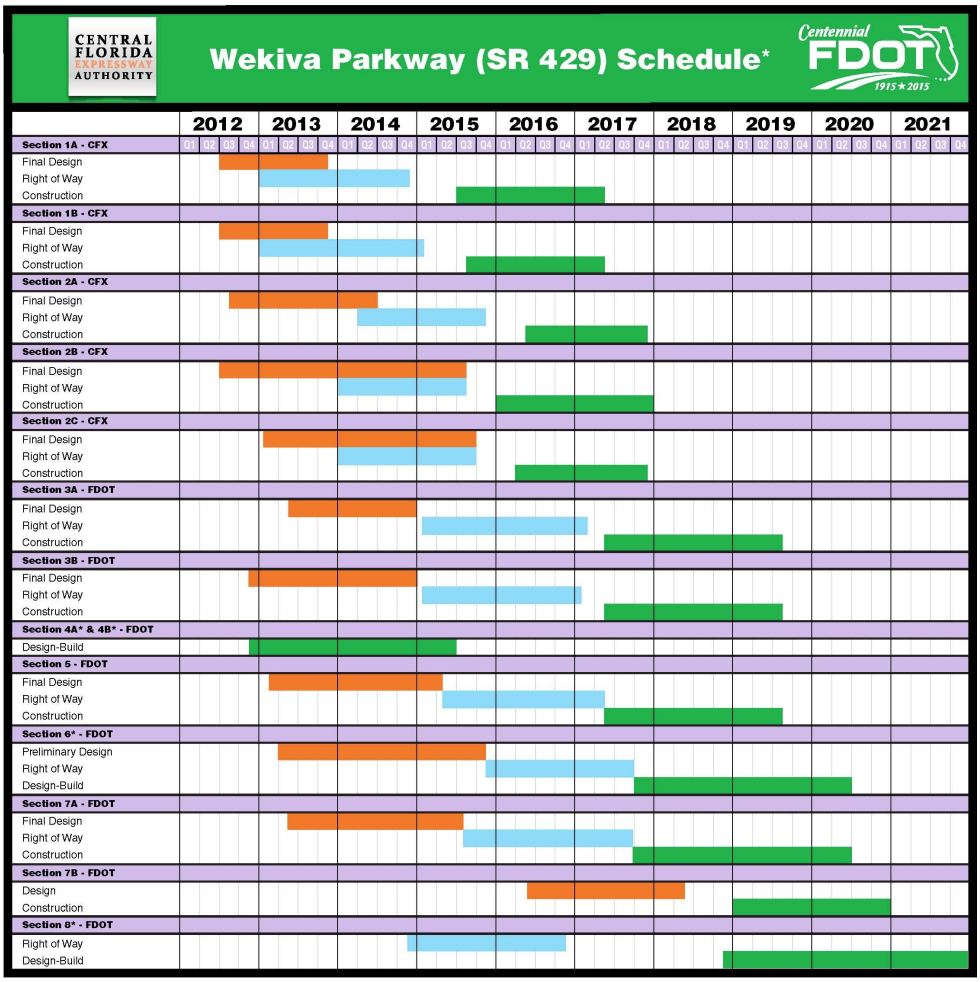


Figure 2: Wekiva Parkway Schedule Depicting CFX and Department Segments.

On June 11, 2015 the CFX board approved Bond Anticipation Notes (BANs) for up to $200 million that will be sold via a competitive process during the second week of July 2015. The BANs will be used to finance CFX's portion of the Wekiva Parkway with the proceeds from the TIFIA loan in calendar year 2018 paying off the BANs.

CFX is building a new interchange between SR 417 and Boggy Creek Road. This project is being constructed in two phases: Phase One was completed in November 2013; Phase Two started in January 2014 and includes the construction of flyover ramps for the new interchange and new ramp plazas. The improvements will provide better access to and from the Orlando International Airport (OIA) from South Orange and Osceola Counties. In addition, this project will accommodate the planned extension of Osceola Parkway. The $71 million project is expected to finish in late 2015.

In January 2015 (FY 2015), CFX completed construction on a partial interchange between SR 417 and Florida's Turnpike. The project includes new ramps from southbound SR 417 to southbound Florida's Turnpike and from northbound Florida's Turnpike to northbound SR 417. The new $30 million partial interchange provides an essential connection between these two major roadways.

Construction is underway to remove the SR 528 Airport Toll Plaza which originally opened in 1983 on the expressway system. Working with FTE, toll collection from the SR 528 Airport Plaza will move to FTE's SR 528 Beachline West Main Plaza and four new ramp plazas. The project is expected to be complete in 2016.

Other major projects in the Authority's $1.2 billion Five-Year Work Plan (FY 2015 through FY 2019) include partial widening near the SR 408/SR 417 interchange; resurfacing of SR 429 (part A) and resurfacing projects on SR 417 and SR 408; a new interchange at SR 528/Innovation Way; contribution to FDOT's interchange reconstruction at SR 408 at I-4; right of way acquisition for the SR 528 Corridor; and toll collection system upgrades.

Lease-Purchase Agreement

Under the requirements of a Lease-Purchase Agreement between CFX and the Department, CFX is reimbursed by the Department for a portion of the operating and maintenance costs of SR 408 and SR 528. CFX records 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, CFX utilized funds from a State Infrastructure Bank (SIB) loan to acquire right-of-way for construction of SR 414. Table 10 indicates that, as of June 30, 2014, approximately $227.7 million is owed to the Department for operating and maintenance expense advances and other Department advances and loans.

Table 10
Central Florida Expressway Authority
Long-Term Debt Payable to the Department (in millions)
Year Ended June 30, 2014

Transaction	*(millions)*
Advances for Operating and Maintenance Expenses[1]	$199.0
Advances for Completion of East-West Expressway[1]	$14.0
Loans from State Infrastructure Bank[2]	$14.7
Total Due Department	$227.7

Source: CFX Notes to Audited Financial Statements and CFX Management.
[1] CFX 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.

The February 2012 Wekiva Parkway MOU states that CFX will 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. CFX entered into the Wekiva Interlocal Agreement with the Department effective June 11, 2014, in which the parties have agreed to discontinue the obligations of the Department under the existing Lease-Purchase Agreement after July 1, 2028. The holders of all bonds issued by CFX since 2003 have provided their consent to such action. The parties have also agreed to terminate the Lease-Purchase Agreement upon the earlier of the defeasance, redemption or payment in full of CFX's bonds issued and outstanding as of the effective date of the Wekiva Interlocal Agreement or the receipt of sufficient bondholder consents to such termination. Upon the termination of the Lease-Purchase Agreement, title to the CFX System shall remain vested in CFX.

Florida's Centralized Customer Service System

On September 12, 2012, a MOU with FTE, Miami-Dade Expressway Authority (MDX), Tampa-Hillsborough County Expressway Authority (THEA) and CFX was entered into, 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, the CCSS proposers were ranked. Two vendors filed protests subsequent to the ranking thus significantly delaying negotiations with the number one ranked firm. In early June 2015 (FY 2015), FTE issued an intent to award to the number one ranked firm (Xerox State and Local Solutions). Subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an ILA that will enable the other three agencies to transition to the new system.

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 2014 results, as reported by CFX, are provided in Table 11. Results for the last five fiscal years are included in Appendix B.

CFX met or exceeded 15 of the 16 applicable performance measure objectives. The one performance measure objective the Authority did not meet (Consultant Contract Management) is

Table 11
Central Florida Expressway Authority
Summary of Performance Measures
FY 2014

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	90.0	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	98.0%	✓
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	80.3%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.4%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.48)	0.22	✓
Customer Service	% customers satisfied with level of service	> 90%	N/A	N/A
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	16.3%	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	$0.10	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	95.3%	✓
Applicable Laws				
Minority Participation[2]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	133.3%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.98	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.62	✓
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 six established Authorities. Actual results based on CY 2013 data.
[2] The Authority has a 15 percent goal for RFP's and ITN's and reported achieving 20.0 percent, or 133.3 percent of the goal.

described below and includes trend data and explanations which are based on input of CFX management.

Consultant Contract Management

CFX met the Consultant Contract Management performance measure objective for the prior six years. CFX did not achieve the objective this year primarily due to management agreeing to redesign the SR 528 Boggy Creek Road interchange at the request of Osceola County, which increased the design cost by over $2 million. The final cost of consultant contracts (design and CEI) completed during the year exceeded the original awards by 16.3 percent.

Presented below are examples of some of the notable performance measures where CFX met the objective. Explanations are provided to either clarify the source of the data, the methodology utilized by CFX 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 CFX constituted 80.3 percent of total transactions during FY 2014, compared to 79.2 percent reported during FY 2013, thereby exceeding the goal of greater than 75 percent ETC participation by June 30, 2012. Total toll transactions in FY 2014 increased 6.8 percent over FY 2013 levels. Cash transactions increased 1.0 percent while ETC transactions increased 8.4 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 2013 data. Accident fatalities on CFX facilities decreased from six in CY 2012 to four in CY 2013, resulting in a fatality rate of 0.22 which is significantly lower than the Safety objective of less than 0.48 fatalities per 100 million VMT.

Crashes on the CFX 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 CFX system.

The University of Central Florida is conducting a study for CFX to research countermeasures for wrong way driving incidents. The study has expanded to a recommended pilot project which has implemented five ramp locations with countermeasures that are most effective in reducing wrong way crashes and are preapproved by FHWA. In June 2014, the CFX board approved to accept bids from contractors to expand the program to potentially 32 additional locations on the CFX system. In addition, CFX is implementing measures to notify right way drivers on its system when a wrong way driver is detected.

Customer Service

Because of the size of the organization and the cost of conducting a survey, customer service surveys are conducted every two years. As a result, the CFX survey was not performed for 2014. The bi-annual surveys are independently administered and management utilizes customer opinions about expressway maintenance, safety, and time savings to ascertain the level of overall customer service satisfaction in order to assist in the decision making process.

Construction Contract Adjustments - Time and Cost

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

Minority Participation

CFX 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 CFX Business Development policy objectives. If the Prime indicates participation below the 15 percent objective in the bid, CFX will determine if the Prime applied good faith efforts, as outlined in the bid documents, to include minority participation on the project. Staff will then meet with the Prime to discuss CFX's evaluation of good faith efforts and secure a commitment for participation at a percentage agreed to by both the Prime and CFX. For FY 2014, CFX reported 20 percent minority participation, or 133.3 percent of CFX's goal of 15 percent. This exceeds the FTC objective of greater than 90 percent of the goal.

Debt Service Coverage - (Bonded/ Commercial Debt)

CFX 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 bond resolutions and related documents. For example, the calculation of the composite debt service ratio, as defined by bond resolutions, is reported as 1.99 in the Other Supplementary Information section of the FY 2014 audited financial statements. This compares to 1.98 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.

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 2014 operating indicators, as reported by CFX, are provided in the Table 12. Also, to assist in trend analysis, FY 2012 and FY 2013 operating results are provided. Results for the last five fiscal years are included in Appendix B.

It is important to note FY 2014 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 2014, infrastructure assets and construction in progress

Table 12
Central Florida Expressway Authority
Summary of Operating Indicators (in millions)
FY 2012 through FY 2014

Indicator	*Detail*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*	*Actual 14 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$549.1	$655.6	$658.4
	Infrastructure Assets	$2,177.1	$2,509.7	$2,535.4
	Construction in Progress	$444.5	$139.1	$230.2
	Total Value of Transportation Assets	$3,170.7	$3,304.3	$3,423.9
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$13.7	$0.9	$0.5
	Routine Maintenance of Infrastructure	$12.4	$13.6	$14.3
	Total Preservation Costs	$26.1	$14.5	$14.8
Toll Collection Transactions	Revenue from Electronic Transactions	74.7%	75.6%	76.9%
Annual Revenue Growth	Toll and Operating Revenue	1.7%	13.8%	7.2%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	36.8%	43.9%	46.3%
	Routine Maintenance Expense as % of Operating Expense	13.8%	17.5%	18.7%
	Administrative Expense as % of Operating Expense	6.3%	7.1%	6.6%
	Operating Expense as % of Operating Revenue	33.5%	25.6%	23.5%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Total Operating Revenue	17.0%	15.7%	15.3%
Property Acquisition				
Right-of-Way	Agency Appraisals	$4.2	$9.8	$1.1
	Initial Offers	$4.3	$0.0	$1.0
	Owners Appraisals	$10.5	$13.5	$1.2
	Final Settlements	$8.1	$7.2	$2.4
Revenue Management and Bond Proceeds				
Underlying Bond Ratings (Uninsured)	Standard & Poor's Bond Rating	A	A	A
	Moody's Bond Rating	A2	A2	A2
	Fitch Bond Rating	A	A	A

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

increased approximately $26 million and $91 million, respectively. Major capital asset events in FY 2014 included the completion of the SR 451 and Vick Road intersection, completion of the second phase of the SR 417/Boggy Creek Road interchange and the bridge deck replacements on SR 528 west of the Airport Plaza. In addition, construction started on the widening of SR 417 from Curry Ford Road to Lake Underhill Road and the third phase of the SR 417/Boggy Creek Road interchange began. Construction in progress is expected to increase in FY 2015 as work continues

on demolition of the SR 528 Airport Plaza, continued widening of SR 417 and the Wekiva Parkway gets underway.

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 north 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.

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.

Preservation expenses for FY 2013 and FY 2014 decreased by 93.6 percent and 46.8 percent, respectively. Renewal and replacement expenses were driven even lower than anticipated in FY 2013 and FY 2014 because projects started later than expected. These unspent funds will be spent in the coming fiscal year.

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 79.2 percent in FY 2013 to 80.3 percent in FY 2014. There is a direct correlation between electronic transactions and revenue associated with these transactions.

Annual Revenue Growth (Toll and Operating Revenue)

FY 2014 revenue grew by $22.0 million, or 7.2 percent, over FY 2013, while toll transactions grew by 6.8 percent. The FY 2014 revenue increase is a result of increased toll revenue attributed to an increase in traffic on the system.

FY 2013 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 CFX's toll collection sites. For the first time, cash toll rates are more than the electronic toll rates.

FY 2014 total operating revenue increased $22.0 million, or 7.2 percent, over FY 2013 primarily as a result of increased toll revenue attributed to an increase in traffic on the system.

FY 2014 toll collection and maintenance expenses increased 4.2 percent and 5.2 percent, respectively, over FY 2013 levels while administrative and renewal and replacement (preservation) expenses decreased 8.1 percent and 46.8 percent, respectively.

The decrease in FY 2014 renewal and replacement expenses is due to projects started later than expected.

Operating Efficiency

FY 2014 total operating expenses decreased $1.0 million, or 1.3 percent, over FY 2013 while total operating revenues increased $22.0 million, or 7.2 percent. This resulted in an overall decrease in the ratio of operating expenses to operating revenues in FY 2014. Toll collection and maintenance expenses for FY 2014 increased 4.2 percent and 5.2 percent, respectively, over FY 2013 levels

while administrative and renewal and replacement expenses decreased 8.1 percent and 46.8 percent, respectively. The primary reason for the decrease in total operating expenses is a $2.8 million, or 38.4 percent, decrease in other operating expenses. Other expenses are expenses that were not part of the CFX Operating, Maintenance and Administration Budget, but also were not capitalized. These expenses are expected to fluctuate from year to year depending upon the amount spent on non-capitalized projects.

In lieu of reporting depreciation on infrastructure (roads, bridges and other highway improvements), CFX 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 2014 depreciation expenses increased $0.5 million, or 3.2 percent, over FY 2013.

Right-of-Way

The methodology employed by CFX in right-of-way acquisition does not necessarily involve all four prescribed operating indicators for each acquisition. CFX'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 2012 through 2014, the underlying ratings assigned to CFX bonds from the three major bond rating agencies did not change. Standard and Poor's and Fitch continue to assign an A rating for all CFX bonds with a stable outlook. Moody's Investor Services, Inc. shows the underlying ratings of CFX bonds at A2 with a stable outlook. In April 2014, Moody's Investor Services revised the outlook on the Authority's bonds from negative to stable largely due to changes in the tolling structure that did not negatively impact traffic volumes, and a reduction in swap exposure. Key rating drivers include a proven ability to manage tolls, good physical condition of assets, and a large commuter traffic base.

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

In February 2015 (FY 2015), the CFX Board held a workshop to discuss revisions to its ethics policy and adopted a new Code of Ethics at its March 2015 (FY 2015) Board meeting. The new Code of Ethics adopts Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) and ethical standards set forth in CFX's enabling legislation, Section 348.753(6) to (15), Florida Statutes (Central Florida Expressway Authority). Among the provisions are that a Board member or the Executive Director may not personally represent another person or entity before CFX for a period of two years after leaving their position. Board members, employees and consultants must disclose any relationship that could lead them to profit from decisions made by the CFX Board, any relationships with registered lobbyists and any real property within a half-mile radius of any prospective CFX project.

As previously noted, CFX replaced OOCEA, effective June 20, 2014, at which time a new expanded Board was formed. The Commission noted an investigation and various Ethics and Sunshine Law violations of the prior OOCEA Board that occurred prior to the reformed CFX. These results were previously reported in last year's report.

Audits

CFX has established an Audit Committee. Its primary function is to assist the CFX 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 made up of five members, one each from the jurisdictions represented on the CFX Board. The committee gives direction to the Internal Audit Consultant as well as makes recommendations to the Chief Financial Officer, the Executive Director and the Board. The committee is also responsible for financial reporting oversight, internal controls and risk assessment, compliance with both applicable laws and CFX's Code of Ethics, as well as oversight over both internal and external audits.

An annual independent audit of CFX financial statements for the fiscal year ending June 30, 2014 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 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 CFX 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 responsible for providing Internal Audit support services as directed by the CFX 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 CFX 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 CFX.

The following narrative provides a brief summary of various audits/reviews issued during FY 2014.

- 2014 Contracts Audit (October 2013) - The Internal Audit firm audited two contracts with a combined value of $150 million. The goals were to verify the accuracy of billing and identify and test controls over the billing and oversight process. The audit recommended just two areas for improvement, both of low relative priority. As described in Appendix C, both recommendations have been implemented.

- 2014 Maintenance and Safety Plan Compliance (April 2014) - The Internal Audit firm verified CFX's compliance with federal and state maintenance and inspection regulations and reviewed processes and controls. The audit identified five areas for improvement. As

Table 13
Central Florida 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)	2	0	2
2014 Maintenance & Safety Plan Compliance (April 2014)	3	2	5
Total Number of Recommendations	50	8	58

[1] The status of recommendations in process/not completed by CFX as of September 15, 2014 is provided in Appendix C.

described in Appendix C, as of September 15, 2014, three recommendations have been completed and the remaining two recommendations are in process. Subsequently, CFX noted that the two remaining recommendations have been implemented.

- DHSMV Security Assessment (February 2014) - The Internal Audit firm completed a Security Assessment related to data received from the Department of Highway Safety and Motor Vehicles (DHSMV) by the Authority relating to vehicle registrations. The Authority'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 Statutes.

- PCI Compliance Audit (February 2014) - The Internal Audit firm performed an audit to test the Authority's conformity with 242 Payment Card Industry (PCI) Data Security Standard (DSS) areas of compliance. The Authority'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 Statutes.

Public Records and Open Meetings

CFX operates under Chapter 119, Florida Statutes, relating to public records and is subject to the provisions of Section 189.015, Florida Statutes and Chapter 286, Florida Statutes, for open meetings. A review of CFX agendas and Board meeting minutes posted on www.cfxway.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 CFX website. CFX policy also requires public meeting notices to be posted at CFX Headquarters, the Orange, Lake, Seminole and Osceola County Administration Buildings and Orlando City Hall.

Procurement

CFX's Procurement Policy is updated at least annually. In January 2015 (FY 2015), the CFX Board amended its Procurement Policy by revising the definition of artistic services as an exemption from the competitive procurement processes. In addition, the Five Year Work Plan was included and confirmed (along with the Operations, Maintenance and Administration budget) as prior approval for fiscal sufficiency for all purchases and

procurement initiations in excess of $5 thousand. The Procurement Policy 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.



SR 417 Boggy Creek Road Interchange.

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

CFX provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2014. As indicated in Table 14, 11 sub consultants were used by the general consulting firms for a total cost of $1.7 million in FY 2014.

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, 2014, 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.
- CFX utilizes a nationally recognized General Engineering Consultant (Atkins).

Table 14
Central Florida Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2014

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
Metha and Associates	**CEI Services**	
A2 Group	Roadway Bridge Inspector	$189
KCSS	Project Engineer	$199
Eisman and Rosso Inc.	Roadway Bridge Inspector	$45
Page One Consultants	Geotechnical Services	$71
CDM Smith	Project Engineer	$895
KCCS Inc.	**CEI Services**	
GCI Inc.	Building Inspection	$64
GRL Engineers Inc.	Geotechnical/PDA Services	$39
Page One Consultants	Asphalt Plant Inspection	$52
RK&K	Onsite Inspection	$29
Day Communications	**Communications & Marketing Consultant Services**	
Evolve Design Group	Printing & Design Services	$28
URS Corporation	**Design Consultant - Systemwide Data Collection Upgrade**	
Traffic Engineering Data Solutions	Engineering Services	$64
Total Sub consultants > $25 K		$1,675

- CFX utilizes a nationally recognized Traffic and Revenue Consultant (CDM Smith, Inc.).
- Debt service coverage ratios exceed bond requirements.

Summary

The Florida Transportation Commission review of the Central Florida Expressway Authority (CFX) was conducted with the cooperation and assistance of CFX staff and relied heavily on documentation and assertions provided by CFX management.

On June 20, 2014 Governor Rick Scott signed Senate Bill (SB) 230, the Central Florida Expressway Authority into law, creating a new agency codified in Chapter 348, Part III, Florida Statutes. CFX assumed all assets, liabilities, duties, responsibilities and obligations of the Orlando-Orange County Expressway Authority (OOCEA) under its existing contracts and agreements, including, without limitation, the duties, responsibilities and obligations under the Master Bond Resolution. CFX must operate and maintain the expressway system in accordance with the Master Bond Resolution and the Lease-Purchase Agreement entered into between OOCEA and the Florida Department of Transportation (Department). The area served by CFX includes Seminole, Lake and Osceola Counties in addition to Orange County, and the new CFX Board was expanded to nine members. In addition, governance and control of the Osceola County Expressway Authority (OCX), including all OCX assets and liabilities, will transfer to CFX sometime

after December 31, 2018 when the debt service coverage ratio is greater than or equal to 1.5. Although CFX replaced OOCEA on June 20, 2014 (prior to the end of FY 2014), the first meeting of the new CFX Board was held on July 10, 2014 (FY 2015). The CFX Board named Laura Kelley as its first Executive Director on May 14, 2015. Ms. Kelley served as the CFX Deputy Executive Director of Finance and Administration.

CFX met 15 of the 16 applicable management objectives established for performance measures in FY 2014. The one performance measure objective not met was consultant contract management.

Operating indicator trend analysis showed that FY 2014 infrastructure assets and construction in progress increased $26 million and $91 million, respectively, over FY 2013. Major capital asset events in FY 2014 included the completion of the SR 451 and Vick Road intersection, completion of the second phase of the SR 417/Boggy Creek Road interchange and the bridge deck replacements on SR 528 west of the Airport Plaza. In addition, construction started on the widening of SR 417 from Curry Ford Road to Lake Underhill Road and the third phase of the SR 417/Boggy Creek Road interchange began.

FY 2014 operating revenue grew by $22.0 million, or 7.2 percent, over FY 2013 while toll transactions grew by 6.8 percent. The increase in revenue is a result of increased toll revenue attributed to an increase in traffic on the system. FY 2014 total operating expenses decreased $1.0 million, or 1.3 percent, over FY 2013. Toll collection and maintenance expenses for FY 2014 increased 4.2 percent and 5.2 percent, respectively, over FY 2013 levels while administrative and renewal and replacement (preservation) expenses decreased 8.1 percent and 46.8 percent respectively. The significant decrease in renewal and replacement expenses (resurfacing and restriping) is because projects started later than expected. The primary reason for the decrease in total operating expenses is a $2.8 million, or 38.4 percent, decrease in other operating expenses. Other operating expenses are expenses that were not part of the CFX Operating, Maintenance, and Administration Budget, but also were not capitalized.

In the area of governance, the FY 2014 independent financial statement audit reflected an unmodified opinion. CFX routinely conducts a number of internal audits and reviews each year and has implemented many of the recommendations contained therein. A contracted outside consulting firm, Protiviti Inc., provides independent internal audit support services to the CFX Audit Committee and Board and independently verifies and reports the status of all audit/review recommendations. The status of all recommendations for CFX improvements that have not yet been implemented (as of September 15, 2014) is provided in Appendix C. The following list identifies audits and reviews that were issued during FY 2014.

- 2014 Contracts Audit (October 2013) - The Internal Audit firm audited two contracts with a combined value of $150 million. The goals were to verify the accuracy of billing and identify and test controls over the billing and oversight process. The audit recommended two areas for improvement and both recommendations have been implemented.

- 2014 Maintenance and Safety Plan Compliance (April 2014) - The Internal Audit firm verified CFX's compliance with federal and state maintenance and inspection regulations and reviewed processes and controls. The

audit identified five areas for improvement. Three recommendations were completed as of September 15, 2014 and the remaining two recommendations were subsequently completed as reported by CFX.

- DHSMV Security Assessment (February 2014) - The Internal Audit firm completed a Security Assessment related to data received from the Department of Highway Safety and Motor Vehicles (DHSMV) by the Authority relating to vehicle registrations. The report issued as a result of the audit is exempt from public records disclosure pursuant to Section 282.318, Florida Statutes.

- PCI Compliance Audit (February 2014) - The Internal Audit firm performed an audit to test the Authority's conformity with 242 Payment Card Industry (PCI) Data Security Standard (DSS) areas of compliance. The report issued as a result of the audit is exempt from public records disclosure pursuant to Section 282.318, Florida Statutes.

In March 2015 (FY 2015), the CFX Board adopted a new Code of Ethics that incorporates Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) and ethical standards set forth in CFX's enabling legislation (Section 348.753(6) to (15), Florida Statutes). As previously noted, CFX replaced OOCEA, effective June 20, 2014, at which time a new expanded CFX Board was formed. During the Commission review of CFX, no Ethics or Sunshine Law violations were noted. However, the Commission noted an investigation and various Ethics and Sunshine Law violations of the prior OOCEA Board that occurred prior to the reformed CFX. These results were previously reported in last year's report.



TIFIA Loan Award Ceremony.

In February 2012, a Memorandum of Understanding (MOU) delineated the plan to fund, design, construct, own, operate and maintain the Wekiva Parkway. The Wekiva Parkway Interlocal Agreement approved on May 9, 2014, contains specific terms and provisions governing the project that are consistent with the MOU. CFX 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, CFX will 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. In April 2015 (FY 2015), CFX received a $194 million Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, at a historically low interest rate of 1.23 percent. This loan will result in significant savings in bond interest payments and accelerate the schedule for building the Wekiva Parkway by as much as 18 months. On June 11, 2015 the CFX board approved Bond Anticipation Notes (BANs) for up to $200 million that will be sold via a competitive process during the second week of July 2015. The BANs will be used to finance CFX's portion of the Wekiva Parkway with the proceeds from the TIFIA loan in calendar year 2018 paying off the BANs.

On September 12, 2012, a MOU with Florida's Turnpike Enterprise, Miami-Dade Expressway Authority, Tampa-Hillsborough County Expressway Authority and CFX was entered into, 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. Vendors filed protests subsequent to the ranking thus significantly delaying negotiations with the number one ranked firm. In June 2015 (FY 2015), Florida Turnpike Enterprise issued an intent to award to the number one ranked firm (Xerox State and Local Solutions). Subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an ILA that will enable the other three agencies to transition to the new system.

Based on the Commission's review of Board meeting minutes, CFX policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by CFX, 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.

The Commission recognizes the positive performance results and acknowledges, with appreciation, the assistance of the CFX Board and staff in providing the resources necessary to conduct this review and to complete this report.

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) 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 15, 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. Currently, six of the seven Board positions are vacant pending appointments by the Governor and BOCC. Four Board members constitute a quorum and an affirmative vote of at least four Board members is needed for any action taken by the Authority. As such, no future Board meetings are currently scheduled.

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.
- 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.
- There have been three vacancies on the seven member SRBBA Board since January 2013 making it difficult to consistently achieve the four member quorum required to conduct official business. Subsequent to the June 2014 Board meeting, the Chair, Vice Chair, and Secretary resigned from the Board. As such, no future Board meetings are currently scheduled until necessary appointments are made.
- In May 2014 the Trustee's Financial Advisor prepared a report recommending that tolls be increased on the Garcon Point Bridge to maximize revenues. In November 2014, the Trustee's Legal Counsel requested that SRBBA increase toll rates and decrease the SunPass frequent user discount on the Bridge. The SRBBA Board has not met since June 2014 and did not authorize the requested toll increases. In March 2015, the Trustee's Legal Counsel requested that the Department increase tolls pursuant to the provisions of the Lease-Purchase Agreement between SRBBA and the Department. In its response, the Department indicated that it is not clear that it has the authority to comply with the request to increase tolls. Currently, the proposed toll rate increase has not been implemented.
- SRBBA met 6 of the 11 applicable performance measure objectives.
- FY 2014 toll revenue increased 10.3 percent while toll transactions increased 9.9 percent.

Table 15
Santa Rosa Bay Bridge Authority
Current Board Members

Name	*Appointment*	*Position*
Vacant	Governor	Board Member
Vacant	Governor	Board Member
Vacant	Governor	Board Member
Vacant	Santa Rosa County BOCC	Board Member
Vacant	Santa Rosa County BOCC	Board Member
Vacant	Santa Rosa County BOCC	Board Member
James T. Barfield, P.E.	District Three Secretary	Ex-Officio

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

SRBBA oversaw the financing and construction of the Garcon Point Bridge 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.

The Authority has a Lease-Purchase Agreement with FDOT.

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.

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.

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, 2014 was $28.3 million.

Table 16
Santa Rosa Bay Bridge Authority
Long-term Debt Payable to the Department (in millions)
Year Ended June 30, 2014

Transaction	*(millions)*
Advances for Operating, Maintenance and R&R Expenses	$20.4
Loan from Toll Facilities Revolving Trust Fund	$7.9
Total Due the Department	$28.3

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 2014 results, as reported by the Department for SRBBA, are provided in Table 17. Results for the last five fiscal years are included in Appendix B.

Of the 17 performance measures established by the Commission, only 11 are currently applicable to SRBBA. Of these 11 measures, SRBBA met or exceeded 6 of the performance measure objectives. The State Highway System (SHS) maintenance rating is only applicable to roadways and is, therefore, not pertinent to this authority. SRBBA has not undertaken any additional projects since the opening of the bridge in 1999; therefore, the consultant cost and construction time and cost measures, as well as the minority participation measure, are not applicable at this time. For the customer service measure, the Enterprise Customer Satisfaction Survey was not conducted in FY 2014, but will be conducted in FY 2015. 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 39.2 percent of total transactions during FY 2014 compared to 38.5 percent reported during FY 2013. 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 $367 thousand in FY 2014 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 2014 cost to collect a toll transaction of $0.58 decreased from $0.63 reported in FY 2013. 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

Table 17
Santa Rosa Bay Bridge Authority
Summary of Performance Measures
FY 2014

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	39.2%	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 (.48)	0.0	✓
Customer Service	% customers satisfied with level of service	> 90%	N/A	N/A
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	$0.58	X
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	98.5%	✓
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	0.46	X
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	0.46	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 six established authorities. Actual results based on CY 2013 data.

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 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 would 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. According to the Trustee, the amount of Bonds outstanding after taking into account payments made since the Acceleration Date and subsequent accrued interest and increases in accreted value is $130.8 million, as of July 1, 2014.

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.

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 the fourth 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 October 2013 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. An agreement for the study, between the Department and the Trustee, was not reached as the Trustee did not feel the scope of services would provide what the Bond Document requires. Pursuant to a request by the Trustee, on June 19, 2014, the SRBBA Board authorized the issuance of a request for proposals in order to engage a traffic consultant to review and make recommendations regarding the schedule of tolls, rates, fees, rentals and other charges of the System. SRBBA's General Counsel was tasked to acquire quotes and present them to the SRBBA Board and the Trustee at the next meeting; however, the SRBBA Board has not met since June 19, 2014, due to a lack of quorum.

The Trustee engaged FTI to evaluate whether increasing the toll rate on the Garcon Point Bridge

would increase revenues. As a result, FTI prepared a report entitled "Impact of Toll Rates on Garcon Point Bridge Toll Transactions and Revenues," dated May 12, 2014. The study sets forth a recommended schedule of toll rates to maximize revenues. On November 6, 2014 (FY 2015), the Trustee's Counsel (Greenberg Traurig) sent a letter to SRBBA requesting that SRBBA raise toll rates on the Garcon Point Bridge, within 30 days, in the amounts set forth in FTI's toll rate study. The SunPass toll rate is recommended to increase from $3.75 to $4.00, the cash toll rate from $3.75 to $5.00, and the SunPass discount for high volume users is to decrease from 50 percent to 25 percent. As previously noted, the SRBBA Board has not met since June 19, 2014, due to a lack of quorum, and did not authorize the requested toll increase. On March 16, 2015 (FY 2015), the Trustee's Counsel sent a letter to the Department requesting that the Department, for the benefit of the Bondholders, increase tolls on the Garcon Point Bridge. The letter stated that pursuant to Section 1.04 of the Lease-Purchase Agreement between SRBBA and the Department, in the event SRBBA does not set the tolls in accordance with the Bond Resolution and the Department is notified in writing by the Trustee of such noncompliance, the Department shall establish and collect tolls in accordance with the Resolution. In its response, the Department indicated that it is not clear to the Department that it has the authority to comply with the request to increase tolls. The Department questioned whether FTI Consulting are qualified "Traffic Consultants" within the definition contained in the SRBBA Bond Resolution and whether establishing tolls at the specific levels requested would fully comply with the terms and covenants in Section 5.02 (Toll Covenants) of the Bond Resolution. Currently, the proposed toll rate increase has not been implemented on the Garcon Point Bridge. On December 11, 2014, the Santa Rosa County Board of County Commissioners (SRCBOCC) approved, without objection, a resolution opposing an increase in tolls and reduction in SunPass discounts for Garcon Point Bridge. SRCBOCC also nominated Commissioner Robert Cole to join Representative Doug Broxson to meet with the Trustee's Counsel to discuss this issue and directed SRCBOCC staff to work with Representative Broxson's office on any additional signage that may be needed to address the Garcon Point Bridge.



Garcon Point Bridge

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 2014 operating indicators are provided in Table 18.

Also, to assist in trend analysis, FY 2012 and FY 2013 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

Table 18
Santa Rosa Bay Bridge Authority
Summary of Operating Indicators (in millions)
FY 2012 through FY 2014

Indicator	*Detail*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*	*Actual 14 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	$0.1	$0.2
	Total Preservation Costs	$0.2	$0.1	$0.2
Toll Collection Transactions	Revenue from Electronic Transactions	34.0%	34.8%	36.1%
Annual Revenue Growth	Toll and Operating Revenue	7.4%	3.1%	10.3%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	78.3%	86.6%	85.2%
	Routine Maintenance Expense as % of Operating Expense	15.1%	12.9%	13.4%
	Administrative Expense as % of Operating Expense	0.0%	0.0%	0.0%
	Operating Expense as % of Operating Revenue	28.3%	24.1%	22.8%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	26.4%	24.0%	22.5%
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	Withdrawn	Withdrawn	Withdrawn
	Fitch Bond Rating	D	Withdrawn	Withdrawn

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

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.

It is important to note FY 2014 operating indicators that significantly differ from prior year trends.

Annual Revenue Growth (Toll and Operating Revenue)

FY 2014 toll revenue of $5.2 million reflected a 10.3 percent increase over FY 2013, while toll transactions increased 9.9 percent. The increase in FY 2014 traffic and revenue can be attributed to a continuing rebound, or increase, in traffic due to improving economic conditions in Florida and the United States in general. Further, during the spring and summer of 2014, Northwest Florida had a record-breaking tourist season. Hotel bed tax collections were up double digits in April, May and June from 2013 levels.

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. FY 2014 total operating expenses increased $51 thousand, or 4.4 percent, over FY 2013 while toll collection expenses increased $27 thousand, or 2.8 percent, which resulted in a ratio of 85.2 percent in FY 2014. The increase in total operating expenses is a result of the $27 thousand increase in toll collection expenses primarily due to an increase in credit card fees, toll plaza operating contracts and transponder purchases and increases of $12 thousand in both routine and periodic maintenance expenses. 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.

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

FY 2014 routine maintenance expenses increased $12 thousand, or 7.9 percent, over FY 2013 due to an increase 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 2014 increased approximately $51 thousand, or 4.4 percent, over FY 2013 while total operating revenues increased $490 thousand, or 10.3 percent. The decrease in the FY 2014 ratio is a result of the percentage increase in revenues exceeding the percentage increase in 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.



View of Garcon Point Bridge.

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 last SRBBA Board meeting held in June 2014. As previously noted, six vacancies currently exist on the seven member SRBBA Board. No future Board meetings are currently scheduled until appointments are made by the Governor and the Santa Rosa County Board of County Commissioners to enable a quorum necessary to conduct business.

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.
  - ◊ The Department obtained required bridge, property and business interruption insurance coverage.

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

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. Within a five month period of time (November 2010 through March 2011), six members resigned from the SRBBA Board.

Recognizing the need to reform an active SRBBA Board so that decisions could 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 allowed 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. In December 2014, the Trustee notified SRBBA Legal Counsel that it will terminate the monthly retainer payments since the SRBBA Board is no longer meeting.

Although Directors and Officers liability insurance was provided to SRBBA Board members, three vacancies continued to exist on the seven-member Board making it difficult to consistently achieve the four member quorum required to conduct official business. The Board 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; however, subsequent to the June 2014 meeting, the Chairman, Vice Chairman and Secretary/Treasurer resigned from 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 2014.

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.

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 2013 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 2012 and FY 2011 financial reports where the

An independent financial statement audit was not performed.

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.

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, 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, and prior Board meeting minutes have 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. Subsequently, all Board members resigned, except for the Department's District Three Secretary who is an Ex-Officio Board member.

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 six 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 did not have a traffic and revenue consultant in FY 2014, any recommendations for revisions to the toll schedule, as required in the bond resolutions, could not be considered by the Board. It should be noted that during FY 2014, the SRBBA Board attempted to get the Trustee to fund a Traffic and Revenue Study.

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. 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 terms of the lease run concurrently with the bonds and when the bonds are fully paid, the Department will own the bridge. 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 last SRBBA Board meeting held in June 2014. Six vacancies currently exist on the seven member SRBBA Board. No future Board meetings are currently scheduled until appointments are made by the Governor and the Santa Rosa County Board of County Commissioners to enable a quorum necessary to conduct business.

SRBBA met or exceeded 6 of the 11 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 2014 toll revenue increased 10.3 percent while toll transactions increased 9.9 percent over FY 2013 levels. The increase in traffic and revenue can be attributed to a continuing rebound, or increase, in traffic due to improving economic conditions in Florida and the United States in general. Further, during the spring and summer of 2014, Northwest Florida had a record-breaking tourist season. Hotel bed tax collections were up double digits in April, May and June from 2013 levels. 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 2014 increased approximately $51 thousand, or 4.4 percent, over FY 2013 while total operating revenues increased $490 thousand, or 10.3 percent. The increase in operating expenses can be attributed to a $27 thousand, or 2.8 percent, increase in toll collection expenses primarily due to an increase in credit card fees, toll plaza operating contracts and transponder purchases and increases of $12 thousand in both routine and 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. In FY 2013 Fitch withdrew their

rating as it was no longer considered analytically meaningful and there were no changes in SRBBA bond ratings in FY 2014.

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. During the review, 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. Within a five month period of time (November 2010 through March 2011), six members resigned from the SRBBA Board. 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 was provided to SRBBA Board members, three vacancies continued to exist on the seven-member Board making it difficult to consistently achieve the four member quorum required to conduct official business. The Board 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; however, subsequent to the June 2014 Board meeting, the Chairman, Vice Chairman and Secretary/Treasurer resigned from the Board.

The Trustee engaged its financial advisor (FTI) to evaluate whether increasing the toll rate on the Garcon Point Bridge would increase revenues. As a result, FTI prepared a report entitled "Impact of Toll Rates on Garcon Point Bridge Toll Transactions and Revenues," dated May 12, 2014. The study sets forth a recommended schedule of toll rates to maximize revenues. On November 6, 2014 (FY 2015), the Trustee's Legal Counsel (Greenberg Traurig) sent a letter to SRBBA requesting that SRBBA raise toll rates on the Garcon Point Bridge, within 30 days, in the amounts set forth in FTI's toll rate study. As previously noted, the SRBBA Board has not met since June 2014 and did not authorize the requested toll increase. The SunPass toll rate is recommended to increase from $3.75 to $4.00, the cash toll rate from $3.75 to $5.00, and the SunPass discount for high volume users is to decrease from 50 percent to 25 percent. On March 16, 2015 (FY 2015), the Trustee's Legal Counsel sent a letter to the Department requesting that the Department increase tolls on the Garcon Point Bridge pursuant to the requirements contained in Section 1.04 of the Lease-Purchase Agreement between SRBBA and the Department. In its response, the Department indicated that it is not clear to the Department that it has the authority to comply with the request to increase tolls. The Department questioned whether FTI Consulting are qualified "Traffic Consultants" within the definition contained in the SRBBA Bond Resolution and

whether establishing tolls at the specific levels requested would fully comply with the terms and covenants in Section 5.02 (Toll Covenants) of the Bond Resolution. Currently, the proposed toll rate increase has not been implemented on the Garcon Point Bridge. On December 11, 2014, the Santa Rosa County Board of County Commissioners (SRCBOCC) approved, without objection, a resolution opposing an increase in tolls and reduction in SunPass discounts for Garcon Point Bridge. It should be noted that the SRBBA Board had been working with the Trustee in FY 2014 to obtain funding for the required Traffic and Revenue Study.

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 Board vacancies, potential toll rate increase and the general 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) 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). The 2014 Legislature further amended Section 348.54, Florida Statutes, enabling THEA to construct, operate and maintain transportation facilities within the jurisdictional boundaries of counties contiguous to Hillsborough County, with the consent of the respective county.

As provided in Table 19, 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

Highlights

- THEA met or exceeded all 16 of the applicable performance measure objectives.
- FY 2014 total operating revenues increased $3.3 million, or 7.9 percent, over FY 2013 and total operating expenses decreased $1.2 million, or 9.5 percent.
- The I-4 Connector, an elevated interchange between I-4 and the Selmon Expressway, is owned and operated by Florida's Turnpike Enterprise (FTE). The I-4 Connector opened in January 2014 and THEA receives a 20 percent share of the "S" toll movement on the facility.
- Subsequent to the THEA 2012 Bond issue, the lease-purchase agreement with the Department terminated. THEA now retains absolute ownership of its expressway system. THEA is required to fully repay its remaining long-term debt to the Department beginning July 1, 2025.
- Senate Bill 218, passed by the 2014 Legislature, now enables THEA to construct, operate and maintain transportation facilities within the jurisdictional boundaries of counties contiguous to Hillsborough County, with the consent of the respective county.
- On July 1, 2014 (FY 2015), tolls were increased eight percent (2.5 percent annual inflation compounded over three years) at all THEA tolling locations. THEA will now index tolls annually.
- In June 2015 (FY 2015), FTE awarded a contract to the number one ranked firm to develop and implement a Centralized Customer Service System (CCSS) to provide statewide back office operation for non-cash toll collection activities. Subsequent to the award, a notice to protest was filed by one of the competing firms.

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.

Table 19
Tampa-Hillsborough Expressway Authority
Current Board Members

Name	*Affiliation*	*Position*
Curtis Stokes	Fifth Third Bank	Chairman
Rebecca J. Smith	A.D. Morgan Corporation	Vice Chairman
Vincent Cassidy	Majesty Title Services	Secretary
Robert Buckhorn	City of Tampa Mayor	Board Member
John Garcia	World Wide Medical Services, Inc.	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 and MacDill Air Force Base 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 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 $45.1 million in FY 2014 based on 37.8 million transactions. Significant projects in the Five-Year Work Program (FY 2015 through FY 2019) include resurfacing Selmon Expressway from Gandy Boulevard to Willow Road, resurfacing Brandon Gateway from Towncenter Boulevard to Lumsden Road, replacing roadway lighting and pier up-lighting components, system-wide implementation of a Centralized Customer Service System, and construction of the Selmon Greenway project. The Selmon Greenway Phase 1 Project was a $1.9 million pedestrian and bicycle path built under the Expressway in downtown Tampa. The 1.7 mile Greenway was built using Federal funds (TIGER Grant) and matching THEA funds. Phase 1 of the Greenway was completed in the Spring of 2015. THEA has developed a Selmon Greenway Master Plan that will be used as the guide for a Selmon Greenway Phase II Project to design and build ten pocket parks and two trail head locations on the Greenway.

THEA has also been designated by the Research and Innovative Technology Administration and the



Selmon Expressway Viaducts.

United States Department of Transportation as a test bed for Autonomous Vehicle technology. THEA's Reversible Express Lanes (REL) are the only test bed in the United States which have the ability to do both real-time traffic tests and have a closed course environment in the same location. THEA's partnership with the University of South Florida's Center for Urban Transportation Research (CUTR) Automated Vehicle Institute, positions Tampa Bay to become one of the nation's leading centers of research for automated vehicle technology. In August 2014 (FY 2015), Audi successfully tested its Audi Connect A7 autonomous vehicle on the REL.

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 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 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. 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. The LPA had required the Department 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 20 indicates that as of June 30, 2014, $213.6 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 $10.7 million to be paid by THEA to the Department beginning in 2025.

Table 20
Tampa-Hillsborough Expressway Authority
Long-Term Debt Payable to the Department (in millions)
Year Ended June 30, 2014

Transaction	*(millions)*
Advances for Operating, Maintenance and R&R Expenses	$199.8
State Transportation Trust Fund Loans	$13.8
Total Due Department	$213.6

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 2014 results, as reported by THEA, are provided in Table 21. Results for the last five fiscal years are included in Appendix B.

THEA met or exceeded all 16 of the applicable 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.

Electronic Toll Collection - Transactions

ETC transactions and toll revenue for THEA constituted 100 percent of total transactions and toll revenue during FY 2014.

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 2013 data. There was one accident fatality reported on THEA facilities in CY 2013. This is the first accident fatality reported 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. 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. A primary driver of THEA's interest in Automated Vehicle technologies is the potential gains in safety for our expressway customers and pedestrians and bicyclists using the roadways that interact with the Selmon Expressway. This is reflected in THEA's proposal in response to the US DOT ITS Joint Program Office solicitation for Automated Vehicle projects issued January 30, 2015. The THEA proposal is focused on deployment of connected vehicle applications in Tampa's central business district that will help address red light running, pedestrian conflicts, crash avoidance, and wrong way driving.

Customer Service

Results from the Enterprise Customer Satisfaction Survey are used to report THEA Customer Service performance. In an effort to reduce costs, FTE now conducts the survey every two years rather than every year. As a result, the Enterprise Customer Satisfaction Survey was not performed for FY 2014. However, the FY 2015 survey is currently being conducted and is expected to be completed in the spring of 2015.

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. On September 12, 2012, THEA entered into a Memorandum of Understanding (MOU) with FTE, Miami-Dade Expressway Authority (MDX) and Central Florida Expressway Authority (CFX) for the purpose of implementing a Centralized Customer Service System (CCSS) for statewide back office operation for administration of electronic toll collection activities. In June 2015 (FY 2015), FTE issued an intent to award to the number one ranked firm (Xerox State and Local Solutions).

Table 21
Tampa-Hillsborough Expressway Authority
Summary of Performance Measures
FY 2014

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%	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	100.0%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	3.5%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.48)	0.36	✓
Customer Service	% customers satisfied with level of service	> 90%	N/A	N/A
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	-0.2%	✓
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	$0.08	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	95.4%	✓
Applicable Laws				
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	101.5%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.94	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.76	✓
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 six established authorities. Actual results based on CY 2013 data.

Subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an Interlocal Agreement to address management and governance of the CCSS by the participating agencies, as per terms of the MOU.

Cost to Collect a Toll Transaction

From September 2010 until July 1, 2013, THEA's AET services were provided by Electronic Transaction Consultants Corporation (ETCC) under an Interlocal Agreement (ILG) with MDX. That service included image processing, billing, and account 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 CCSS, led 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.

Driven by the imminent opening of the I-4 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 now provides AET billing and account management services for THEA.

In FY 2014, THEA met the cost to collect a toll transaction objective with actual results of 8.1 cents, compared to 10.5 cents reported in FY 2013. 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. FTE also reduced the cost of SunPass interop fees from $0.0425 to $0.0300 per transaction.

On September 12, 2012, THEA entered into a MOU with FTE, MDX, and CFX 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



Selmon Expressway Toll Signage.

maintenance of customer accounts, distribution of transponders, violations processing and enforcement, common business rules, and interoperability with non-participants. The contemplated Interlocal Agreement is subject to approval by the THEA, MDX and CFX Board of Directors. An Invitation to Negotiate (ITN) to develop and implement the CCSS was issued by the Enterprise 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 and ranked the proposers in April 2014. Vendors filed protests subsequent to the ranking thus significantly delaying negotiations with the number one ranked firm. As previously noted, In June 2015 (FY 2015), FTE issued an intent to award to the number one ranked firm (Xerox State and Local Solutions). Subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an Interlocal Agreement to address management and governance of the CCSS by the participating agencies, as per terms of the MOU.

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 2014, 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 101.5 percent of its SBE goal, exceeding the Commission's performance measure objective of greater than 90 percent.

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 increased from 1.93 in FY 2013 to 1.94 in FY 2014, while debt service coverage for Comprehensive Debt increased from 1.55 to 1.76. 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 26, 2015, provided actual and projected debt service coverage pursuant to bond resolutions. For FY 2014, bond covenants require "net" debt service coverage of 1.30, and actual was reported as 1.77. This compares to the 1.94 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.

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 2014 operating indicators, as reported by THEA, are provided in Table 22. Also, to assist in trend analysis, FY 2012 and FY 2013 operating results are provided. Results for the last five fiscal years are included in Appendix B.

It is important to note FY 2014 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 2014 construction in progress decreased $64.5 million, while infrastructure assets increased $75.5 million. This is primarily due to the completion of the viaduct deck replacement and widening project.

Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)

FY 2014 renewal and replacement expenses decreased $1.4 million over FY 2013 primarily due to resurfacing and restriping projects and straddle bent maintenance projects that were substantially complete in FY 2013. The expenses in FY 2014 were to complete the projects. There were no new renewal and replacement projects in FY 2014.

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

Annual Revenue Growth (Toll and Operating Revenue)

FY 2014 revenue increased $3.3 million, or 7.9 percent, over FY 2013 while toll transactions increased 16.6 percent. These significant increases reflect the opening of the Selmon Connector in January 2014 and the elimination of construction impacts during FY 2013. 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. 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.

Operating revenues increased $3.3 million, or 7.9 percent, in FY 2014 primarily due to the opening of the I-4 Connector in January 2014 and the elimination of construction impacts during FY 2013 from single-lane closures on the Selmon Expressway.

Operating expenses decreased $1.2 million, or 9.5 percent, in FY 2014 primarily due to the $1.4 million decrease in renewal and replacement expenses attributed to resurfacing and restriping projects and straddle bent maintenance projects that were substantially complete in FY 2013.

The THEA Board adopted a toll indexing policy in 2012 whereby tolls will be adjusted annually at a minimum of 2.5 percent, or the latest five-year average of the Consumer Price Index. The video toll rate differential may also be adjusted annually to recover the cost above that to collect tolls with transponders. The first toll increase was scheduled

Table 22
Tampa-Hillsborough Expressway Authority
Summary of Operating Indicators (in millions)
FY 2012 through FY 2014

Indicator	*Detail*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*	*Actual 14 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$91.0	$91.0	$91.0
	Infrastructure Assets	$531.8	$532.9	$608.4
	Construction in Progress	$38.5	$97.6	$33.1
	Total Value of Transportation Assets	$661.3	$721.5	$732.5
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.6	$1.6	$0.2
	Routine Maintenance of Infrastructure	$3.4	$2.6	$2.8
	Total Preservation Costs	$4.0	$4.2	$3.0
Toll Collection Transactions	Revenue from Electronic Transactions	100.0%	100.0%	100.0%
Annual Revenue Growth	Toll and Operating Revenue	6.2%	-2.7%	7.9%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	31.5%	33.8%	34.4%
	Routine Maintenance Expense as % of Operating Expense	24.9%	20.5%	23.9%
	Administrative Expense as % of Operating Expense	19.7%	22.0%	27.5%
	Operating Expense as % of Operating Revenue	32.0%	30.6%	25.6%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	18.1%	16.6%	15.0%
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.

to begin on July 1, 2013 (FY 2014). Due to increased construction activities, THEA decided to defer the toll increase until July 1, 2014 (FY 2015). On July 1, 2014, tolls were increased eight percent (2.5 percent annual inflation compounded over three years) at all THEA tolling locations. THEA will now index tolls annually.

Operating Efficiency

FY 2014 total operating expenses decreased $1.2 million, or 9.5 percent, over FY 2013, while operating revenues increased $3.3 million, or 7.9 percent. FY 2014 toll collection expenses decreased $0.3 million, or 7.9 percent, while administrative expenses increased $0.4 million, or 13.2 percent, over FY 2013. The decrease in total operating expenses in FY 2014 is primarily attributed to the $1.4 million decrease in renewal and replacement expenses, as previously noted. The $0.4 million increase in administrative expenses in FY 2014 is attributed to an increase in payroll expenses, due to additional staff positions and an increase in retirement contributions to the Florida Retirement System. There was also an increase in outside services for the Biennial Inspection and the addition of Investment Advisory Services. Occupancy and office expense increases were attributed to higher costs of utilities and repairs to the administration building.

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 2014 depreciation expenses decreased $0.1 million, or 11.1 percent, over FY 2013.

Right-of-Way

THEA has not acquired right-of-way since FY 2004. The Authority has no new alignments, interchanges or other projects currently in the Work Program that require right-of-way acquisition.

Underlying Bond Ratings

In February 2014, Standard and Poor's raised its basic underlying (uninsured) 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. In connection with the December 2012 bond issue, THEA received 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 which was subsequently raised to A in February 2014. THEA elected to only obtain ratings from these two agencies.

Governance

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

Ethics and Conflicts of Interest

THEA provided a copy of its Code of Ethics and Conflict of Interests Policy that was last amended and adopted by the Board on 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 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 2014). 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.

The FY 2014 independent financial statement audit reflected an unmodified opinion.

In FY 2014, THEA's General Counsel provided training on Sunshine and Public Records laws for new THEA Board members and staff.

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, 2014 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.

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 189.015, 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. The THEA Board amended its Public Meeting Policy in April 2014 to establish rules that reflect recent revisions to Section 286.0114, Florida Statutes, requiring that members of the public be given a reasonable opportunity to be heard on a proposition before the Board.

Procurement

THEA provided its Procurement Policy, last amended August 11, 2014 (FY 2015). 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.

For continuing contracts, the Executive Director may approve and execute change orders up to $30 thousand, or 5 percent of the Board approved contract amount, without Board approval. Any total expenditure exceeding $30 thousand, or 5 percent, of the approved contract amount, contract term, or fiscal year budget requires Board approval and an annual report must be provided to the Board for these contract increases.

For construction contracts, the Executive Director may approve and execute change orders up to 10 percent of the Board approved contract amount, without Board approval. Such change orders must be consistent with the contract scope of work and within the approved budget. Modifications exceeding $100 thousand, or 5 percent of the authorized contract amount, must be presented as an informational item at the next scheduled Board meeting and an annual report must be provided to the Board for construction contract increases. 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.

Consultant Contract Reporting

THEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2014. As indicated in Table 23, one sub consultant was used by the general consulting firms for a total cost of $27 thousand in FY 2014.

Compliance with Bond Covenants

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, 2014, bonds in the principal amount of approximately $444.7 million remained outstanding from the Series 2012 Bonds.

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 2014 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 submitted the 2013 biennial inspection report to THEA July 18, 2014.
- THEA utilizes a nationally recognized Traffic Engineering firm (CDM Smith) as required by bond covenants. The Traffic Engineers are required to provide an annual Traffic and Revenue Report to the Authority. CDM Smith completed the FY 2014 Traffic and Revenue Report in January 2015.

Table 23
Tampa-Hillsborough Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2014

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
CDM Smith (Formerly Wilbur Smith Associates)	**Traffic & Revenue Consultant**	
HNTB Corporation	**General Engineering Consultant**	
Kisinger Campo & Associates Corp.	PD&E Management & Civil Design Services	$27
Parsons Brinckerhoff	**Bus Toll Lane Study**	
Total Sub consultants > $25 K		$27

- 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 26, 2015.

Summary

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

THEA met or exceeded all 16 of the applicable management objectives established for performance measures.

Operating indicator trend analysis showed that the $64.5 million decrease in construction in progress, and $75.5 million increase in infrastructure assets, is primarily due to the completion of the viaduct deck replacement and widening. FY 2014 total operating expenses decreased $1.2 million, or 9.5 percent, over FY 2013, while operating revenues increased $3.3 million, or 7.9 percent. The operating revenue increase is primarily attributed to the opening of the I-4 Connector in January 2014 and the elimination of construction impacts during FY 2013. FY 2014 total toll collection expenses decreased $0.3 million, or 7.9 percent, while administrative expenses increased $0.4 million, or 13.2 percent, over FY 2013. The decrease in total operating expenses in FY 2014 is primarily due to the $1.4 million decrease in renewal and replacement expenses attributed to resurfacing and restriping projects and straddle bent maintenance projects that were substantially complete in FY 2013. The $0.4 million increase in administrative expenses in FY 2014 is attributed to an increase in payroll expenses, expenses incurred to prepare the biennial inspection report and contract with an investment advisor, and an increase in building expenses and utilities. In February 2014, Standard and Poor's raised its credit rating on THEA bonds from A- to A.



Selmon REL Gantry.

In the area of governance, the FY 2014 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 (MOU) with the Florida Turnpike Enterprise (FTE), Miami-Dade Expressway Authority and Central Florida 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. In June 2015 (FY 2015), FTE issued an intent to award to the number one ranked firm (Xerox State and Local Solutions). Subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an

Interlocal Agreement to address management and governance of the CCSS by the participating agencies, as per terms of the MOU.

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). On July 1, 2014, tolls were increased eight percent (2.5 percent annual inflation compounded over three years) at all THEA tolling locations. THEA will now index tolls annually.

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 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 $10.7 million annually).

The I-4 Connector opened to traffic in January 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.

During the 2014 legislative session, Senate Bill 218, amended Section 348.54, Florida Statutes, enabling THEA to construct, operate and maintain transportation facilities within the jurisdictional boundaries of counties contiguous to Hillsborough County, with the consent of the respective county. In addition, THEA has been designated by the Research and Innovative Technology Administration and the United States Department of Transportation as a test bed for Autonomous Vehicle technology and has partnered with the University of South Florida's Center for Urban Transportation Research (CUTR) Automated Vehicle Institute.

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)

Background

Florida's Turnpike Enterprise (Enterprise) is responsible for the management of Florida's Turnpike System (Turnpike) and the collection of tolls on eight other facilities owned or operated by the Florida Department of Transportation (Department). Of the eight other toll facilities, six are Department-Owned (Alligator Alley, Beachline East Expressway, Pinellas Bayway System, Sunshine Skyway Bridge, 95 Express and 595 Express) and two are Department-Operated under Lease-Purchase Agreements entered into with the respective authorities that own the facilities (Garcon Point Bridge and Mid-Bay Bridge / Walter Francis Spence Parkway). The Turnpike purchased the Beachline East Expressway from the Department on July 1, 2014 (FY 2015), and the facility will be included in Turnpike reporting beginning next year.

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,

Highlights

- Turnpike met or exceeded 12 of the 16 applicable performance measure objectives. The measures not met were State Highway System Roadway Maintenance Condition Rating, Revenue Variance, Safety and Consultant Contract Management.
- FY 2014 record toll revenue of $796 million reflected an increase of $40.8 million, or 5.4 percent, over FY 2013. This increase is attributed to system-wide toll rate indexing, increased traffic on the Turnpike System, and the opening of the I-4 Connector.
- Pursuant to Section 338.165, Florida Statutes, Turnpike indexed SunPass and TOLL-BY-PLATE rates for inflation by 2.1 percent, rounded to the penny, on July 1, 2013 (FY 2014) and again by 1.5 percent on July 1, 2014 (FY 2015). Cash toll rates, last indexed on June 24, 2012, will be indexed every five years to accommodate quarter increments.
- The I-4 Connector, opened to traffic in January 2014, and construction continues on another Turnpike expansion project, the First Coast Expressway, which is planned to open to traffic in Spring 2016 (FY 2016).
- Turnpike purchased the Beachline East Expressway from the Department on July 1, 2014 (FY 2015) for $60 million.
- On June 2, 2015 (FY 2015), the Turnpike awarded a contract to Xerox State and Local Solutions, Inc. to develop and implement a Centralized Customer Service System. Subsequently, the Turnpike received a notice to protest the award from one of the competing firms.
- During and subsequent to FY 2014, Turnpike issued three series of bonds: Series 2013B issued in August 2013 for $206.0 million; Series 2013C issued in February 2014 for $267.4 million; and Series 2014A issued in July 2014 for $223.6 million. Bond proceeds were used to refund outstanding bonds to achieve interest cost savings and to finance acquisition and construction of Work Program projects.

organization and operations. Sections 338.22 through 338.241, Florida Statutes (Florida Turnpike Enterprise Law), authorizes the Enterprise to plan, develop, own, purchase, lease, 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

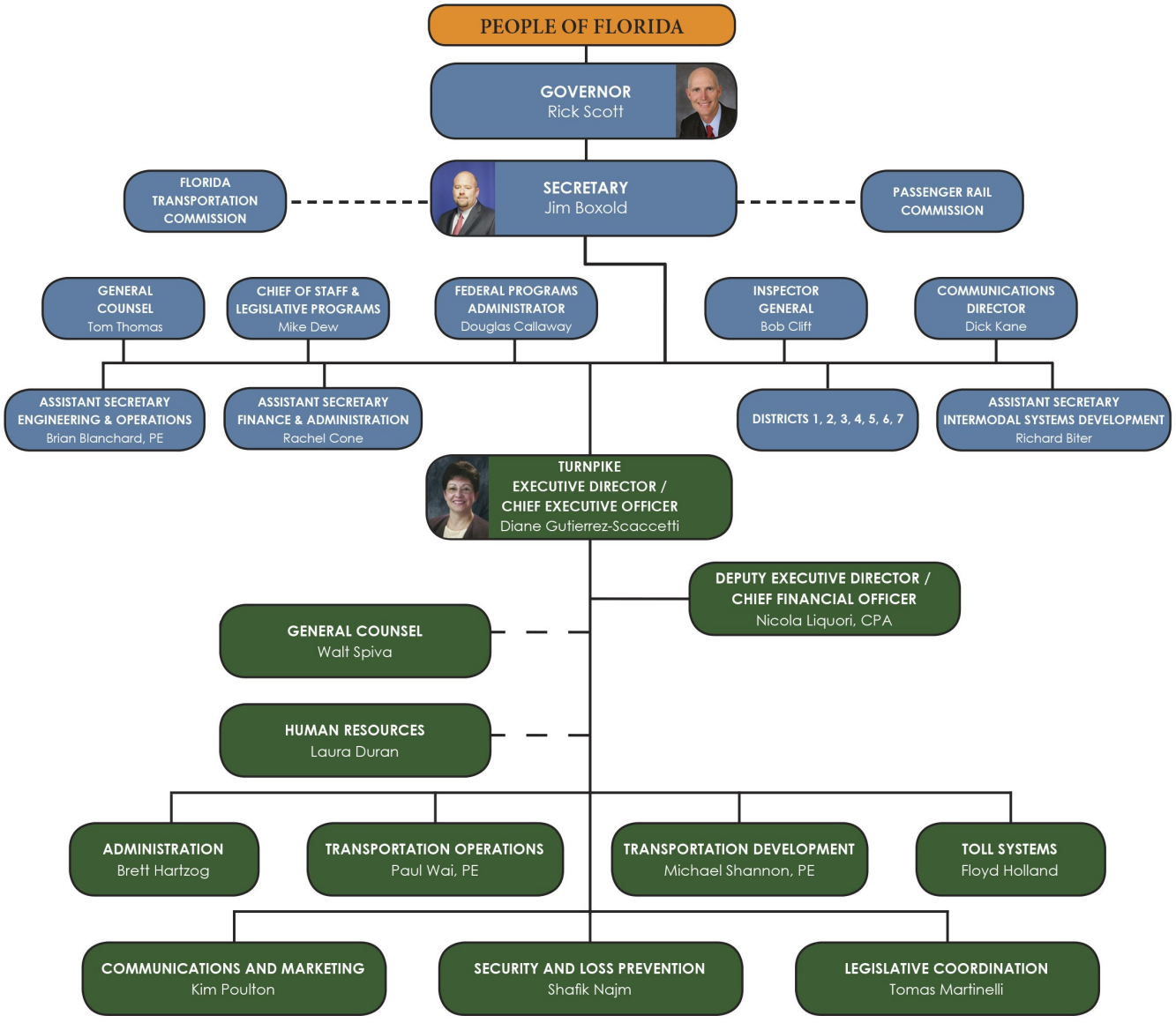


Figure 3: Florida's Turnpike Organizational Structure.

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 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: Deputy Executive Director/Chief Financial Officer (CFO), Administration, Transportation Operations, Transportation Development, Toll Systems, Communications and Marketing, Security and Loss Prevention, and Legislative Coordination.

As previously noted, the Enterprise is responsible for management of the Turnpike and collection of tolls on eight other facilities owned or operated by the Department. For this report, only financial and operating data for Turnpike is presented. Table 24 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

Table 24
Florida's Turnpike System
Traffic/Transactions and Gross Toll Revenue
FY 2014

Component	Centerline Miles	Transactions		Gross Toll Revenue		Average Toll	Year Opened
		Volume (000)	Percent of Total	Amount ($000)	Percent of Total		
SR 821 (HEFT)	47	181,095	26.2%	$153,421	19.3%	$0.85	1974
Southern Coin System	43	137,402	19.9	139,645	17.5	1.02	1957
Ticket System	155	47,840	6.9	150,885	18.9	3.15	1957 [1]
Northern Coin System	67	66,789	9.7	114,822	14.4	1.72	1963 [2]
Beachline West Expressway	8	26,633	3.9	22,859	2.9	0.86	1973
Total Mainline	**320**	**459,759**	**66.6%**	**$581,632**	**73.0%**	**$1.27**	
Sawgrass Expressway	23	75,121	10.9	69,768	8.8	0.93	1986 [3]
Seminole Expressway	18	32,436	4.7	40,919	5.2	1.26	1989 [4]
Veterans Expressway	15	48,345	7.0	39,925	5.0	0.83	1994
Southern Connector Extension	6	9,599	1.4	7,517	0.9	0.78	1996
Polk Parkway	25	27,495	4.0	24,590	3.1	0.89	1999
Suncoast Parkway	42	26,805	3.9	22,011	2.8	0.82	2001
Western Beltway, Part C	11	7,209	1.0	7,289	0.9	1.01	2005 [5]
I-4 Connector	1	3,815	0.5	2,650	0.3	0.69	2014 [6]
Total Expansion Projects	**141**	**230,825**	**33.4%**	**$214,669**	**27.0%**	**$0.93**	
Total System	**461**	**690,584**	**100.0%**	**$796,301**	**100.0%**	**$1.15**	

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.

[6] The I-4 Connector, built through a partnership with the Department and the Turnpike, opened to traffic in January 2014.

47-mile SR 821 Homestead Extension of Florida's Turnpike (HEFT), 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 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), the 11-mile Western Beltway Part C (SR 429), and the 1-mile I-4 Connector. The entire Turnpike System, financed primarily by toll and concession revenues, consists of 461 centerline miles of limited-access toll facilities that generated 691 million transactions and $796 million in gross toll revenues in FY 2014. 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 construction continues on the remaining two plazas. 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 Turnpike Headquarters complex and the Pompano Operations Center.

A 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, there are lanes that provide direct access to and from the Port of Tampa, thus removing trucks from the local roads.

As previously noted, the Turnpike purchased the Beachline East Expressway from the Department on July 1, 2014 (FY 2015), for $60 million. The Beachline East Expressway, located in Orange and Brevard counties, is a major east-west corridor for the Greater Orlando region. The facility allows inter-regional travel by crossing county lines, serving several ports, and facilitating the movement of people and goods between I-95 and I-4.

Another Turnpike expansion project, the First Coast Expressway, is a 15-mile, four-lane, AET facility that connects Blanding Boulevard in Clay County with I-10 in Duval County. This project is currently under construction in partnership with the Department's District Two.

The largest component of the Turnpike's capital improvement plan is made up of widening projects designed to accommodate anticipated growth in traffic that will occur on key urban segments of the System. In FY 2015, three facilities will undergo widening in preparation for the implementation of express lanes: the Veterans Expressway (from Memorial Highway to Van Dyke Road); SR 821 (from SW 288th Street to SR 836); and the Beachline West Expressway (between I-4 and the Turnpike Mainline). 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.

Two new Turnpike interchanges are also planned. Beginning in FY 2015, the Turnpike, in



Figure 4: Florida's Turnpike System Map.

coordination with the Central Florida Expressway Authority (CFX), will construct a tolled interchange that will provide a direct connection between the Turnpike Mainline and SR 417 in Orange County, with completion anticipated in 2017. The Turnpike is also partnering with the City of Minneola to construct a new tolled interchange on the Turnpike Mainline at Milepost 279, which is anticipated to open to traffic in FY 2017. In addition, numerous resurfacing and safety projects, including canal and barrier 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 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. Already interoperable with North Carolina, the Turnpike became interoperable with Georgia in November 2014 (FY 2015). Quick Pass, Peach Pass and Cruise Card account holders are welcome to travel on all major toll roads in Florida. Likewise, SunPass and Florida interoperable agency customers are now able to travel on toll roads in both states and pay for tolls electronically. The Turnpike will continue to partner with other toll agencies to make progress towards national interoperability.

On September 12, 2012, a Memorandum of Understanding (MOU) was entered into with the Enterprise, Miami-Dade Expressway Authority (MDX), CFX, and Tampa-Hillsborough County Expressway Authority (THEA) to develop and implement a Centralized Customer Service System (CCSS). The system is expected to provide a single point of contact for all electronic toll collection customers, improve and simplify customer service, reduce the cost of electronic toll collection, and provide a single centralized service center with regional satellite offices. The participating agencies intend to implement the CCSS through a master agreement. Having completed contract negotiations in June 2015 (FY 2015), the Enterprise awarded a contract to the number one ranked firm (Xerox State and Local Solutions, Inc.) to develop and implement the CCSS. Subsequent to the award, a notice to protest was filed by one of the competing firms. The Turnpike's current back office processes over one billion transactions annually and will continue to operate until the implementation of the CCSS.

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 25 indicates that approximately $139.1 million in outstanding debt is due to the Department as of June 30, 2014. After making its originally-scheduled FY 2016 repayment, the Turnpike will repay the remaining balance on the STTF loans on July 1, 2016 (FY 2017).

Table 25
Florida's Turnpike System
Long-Term Debt Payable to the Department (in millions)
Year Ended June 30, 2014

Transaction	*(millions)*
State Transportation Trust Fund Loans[1]	$87.8
Toll Facilities Revolving Trust Fund Loans[2]	$9.0
State Infrastructure Bank Loans[3]	$42.3
Total Due Department	$139.1

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) 2014 is the second 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.



Turnpike and North Carolina Interoperable July 29, 2013.

FY 2014 results, as reported by the Turnpike, are provided in Table 26. Results for the last five fiscal years are included in Appendix B.

The Turnpike met or exceeded 12 of the 16 applicable performance measure objectives. The four performance measure objectives the Turnpike did not meet (State Highway System Roadway Maintenance Condition Rating, Revenue Variance, Safety and Consultant Contract Management) 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 2014, the roadway maintenance condition rating of 89 fell just short of the objective of at least 90. However, improvement was noted over the maintenance condition rating of 88 achieved in FY 2013. 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 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

Table 26
Florida's Turnpike System
Summary of Performance Measures
FY 2014

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	89.0	X
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	99.9%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	98.6%	✓
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	81.4%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	4.7%	X
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.48)	0.52	X
Customer Service	% customers satisfied with level of service	> 90%	N/A	N/A
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	22.6%	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	$0.13	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	92.6%	✓
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	2.72	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	2.61	✓
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 six established authorities. Actual results based on CY 2013 data.

[2] Turnpike's objective is to increase MBE expenditures year over year and reported achieving $74.8 million in MBE expenditures in FY 2014, compared to MBE expenditures of $72.3 million in FY 2013, a 3.5 percent increase.

weightings to the 36 maintenance characteristics. The level of importance factors for each of the element areas were also changed and made consistent across each facility type resulting in lower scores. 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 2014 actual Turnpike toll revenue, without recovery of fines, represents a 4.7 percent variance from indicated revenue. This compares to a 5.4 percent and 4.6 percent revenue variance reported in FY 2013 and FY 2012, respectively. As toll facilities convert to AET and in-lane cash toll collection is removed, 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 2013 data. Accident fatalities reported on the Turnpike facilities in CY's 2011, 2012, and 2013 were 46, 43, and 41, respectively. Fatalities decreased 4.7 percent in CY 2013. Although improvement was noted, the Turnpike actual performance of 0.52 fatalities per 100 million VMT slightly exceeded the Safety objective of less than 0.48.

The Turnpike continues to take steps to improve on safety. In FY 2014, 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 Lake County and Sumter County. Since 2004, more than 200 miles of new guardrails have been installed, in addition to 300 miles of canal protection safety barriers. In the next 3 years, 112 miles of barrier protection will be installed along the roadway in Okeechobee, Broward, Polk, St. Lucie, Sumter, Palm Beach, Indian River, Osceola and Orange counties. The Turnpike also identified two high-risk locations where a wrong-way driver detection pilot project will be implemented over two years, beginning in FY 2015. The pilot project will include oversized signs, wrong-way pavement arrows, vehicle-alert technology that detects wrong -way vehicles and notifies the TMC's, and new ramp technology involving detection, cameras and solar-powered LED lights that flash in the eyes of wrong-way drivers. The Turnpike also continues to target investments in the Road Ranger and TMC programs that reduce the impacts that incidents have upon motorists. The effective dispatch and response of resources to traffic crashes and other incidents reduces the potential for secondary incidents, a major goal towards safety.

Consultant Contract Management

The final cost of consultant contracts (CEI and design) completed during FY 2014 exceeded the original awards by 22.6 percent. The difference results from the extension of contracts to allow additional time to complete projects and the addition to scope for design contracts for widening projects on the Turnpike Mainline and US 27 ramp. Due to extended construction contract times, CEI contracts also needed to be extended with additional costs.

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 80.9 percent in FY 2013 to 81.4 percent in FY 2014, exceeding the goal of greater than 75 percent ETC participation by June 30, 2012. Total toll transactions in FY 2014 increased 4.3 percent over FY 2013 levels. Non-ETC transactions increased 1.5 percent while ETC transactions increased 4.9 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 Enterprise conducts an Enterprise Customer Satisfaction Survey every two years. As a result, the Enterprise Customer Satisfaction Survey was not performed for FY 2014. The FY 2015 survey is currently underway.

Cost to Collect a Toll Transaction

During the reporting period, the cost to collect a toll transaction has decreased annually from $0.159 in FY 2010 to $0.129 in FY 2014, the lowest in Turnpike's history. FY 2014 results are below the established $0.160 objective and compare favorably to the $0.136 reported in FY 2013. Although FY 2014 toll transactions increased 4.3 percent, toll collection costs (net of exclusions) decreased 0.9 percent from FY 2013.

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 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.



Recently Renovated - Turkey Lake Service Plaza in Ocoee.

Consistent with Department goals, the Turnpike's objective is to increase MBE expenditures over the prior year. For FY 2014, the Turnpike's actual MBE expenditures totaled $74.8 million, compared to FY 2013 MBE expenditures of $72.3 million, a 3.5 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. Beginning in FY 2013, debt service coverage significantly increased for both Bonded/ Commercial Debt and Comprehensive Debt primarily due to an increase in net operating revenues available for debt service, due to the effects of a system-wide indexing of toll rates implemented on June 24, 2012. The debt service coverage for Bonded/Commercial Debt increased from 2.51 in FY 2013 to 2.72 in FY 2014, while the debt service coverage for Comprehensive Debt increased from 2.43 to 2.61. The increase in FY 2014 debt service coverage is primarily attributed to traffic growth and the statutorily required indexing of SunPass and TOLL-BY-PLATE toll rates implemented on July 1, 2013.

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 2014, the debt service coverage calculation pursuant to the bond resolution was 2.72, 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 2014 results indicate 2.72 net revenue coverage and 3.37 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 2014 operating indicators, as reported by the Turnpike, are provided in Table 27. Also, to assist in trend analysis, FY 2012 and FY 2013 operating results are provided. Results for the last five fiscal years are included in Appendix B. It is important to note FY 2014 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 2014, infrastructure assets increased approximately $446 million primarily due to the completion of the I-4 Connector expansion project.

Table 27
Florida's Turnpike System
Summary of Operating Indicators (in millions)
FY 2012 through FY 2014

Indicator	*Detail*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*	*Actual 14 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$863.4	$866.6	$892.9
	Buildings[1]	$0.0	$49.0	$60.4
	Infrastructure Assets	$6,311.6	$6,432.8	$6,878.5
	Construction in Progress	$399.2	$598.8	$950.6
	Total Value of Transportation Assets	$7,574.2	$7,947.2	$8,782.3
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$44.1	$81.9	$62.7
	Routine Maintenance of Infrastructure	$40.3	$35.9	$36.2
	Total Preservation Costs	$84.3	$117.8	$98.9
Toll Collection Transactions	Revenue from Electronic Transactions	72.9%	76.5%	78.4%
Annual Revenue Growth	Toll and Operating Revenue	1.3%	23.8%	5.3%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	53.6%	44.3%	47.4%
	Routine Maintenance Expense as % of Operating Expense	16.2%	13.1%	14.2%
	Administrative Expense as % of Operating Expense	NA	NA	NA
	Operating Expense as % of Operating Revenue	40.1%	35.7%	31.6%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	28.0%	20.5%	19.5%
Property Acquisition				
Right-of-Way	Agency Appraisals	$0.0	$4.3	$2.5
	Initial Offers	$0.0	$2.5	$2.1
	Owners Appraisals	$0.0	$0.0	$0.0
	Final Settlements	$0.0	$2.5	$2.2
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.

In addition, construction in progress increased by approximately $352 million in FY 2014 which includes continued progress on the new First Coast Expressway in Clay and Duval counties; conversion of a section of the Southern Coin and the Veterans Expressway to All Electronic Tolling; a widening of the Veterans Expressway in Hillsborough County; widening of the SR 821 (HEFT) in Miami-Dade County; as well as improvements to two service plazas along the Mainline.

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 2014 are reported at $62.7 million. This represents a $19.2 million, or 23.5 percent, decrease from FY 2013. Fluctuations in expense levels from year to year will result based on management's assessment of needed system preservation. The overall infrastructure condition rating was not affected by the decrease in renewals and replacement expenses in FY 2014.

Preservation of Transportation Assets (Routine Maintenance of Infrastructure)

FY 2014 routine maintenance expenses of $36.2 million remained virtually unchanged from FY 2013.

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 80.9 percent in FY 2013 to 81.4 percent in FY 2014. ETC revenue from these transactions increased from 76.5 percent of total toll revenue in FY 2013 to 78.4 percent in FY 2014.

Annual Revenue Growth (Toll and Operating Revenue)

Total operating revenue for FY 2013 increased 23.8 percent over FY 2012 primarily due to toll revenue of $756 million which represents a $147 million, or 24.1 percent, increase over FY 2012. The 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 by 2.1 percent and rounded to the nearest penny. The $40.4 million, or 5.3 percent,



Suncoast Parkway Resurfacing.

increase in FY 2014 total operating revenue is primarily due to traffic growth on the system, the opening of the I-4 Connector, and indexing of toll rates. On July 1, 2014 (FY 2015), the SunPass and TOLL-BY-PLATE toll rates were adjusted by 1.5 percent and rounded to the nearest penny.

Operating Efficiency and Rating Agency Performance

As previously noted, FY 2014 total operating revenues increased $40.4 million, or 5.3 percent, over FY 2013 primarily due to the July 1, 2013 toll indexing and traffic growth while total operating expenses decreased $19.0 million, or 6.9 percent. This resulted in an overall decrease in the ratio of operating expenses to operating revenues in FY 2014. A $19.2 million, or 23.5 percent, decrease in renewal and replacement expenses accounted for the overall decrease in operating expenses. As previously noted, the decrease in renewal and replacement expenses is attributed to significant resurfacing activity in FY 2013 as compared to FY 2014. FY 2014 toll collection, routine maintenance, and depreciation expenses were within one percent of amounts reported in FY 2013. 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.

FY 2014 total operating revenues increased $40.4 million, or 5.3 percent, over FY 2013 due to traffic growth on the Turnpike System, the opening of the I-4 Connector, and the indexing of toll rates due to inflation.

FY 2014 total operating expenses decreased $19.0 million, or 6.9 percent, from FY 2013. A $19.2 million, or 23.5 percent decrease in renewal and replacement expenses accounted for the overall decrease in total operating expenses.

FY 2014 toll collection, routine maintenance and depreciation expenses were within one percent of amounts reported in FY 2013.

Right-of-Way

The Turnpike, through its Right-of-Way Program, acquired parcels totaling $2.5 million in FY 2013, and $2.2 million in FY 2014. Department 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. Funding for construction is pending adoption of the FY 2017 through FY 2021 Work Program.

Underlying Bond Ratings

For FY's 2012 through 2014, the underlying (uninsured) ratings assigned to Turnpike bonds from the three nationally recognized bond rating agencies remained stable. 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. In April 2015, Moody's revised the outlook for Turnpike's revenue bonds from stable to positive. The agency attributes these industry-leading ratings to the consistently strong financial performance of the Turnpike and management's commitment to controlling expenses.

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 monitors 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 via a mandatory Department Computer Based Training (CBT) application. In addition, annual training is also required on public records requests for all Turnpike employees.

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.

According to Turnpike management, no findings with regard to ethics violations were noted during FY 2014. 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.

The FY 2014 independent financial statement audit reflected an unmodified opinion.

Annual Ethics and Public Records Requests training is required of all Turnpike employees.

Audits

Turnpike Management is responsible for the fair presentation of the financial statements in accordance with GAAP. In accordance with the bond covenants, the Turnpike is required to obtain an audit of its financial statements from a nationally recognized accounting firm. In conjunction with the audit, the auditor is responsible pursuant to Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, to identify and communicate any reportable conditions or material weaknesses.

An annual independent audit of the Turnpike's financial statements for the fiscal year ended June 30, 2014 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 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 Department level through the OIG. Commission staff reviewed a listing of reports issued by the OIG during FY 2014. As part of its annual Audit Plan, OIG individually reviewed the Turnpike's five General Engineering Consultants to assess if their specific companies' internal controls over their labor charging and timekeeping systems are effective, complete and sufficiently detailed to detect time recording and billing errors. The OIG issued Advisory Reports on February 12, 2014 noting some items for follow-up. The Turnpike has addressed the observations with the respective consultant firm.

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 Department's 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.

- Exemptions to public meeting requirements under Section 286.0113, Florida Statutes, 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.



The Future First Coast Expressway in Jacksonville.

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; use of RESPECT; use of PRIDE; DMS state term contracts; Department term contracts; alternate contract sources; state purchasing agreements; exempt procurements; single sources; discretionary purchases of Category 2 or less; and competitive solicitations greater than Category 2 (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 reviewed by the DFS Bureau of Auditing 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. 375-030-002-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 1) 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 and



Veterans Expressway - New Anderson Street Ramp.

quality assurance reviews are conducted at least annually by the Disbursement Operations Office in Central Office and Financial Services Offices in the districts, respectively.

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 lowest 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 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



Southern Coin System - Widening and Paving.

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 (Assistant 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 2014. As indicated in Table 28, 45 sub consultants were used by the general consulting firms for a total cost of $12.0 million in FY 2014.

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 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. As such, 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, 2014, the Turnpike has $2.8 billion of outstanding revenue bonds related to the financing of the construction of expansion projects and system improvements. Accordingly, $7.2 billion remains of the statutory limitation on outstanding bonds. The following Turnpike bonds were issued during, and subsequent to, FY 2014:

- 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 resulted 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

Table 28
Florida's Turnpike System
Summary of General Consultant Sub Consultant Activity
FY 2014

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
URS Corporation Southern	**Traffic Engineering General Consultant**	
BCC Engineering, Inc.	Forecasting Model Development & Traffic Engineering Analysis	$87
GMB Engineers & Plannners, Inc.	Design Traffic Volumes/Factors & Traffic Engineering Analysis Through Simulation	$122
Peggy Malone & Associates, Inc.	Traffic Counts, Turning Movement Counts, Speed/Delay Runs, Directionality Counts	$137
Resource Systems Group, Inc.	Traffic Simulation Model Development, Stated Preference Surveys & Origin/Destination Studies	$578
The Heimburg Group, Inc.	Transportation System Planning & Traffic Engineering Reviews	$114
HNTB Corporation	**General Engineering Consultant**	
Brindley Pieters & Associates, Inc.	Utility Coordination Support	$28
Cotleur & Hearing, Inc.	Landscape Design Services	$136
Inwood Consulting Engineers, Inc.	PD&E Noise Study Services	$105
JCR Consulting	Landscape Design Services	$121
L Squared Business Solutions, Inc.	Tolls Commercial Account Support	$36
Mehta and Associates, Inc.	Field Office Survey Support	$203
Montgomery Consulting Group, Inc.	CADD & IT Support Services	$503
Murry Design Group, Inc.	Landscape Design Services	$80
Navigant Consulting, Inc.	Tolls Financial & Risk Assessment/Claims Review & Support	$46
NW Financial Group, LLC	Financial Analysis Support	$38
RTD Group, LLC	Property Management/Appraisal & Property Acquisition Support	$166
Scheda Ecological Associates, Inc.	Environmental & Permit Support	$30
Terracon Consultants, Inc.	Hazardous Waste/Contamination Technical, Management & Coordination Services	$176
Atkins North America, Inc.	**General Engineering Consultant**	
Brindley Pieters & Associates, Inc.	Utility Coordination & Engineering Support	$127
Building Codes Administrative Services, Inc.	Building Permitting & Inspection Services	$73
Collins Survey Consulting, LLC	Surveying & Right-Of-Way Mapping Support	$179
Faller, Davis & Associates, Inc.	Shop Drawing Process Support	$252
McCarey Consulting	Manages SunPass Back Office Operations & CCSS Program/Leads FTE Registration Hold Process	$257
Michael M. Houston, Architect	LEED Architecture Support On Service Plaza Reconstruction Project	$29
Montgomery Consulting Group, Inc.	Project Management/Data Maintenance, Plans Processing/Asset Management Support	$880
Technology Assurance Labs	Support Services For Tolls Systems & Toll Equipment Installation & Network Design	$249
Jacobs Engineering Group, Inc.	**Maintenance & Traffic Operations General Engineering Consultant**	
AECOM Technical Services, Inc.	Traffic Management Center Oversight & Staffing	$730
Atkins North America, Inc.	Traffic Engineering Services	$270
Castillo Engineering, Inc.	Contract Management For Roadway Maintenance	$109
Delcan Corporation	Incident Management Support For Roadway Maintenance	$418
Faller, Davis and Associates, Inc.	Traffic Management Center Staffing & Roadway Maintenance Support Services	$922
Procopio & Associates, Inc.	Roadway & Facilities Maintenance Support Services	$381
Roy Jorgensen Associates, Inc.	Contract Management For Roadway and Facilities Maintenance	$888
Scheda Ecological Associates, Inc.	Contract Management & Environmental Management Services	$387
T.Y. Lin International, Inc.	Contract Management & Structures Maintenance Support For Roadway Maintenance	$392
Parsons Brinckerhoff, Inc.	**Construction & Materials General Engineering Consultant**	
Allied Engineering & Testing, Inc.	Materials Sampling & Testing/Asphalt Plant Inspection	$104
AMEC Environment & Infrastructure, Inc.	Materials Sampling & Testing/Asphalt Plant Inspection/Asphalt Coring	$211
Castillo Engineering, Inc.	Construction Project Management & Utility Coordination	$460
Foundation & Geotechnical Engineering, Inc.	Geotechnical Engineering & Inspection Services	$318
Gary Draper & Associates of Atlanta, Inc.	Construction Project Management, Cost Estimating & Production Liason Support	$599
LPE Enterprises, Ltd.	Document Control	$167
Mehta & Associates, Inc.	Building Inspection & Surveying Services	$106
Network Engineering Services, Inc.	Coatings Engineering & Inspection Services	$43
Page One Consultants, Inc.	Materials Sampling & Testing/Asphalt Plant Inspection	$205
Terracon Consultants, Inc.	Materials Sampling & Testing/Asphalt Plant Inspection	$572
Total Sub consultants > $25 K		$12,034

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 resulted in a net present value savings of $11.1 million due to lower interest costs.

- In July 2014 (FY 2015), the Turnpike issued $223.6 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2014A. Bond proceeds are primarily being used 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 resulted in a net present value savings of $14.5 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).
- The required annual independent inspection and report concerning the condition of the Turnpike was completed.
- Section 5.07(E) of the Bond Resolution 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 5.07 (B). The Determination resolutions were properly filed with the State Board of Administration.
- The Turnpike submitted its FY 2014 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 (AECOM).
- Debt service coverage ratio for FY 2014 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 12 of the 16 applicable management objectives established for performance measures. The four performance measure objectives not met include state highway system roadway maintenance condition rating, revenue variance, safety and consultant contract management. 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 2014 infrastructure assets increased $446 million over FY 2013 primarily due to the completion of the I-4 Connector expansion project. Construction in progress increased $352 million in FY 2014 primarily due to continued progress on the First Coast Expressway project in Jacksonville, widening of SR 821 (HEFT) and the Veterans Expressway, conversion of the Veterans Expressway and a portion of the Southern Coin system of the Turnpike Mainline to AET, and service plaza reconstruction. Total operating revenues for FY 2014 increased $40.4 million, or 5.3 percent over FY 2013, primarily due to record high toll revenues of $796 million. The increase in revenue is attributed to traffic growth, opening of the I-4 Connector and indexing of toll rates.

FY 2014 total operating expenses decreased $19.0 million, or 6.9 percent, over FY 2013. A $19.2 million, or 23.5 percent, decrease in renewal and replacement expenses accounted for the overall decrease in operating expenses. The decrease in renewal and replacement expenses is due to the cyclical nature of system preservation. FY 2014 toll collection, routine maintenance, and depreciation expenses were within one percent of amounts reported in FY 2013.

In the area of governance, the FY 2014 independent financial statement audit reflected an unmodified opinion and no recommendations for improvement were noted. The Department's Office of Inspector General (OIG), as part of its annual Audit Plan, individually reviewed Turnpike's five General Engineering Consultants to assess if their specific companies' internal controls over their labor charging and timekeeping systems are effective, complete and sufficiently detailed to detect time recording and billing errors. The OIG issued Advisory Reports on February 12, 2014 noting some items for follow-up. The Turnpike has addressed the observations with the respective consultant firm. Additionally, annual required training was provided to Turnpike employees on ethics and public records requests.

On September 12, 2012, a Memorandum of Understanding (MOU) was entered into with the Enterprise, Miami-Dade Expressway Authority (MDX), CFX, and Tampa-Hillsborough County Expressway Authority (THEA) to develop and implement a Centralized Customer Service System (CCSS). The system is expected to provide a single point of contact for all electronic toll collection customers, improve and simplify customer service, reduce the cost of electronic toll collection, and provide a single centralized service center with regional satellite offices. The participating agencies intend to implement the CCSS through a master agreement. Having completed contract negotiations in June 2015 (FY 2015), the Enterprise awarded a contract to the number one ranked firm (Xerox State and Local Solutions, Inc.) to develop and implement the CCSS. Subsequent to the award, a notice to protest was filed by one of the competing firms. The Turnpike's current back office processes over one billion transactions annually and will continue to operate until the implementation of the CCSS.

During, and subsequent to, FY 2014, Turnpike issued three series of bonds:

- 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 resulted 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 resulted in a net present value savings of $11.1 million due to lower interest costs.

- In July 2014 (FY 2015), the Turnpike issued $223.6 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2014A. Bond proceeds are primarily being used 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 resulted in a net present value savings of $14.5 million due to lower interest costs.

A 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 and provides a limited-access alternative route to and from downtown Tampa. The truck lanes also provide direct access to and from the Port of Tampa removing trucks from the local roads. In addition, the Turnpike purchased the Beachline East Expressway from the Department on July 1, 2014 (FY 2015), for $60 million. The Beachline East Expressway extends east from SR 520 in Orange County for six miles into Brevard County where it splits into two branches. The 9-mile southeast branch continues as SR 528 to a connection with the Bennett Causeway at US 1, while the 7-mile northeast branch becomes SR 407 and extends to a connection with SR 405.

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.

The Commission recognizes Turnpike for its ongoing efforts to implement All Electronic Tolling and Express Lanes 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.

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Mid-Bay Bridge Authority (MBBA)

Background

The Mid-Bay Bridge Authority (MBBA) was created in 1986 pursuant to Chapter 86-465, Laws of Florida (LOF), as amended by Chapter 88-542, LOF, and having been recodified as Chapter 2000-411, LOF (the "Act"). MBBA was established for the purpose of and having the power to plan, construct, operate, and maintain a bridge traversing Choctawhatchee Bay and other such transportation facilities that become part of its system. MBBA also has the power to fix, charge, and collect fees, tolls, rents and charges for the use of the system and facilities, and is further authorized to issue bonds and exercise eminent domain powers. MBBA is reported as a Dependent Special District of the State of Florida established in Okaloosa County and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act) and other applicable Florida Statutes.

As provided in Table 29, the governing body of MBBA consists of five voting members appointed by the Governor. The District Three Secretary of the Florida Department of Transportation (Department) is an ex-officio non-voting member of the Board. Except for the District Three Secretary, all members serve three-year terms and may be reappointed. A quorum consists of three voting Board members and action shall be taken by a majority vote. MBBA employs only two staff members, an Executive Director and an Administrative Assistant, and utilizes limited

Table 29
Mid-Bay Bridge Authority
Current Board Members

Name	*Affiliation*	*Position*
Gordon E. Fornell	Retired General, USAF	Chair
Virginia Asthana	Medical Professional	Vice-Chair
Lois Hoyt	Retired Staff Member, US Congress	Secretary/Treasurer
Daniel A. Bowers, Jr.	Certified Public Accountant	Board Member
James D. Neilson, Jr.	Retired Insurance Broker	Board Member
Bryant Paulk	District Three Secretary Designee	Ex-Officio

Highlights

- MBBA met or exceeded 10 of the 15 applicable performance measure objectives. The measures not met were Bridge Condition Rating, Percentage of ETC Transactions, Cost to Collect a Toll Transaction, and Debt Service Coverage (both Bonded/Commercial Debt and Comprehensive Debt). MBBA's debt service coverage was in compliance with its bond covenants.
- FY 2014 total operating revenues increased $2.3 million, or 14.3 percent, over FY 2013 while total operating expenses increased $1.7 million, or 45.6 percent.
- The increase in FY 2014 operating revenue is attributed to toll revenue generated by the newly opened Spence Parkway, while the increase in operating expenses is due to increased renewal and replacement expenses for replacing bearing pads on the Mid-Bay Bridge.
- A new MBBA project, the Walter Francis Spence Parkway, fully opened to traffic in January 2014 and connects the north end of the Mid-Bay Bridge to SR 85. This 11-mile toll road utilizes All Electronic Tolling and no cash is accepted.
- In June 2015 (FY 2015), MBBA issued $285.0 million in Series 2015 Bonds to refinance and restructure all of its outstanding debt. This bond issue resulted in approximately $4 million in net present value savings, lowered annual debt service requirements, and maintained the same bond maturation period (2040) as the MBBA 2011 Bonds.
- MBBA will host public information meetings in the summer of 2015 to seek public input prior to making a final decision on any change to its current toll rate schedule.

outside Legal Counsel, accountants and auditors for MBBA business. Van Fuller assumed the duties of Executive Director in October 2014, succeeding Jim Vest who retired after serving as MBBA's sole Executive Director for 23 years.

The primary MBBA System (System) is designated as SR 293 and comprises the Mid-Bay Bridge, Danny Wuerffel Way and the Walter Francis Spence Parkway (Spence Parkway). The System also includes all additions, improvements, connections, extensions, approaches, streets, roads, avenues of access, and transportation facilities appurtenant thereto. The Mid-Bay Bridge is an approximately 3.6-mile, limited access, two-lane, fixed span toll bridge that traverses Choctawhatchee Bay, connecting Niceville and Destin in southeast Okaloosa County. The bridge opened to traffic in June 1993 with one mainline toll plaza located on the north side of the bay. The approximately 0.8-mile Danny Wuerffel Way connects the south end of the Mid-Bay Bridge to US 98/SR 30. The 11-mile Spence Parkway connects the north end of the Mid-Bay Bridge to SR 85. The Spence Parkway opened in phases with the first section (Mid-Bay Bridge to SR 20) opening in May 2011, and the second section (SR 20 to Range Road) opening in September 2011. Phase 2 (Range Road to SR 285) and Phase 3 (SR 285 to SR 85) of the Spence Parkway opened to traffic on January 4, 2014 with toll collection beginning on January 6, 2014. The Spence Parkway was previously named the Mid-Bay Bridge Connector but was designated the Walter Francis Spence Parkway by the 2014 Legislature and signed into law by the Governor in May 2014. MBBA reported toll revenue of $18.1 million in Fiscal Year (FY) 2014 based on 8.5 million toll transactions.



Walter Francis Spence Parkway Designation.

In 2009, the United States Air Force granted and conveyed to MBBA a 50-year nonexclusive easement, subsequently amended in 2011, for 597 acres on Eglin Air Force Base for the construction of the Spence Parkway roadway, associated storm water retention basins, and modification of existing roads. As consideration, MBBA deposited $26.7 million into an interest-bearing In-Kind Consideration Account (ICA) to be used to fund projects selected by the Air Force. MBBA administers the various contracts for Air Force projects and along with the Air Force jointly approves payments by the escrow agent who holds the funds. Approximately $340 thousand remains in the account and MBBA expects that amount to be expensed not later than 2016, at which point MBBA will have fulfilled its obligation under the terms of the easement.

MBBA entered into a Lease-Purchase Agreement (LPA) with the Department whereby the Department maintains and operates the System and remits all tolls to MBBA. The payment of operations and maintenance by the Department from sources other than tolls constitute the Departments rental and purchase payments for the System. The term of the lease runs concurrently with the bonds. When the bonds mature and are fully paid, the Department will have full ownership of the System. Toll operations of MBBA are provided by Florida's Turnpike Enterprise (Enterprise), and maintenance functions are performed through the Department's District Three and its Asset Maintenance Contractor,

MBBA has a Lease-Purchase Agreement with the Department.

District 3 provides maintenance for the System.

Turnpike Enterprise provides toll operations.

Operating and Maintenance expenses are paid back to the Department after MBBA debt service payments.

Transfield Services. After debt service payments, current year budgeted costs of operations and maintenance are being paid back to the Department. If funds are available at the end of the year, MBBA pays the Department back for any actual prior year costs which constitute MBBA's outstanding debt with the Department. In addition, MBBA has previously received loans from the Toll Facility Revolving Trust Fund (TFRTF) and State Transportation Trust Fund (STTF) used for construction of the Northern and Southern Approaches. Table 30 indicates that approximately $11.8 million in outstanding debt is due to the Department as of September 30, 2014.

Table 30
Mid-Bay Bridge Authority
Long-Term Debt Payable to the Department
Year Ended September 30, 2014

Transaction	*(millions)*
Advances for Operating, Maintenance and R&R Expenses[1]	$7.2
Loan from Toll Facilities Revolving Trust Fund[2]	$0.2
Loan from State Transportation Trust Fund[3]	$4.4
Total Due Department	$11.8

Source: MBBA Notes to Audited Financial Statements.

[1] After debt service payments, current O&M budgeted costs and any actual prior year O&M not reimbursed are being paid back to the Department.

[2] TFRTF loan in April 2002 used for construction of the Northern Approach.

[3] STTF loan in 2001 used for construction of the Southern Approach.

Performance Measures

FY 2014 is the first year that MBBA is included in the Florida Transportation Commission's (Commission) *Transportation Authority Monitoring and Oversight Report* that has been produced annually since FY 2007. House Bill (HB) 7175, passed by the 2014 Legislature, and signed into law by Governor Scott, amended Section 20.23, Florida Statutes, providing for the Commission to monitor certain aspects of MBBA, effective July 1, 2014. (The relevant language from HB 7175 is detailed in Appendix A.)

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. FY 2014 results, as reported by MBBA, are provided in Table 31. Results for the last five fiscal years are included in Appendix B.

MBBA met or exceeded 10 of the 15 applicable performance measure objectives. The five performance measure objectives MBBA did not meet are described below and include trend data and MBBA's plans to assist in meeting the measures. FY 2014 performance data is based on the MBBA fiscal year which spans from October 1, 2013 through September 30, 2014 (MBBA is required by the Act to report on the same fiscal year as Okaloosa County).

Bridge Condition Rating

Pursuant to the LPA, the Department is responsible for maintaining bridges on the System. All bridges are inspected for structural deterioration at least once every two years. The Department's strategy is to preserve the life of

Table 31
Mid-Bay Bridge Authority
Summary of Performance Measures
FY 2014

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	94	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	100.0%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	92.3%	X
Bridge Condition - Weight Restrictions	% SHS bridge structures with posted limit	0%	0.0%	✓
Electronic Toll Collection (ETC) - Transactions	Number of ETC transactions as % of total transactions	> 75% by 6/30/12	64.1%	X
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	1.8%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.48)	0.00	✓
Customer Service	% customers satisfied with level of service	> 90%	N/A	N/A
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	-2.0%	✓
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%	✓
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16	$0.24	X
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	101.0%	✓
Applicable Laws				
Minority Participation[2]	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	1.16	X
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.16	X
Debt Service Coverage - Compliance with Bond Covenants	Debt service coverage meets or exceeds minimum Bond Covenant requirements	Yes	Yes	✓

[1] Safety objective based on five year average of fatalities per 100 million VMT for the six established Authorities. Actual results based on CY 2013 data.

Florida's bridges by making cost effective repairs or through preventative maintenance. When repair is not justified by life-cycle cost considerations, bridges are replaced. No bridge is allowed to become unsafe for the traveling public.

For FY 2014, the percentage of MBBA bridge structures on the State Highway System having a condition rating of either excellent or good was 92.3 percent, falling short of the 95 percent objective. The bridge condition rating is driven by spalling on a single pier of the Mid-Bay Bridge. MBBA is coordinating with District Three to repair the pier. Although MBBA did not meet the performance measure, it exceeded the minimum bridge condition rating standard of 90 currently established by the Department for state-maintained bridges on the State Highway System.

Electronic Toll Collection (ETC) Transactions

ETC transactions for MBBA constituted 64.1 percent of total transactions during FY 2014, falling short of the established objective of 75 percent. Total toll transactions in FY 2014 increased by 1.9 million, or 28.6 percent, over FY 2013 levels. Cash transactions increased by 0.7 million, or 31.1 percent, while ETC transactions increased by 1.2 million, or 27.2 percent.

The current two-axle SunPass toll rate of $2.00 on the Mid-Bay Bridge reflects an immediate in-lane $1.00 discount off the $3.00 two-axle cash toll rate. The Spence Parkway is an All-Electronic Tolling (AET) facility whereby only SunPass and TOLL-BY-PLATE are accepted. The current two-axle toll rates for SunPass and TOLL-BY-PLATE on the Spence Parkway are $1.00 and $1.50, respectively. The toll rate structure and the January 2014 opening of the AET Spence Parkway provides an incentive for increased ETC participation by commuters and frequent travelers. SunPass participation peaks during the winter months when commuters constitute a larger share of the total volume on the System.

Cost to Collect a Toll Transaction

The FY 2014 cost to collect a toll transaction of $0.24 decreased from $0.28 reported in FY 2013 but exceeded the $0.16 objective established by the Commission. Despite a significant 28.6 percent increase in FY 2014 toll transactions, toll collection costs (net of exclusions) showed a more modest increase of $148 thousand, or 7.9 percent. The significant increase in transactions can be directly attributable to the opening of the Spence Parkway in January 2014. In addition, the traffic increase on the Mid-Bay Bridge can be attributed to the continued economic recovery and an increase in tourism in the area. The increase in toll collection costs was primarily related to an increase in credit card fees, toll plaza operating contracts and insurance premiums.

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

Although MBBA debt service coverage was in compliance with bond covenants, MBBA did not meet the performance measure objectives for debt service coverage established by the Commission for all Toll Authorities under its oversight. Debt service coverage ratios, as standardized in the Commission performance measure calculations, differ significantly from the debt service coverage calculations required in MBBA bond resolutions and related documents.

Debt service coverage for FY 2014 was reported as 1.16, falling short of the 1.50 objective established for bonded/commercial debt and the 1.2 objective established for comprehensive debt. The calculations used for Commission reporting are a "net" calculation whereby toll operating and maintenance expenses are deducted from operating revenue before dividing by the debt service expense.

MBBA posted its Continuing Disclosure Report on the Electronic Municipal Market Access (EMMA)

website of the Municipal Securities Rulemaking Board. The disclosure includes debt service calculations required pursuant to Section 3.04 B. of the MBBA Bond Resolution and indicates that the minimum debt service coverage requirements have been met. MBBA includes operating revenue and interest revenue when calculating debt service ratios and only deducts administrative expenses (rather than toll operating and maintenance expenses) in the calculation, resulting in a "gross" calculation. Bond covenants require a minimum of $6 million be on deposit in the General Reserve Fund. When the General Reserve Fund requirement is met, bond covenants require (A) net revenues plus the General Reserve Fund requirement to be sufficient to pay at least 175 percent of the Annual Debt Service Requirement for all bonds outstanding and (B) net revenues to be sufficient to pay at least 100 percent (ratio of 1.00) of the Annual Debt Service Requirement for all bonds outstanding. As of September 30, 2014, MBBA had $14.6 million on deposit in the General Reserve Fund and exceeded the required debt service coverage with actual ratios of 2.46 and 1.22, respectively, for FY 2014. If, and only when, the General Reserve Fund requirement is not satisfied, bond covenants require "senior lien debt service coverage" of at least 1.40, and "all bonds debt service coverage" of at least 1.15. MBBA reported this calculation as part of its Continuing Disclosure since the primary test had been satisfied and this test is more familiar to investors. The results of this secondary test for FY 2014 was 2.64 and 1.36, respectively. Ultimately, MBBA satisfied both debt service requirements contained in the bond covenants. Debt service for the MBBA Series 2011 Springing Lien Bonds are not included in the senior lien debt service calculation but are included in the all bonds debt service calculation.



Mid-Bay Bridge.

The toll revenue forecast included in the Official Statement for the MBBA Series 2011 Springing Lien Bonds includes a toll rate increase on the System on October 1, 2015 (FY 2016). Debt service on all MBBA bonds also significantly increases from $14.3 million in FY 2015, to $21.0 million in FY 2016. Actual FY 2014 revenue on the Mid-Bay Bridge fell approximately 13.5 percent under the Series 2011 Official Statement forecast, while the revenue forecast for the Spence Parkway was on target. The shortfall in Mid-Bay Bridge revenue can be attributed to a lag in induced traffic that was estimated to use the Mid-Bay Bridge by reason of the Spence Parkway making the Mid-Bay Bridge more accessible. The lag in induced traffic is attributed to the SR 123 bypass improvements (in the vicinity of the Northwest Florida Regional Airport and north of Niceville) which made the SR 85 routing (via Fort Walton Beach) more competitive. As such, in October 2014 (FY 2015) the MBBA Board approved a Toll Rate Study that will utilize the most current data to evaluate the toll rates that need to be set on the System in order to meet the debt service requirements contained in the current bond documents and provide an alternate tolling scenario for consideration in a possible bond refunding.

To address untenable debt service requirements as a result of unrealized traffic projections, the MBBA Board approved a plan to refinance and restructure all of its outstanding debt to take

advantage of lower interest rates. The restructuring lowers annual debt service requirements, thus reducing the amount of a toll increase included in the MBBA 2011 bond issue. In May 2015 (FY 2015), MBBA priced $285.0 million in Series 2015 Bonds ($227.0 million in Series 2015A First Senior Lien Revenue Bonds, $24.5 million in Series 2015B First Senior Lien Taxable Revenue Bonds, and $33.5 million in Series 2015C Second Senior Lien Revenue Bonds). Required debt service coverage on the Series 2015 Bonds is 1.40 on the First Senior Lien Bonds, and 1.20 on the Second Senior Lien Bonds. The maturity of the bonds remains 2040 and results in a present value savings of $4.1 million. MBBA will hold public information meetings in the summer of 2015 to get public input prior to making a final decision on any changes to its toll rate schedule.

Presented below are examples of some of the notable performance measures where MBBA either met the objective or the measure was not applicable. Explanations are provided to either clarify the source of the data, the methodology utilized by MBBA, or explanations as to why the performance measure was not applicable.

Customer Service

Florida's Turnpike Enterprise (Enterprise) operates MBBA toll facilities while the Department's District Three provides for facility maintenance. Results from the Enterprise Customer Satisfaction Survey are used to report MBBA Customer Service performance. In an effort to reduce costs, the Enterprise now conducts the survey every two years rather than every year. As a result, the Enterprise Customer Satisfaction Survey was not performed for FY 2014. However, the FY 2015 survey is currently being conducted and is expected to be completed in the spring of 2015.

Minority Participation

As previously noted, MBBA entered into a LPA with the Department whereby the Department operates and maintains the System. As funds are available, MBBA reimburses the Department for current budgeted operating and maintenance amounts and actual prior year operating and maintenance expenses not reimbursed.

MBBA has not established any minority participation policies or utilization goals in the areas of Small Business Enterprise (SBE), or Minority and Disadvantaged Business Enterprise (MBE/DBE).

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 2014 operating indicators, as reported by MBBA, are provided in Table 32. Also, to assist in trend analysis, FY 2012 and FY 2013 operating results are provided. Results for the last five fiscal years are included in Appendix B. It is important to note FY 2014 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 2014, construction in progress

Table 32
Mid-Bay Bridge Authority
Summary of Operating Indicators (in millions)
FY 2012 through FY 2014

Indicator	*Detail*	*Actual 12 Results (millions)*	*Actual 13 Results (millions)*	*Actual 14 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$0.7	$27.4	$27.4
	Infrastructure Assets	$115.8	$115.8	$204.0
	Construction in Progress	$82.5	$77.8	$3.5
	Total Value of Transportation Assets	$198.9	$220.9	$234.9
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.1	$0.6	$1.9
	Routine Maintenance of Infrastructure	$0.2	$0.3	$0.4
	Total Preservation Costs	$0.3	$0.9	$2.2
Toll Collection Transactions	Revenue from Electronic Transactions	55.1%	56.7%	61.6%
Annual Revenue Growth	Toll and Operating Revenue	0.6%	0.5%	14.3%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	69.6%	58.2%	43.2%
	Routine Maintenance Expense as % of Operating Expense	7.9%	7.9%	6.8%
	Administrative Expense as % of Operating Expense	19.2%	18.5%	12.8%
	Operating Expense as % of Operating Revenue	18.8%	23.5%	30.0%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	14.5%	15.5%	15.0%
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	BBB+	BBB+	BBB+
	Moody's Bond Rating	Not Rated	Not Rated	Not Rated
	Fitch Bond Rating	BBB+	BBB+	BBB+

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

decreased $74.3 million while infrastructure assets increased $88.2 million, primarily due to the completion and opening of the Spence Parkway in January 2014.

Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)

MBBA utilizes the Modified Approach for reporting infrastructure whereby renewal and replacement

(preservation) costs associated with maintaining the existing roadway system at a certain level are expensed, and the asset is not depreciated. 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 2014 are reported at $1.9 million. This $1.3 million increase over FY 2013 represents the complete replacement of bearing pads on the Mid-Bay Bridge by the Department on behalf of MBBA. The decision to replace all the bearing pads at once was to achieve overall contract savings by leveraging economies of scale.

Preservation of Transportation Assets (Routine Maintenance of Infrastructure)

FY 2014 routine maintenance expenses increased $74 thousand, or 24.9 percent, over FY 2013. This increase is primarily due to additional maintenance costs associated with the addition of the Spence Parkway.

Toll Collection Transactions (Revenue from Electronic Toll Transactions)

Revenue from ETC transactions increased from 56.7 percent of total toll revenue in FY 2013 to 61.6 percent in FY 2014. As previously reported in the Performance Measures section of this chapter, 64.1 percent of FY 2014 toll transactions were ETC transactions. FY 2014 cash transactions increased by 0.7 million over FY 2013, while ETC transactions increased by 1.2 million. Factors influencing ETC revenue include the January 2014 opening of the AET Spence Parkway and an electronic toll rate that is less than the cash and TOLL-BY-PLATE rate on MBBA facilities.

Annual Revenue Growth (Toll and Operating Revenue)

Total operating revenue for FY 2014 increased $2.3 million, or 14.3 percent, over FY 2013 primarily due to an increase in toll revenue as a result of opening the new Spence Parkway in January 2014.

FY 2014 total operating revenues increased $2.3 million, or 14.3 percent, over FY 2013 primarily due to increased toll revenue attributed to the opening of the Spence Parkway in January 2014.

FY 2014 total operating expenses increased $1.7 million, or 45.6 percent, over FY 2013 primarily due to an increase of $1.3 million in renewal and replacement expenses attributed to the complete replacement of all bearing pads on the Mid-Bay Bridge.

FY 2014 toll transactions increased by 1.9 million, or 28.6 percent, over FY 2013. Cash transactions increased by 0.7 million while ETC transactions increased by 1.2 million.

Operating Efficiency and Rating Agency Performance

FY 2014 total operating expenses increased $1.7 million, or 45.6 percent, over FY 2013 while total operating revenues increased $2.3 million, or 14.3 percent. This resulted in an overall increase in the ratio of operating expenses to operating revenues in FY 2014. Toll collection, routine maintenance and administrative expenses for FY 2014 increased 8.2 percent, 24.9 percent and 0.8 percent, respectively, over FY 2013 levels. The $1.3 million increase in FY 2014 renewal and replacement (preservation) expenses accounted for approximately 77 percent of the overall $1.7 million increase in total operating expenses.

Right-of-Way

MBBA did not acquire any right-of-way in FY 2012, FY 2013 or FY 2014.

Underlying Bond Ratings

During the reporting period, the underlying ratings assigned to MBBA outstanding Senior Lien Bonds from two of the three major bond rating agencies did not change and are reported as BBB+. The underlying ratings assigned to MBBA outstanding Series 2011 Springing Lien Bonds by Standard and Poor's and Fitch rating agencies were BBB- and BBB, respectively. The Springing Lien Bonds are subject to an annual debt service coverage test which is materially weaker than the test for the Senior Lien Bonds. Standard & Poors and Fitch rated the MBBA Series 2015 issue BBB+ for its First Senior Lien Bonds and BBB for its Second Senior Lien Bonds.

Governance

In addition to establishing performance measures and operating indicators for transportation authorities, the Commission developed "governance" criteria for assessing each authority's adherence to statutes 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

MBBA has not formally adopted an ethics or conflicts of interest policy and is subject to compliance with Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) and the requirements detailed in the MBBA enacting legislation (Chapter 2000-411, Laws of Florida). No ethics or conflict of interest violations or investigations were reported during FY 2014. Commission staff reviewed the MBBA Board meeting minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations. The FY 2014 meeting minutes did not disclose instances where Board Members abstained from voting on agenda items due to voting conflicts and no conflict of interest documentation (State Commission on Ethics Form 8B - Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers) was provided.

MBBA's Legal Counsel serves as its Ethics Officer and instructs MBBA on compliance. At its November 2014 Board meeting, MBBA Legal Counsel distributed a Code of Ethics notebook and discussed issues including doing business with MBBA, sunshine and ethics, notice of meetings, public records, financial disclosure, and social events. Each Board member and the Executive Director subsequently completed a four hour on-line annual ethics training course and self-reported results at the next Board meeting to fulfill the requirements recommended by Counsel. While the Governor appointed Board members do not meet the definition of "specified constitutional officers and elected municipal officers" as set forth in Section 112.3142, Florida Statutes, Counsel recommended completion of ethics training due to several reported advisory opinions rendered by the Florida Commission on Ethics.

The FY 2014 independent financial statement audit reflected an unmodified opinion.

Annual ethics training was provided to all MBBA Board members and the Executive Director.

Audits

An annual independent audit of MBBA's financial statements for the fiscal years ended September 30, 2014 and 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. In the Independent Auditor's Management Letter, the auditors had no recommendations for improvement.

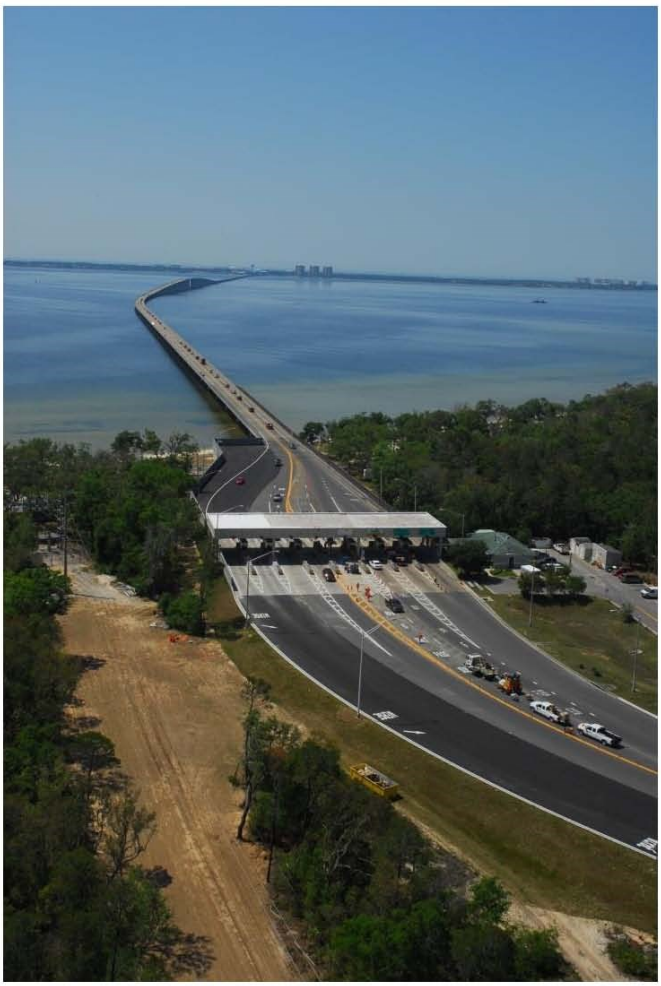
Public Records and Open Meetings

MBBA has not formally adopted procedures to process public records requests but is operating under Chapter 119, Florida Statutes. MBBA has also designated a Records Management Liaison Officer to comply with State of Florida Records Management rules.

MBBA is also subject to the provisions of Section 189.015, Florida Statutes, Chapter 286, Florida Statutes, and the Act, for open meetings. A review of MBBA agendas and Board meeting minutes showed that the agendas and minutes are in compliance with statute. Commission staff also reviewed various Board meeting notices published in the Northwest Florida Daily News newspaper and public meeting notices posted on the MBBA website. Based on the review, required notice of public meetings is in compliance with Florida Statutes. MBBA currently posts meeting notices and agendas to its website (http://www.mid-bay.com/notices/index.php), and intends to expand the public Board meeting information posted on its website to include Board meeting minutes.

Procurement

MBBA staff consists of only two personnel, an Executive Director and Administrative Assistant. Although MBBA has not formally adopted a procurement policy, it has consistently consulted with Okaloosa County on procurement matters and complied with applicable provisions of Florida Statutes, i.e., Section 287.055. Goods and services which are not required by law to be procured pursuant to competitive negotiation must be procured in a manner so as to ensure the prudent and economical use MBBA funds, in the best interest of the public, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances, and to guard against favoritism, improvidence, extravagance, fraud and corruption. MBBA recognizes that it is not required by law to seek procurement through competitive negotiation for materials and/or service which uniquely serve the public interest for which there is no substantial equivalent and which are, in fact, available from only one source. Sole Source procurement is authorized but utilized in limited situations. In accordance with Section 287.055, Florida Statutes, new construction projects, which are not



Mid-Bay Bridge Tolling Location.

exempted by Section 287.017, Florida Statutes, are publicly advertised in regional media and all bids are read at a public opening. Historically, the Executive Director, in coordination with General Counsel and its General Engineering Consultant, has prepared the Request for Proposals (RFP), Request for Bids (RFB) or Request for Qualifications (RFQ). Bids are evaluated by the Executive Director and consulting engineer and recommendations are presented to the MBBA Board for approval. Construction contracts are only awarded after MBBA Board consideration and approval. It is the policy of MBBA generally to award to the lowest responsible dollar offerer for materials and/or services. However, in the event that the Board selects someone other than the lowest bidder, it is the policy of MBBA to state this choice publicly along with reasoning as to its selection.

During construction projects, payment of construction invoices are approved monthly by the MBBA Board at its regularly scheduled meeting. The Executive Director is authorized, in consultation with MBBA's Legal Counsel to take actions prior to the next duly noticed meeting to move projects forward, in lieu of holding a special meeting, as may be necessary in order to advance the forward progress of projects. The Executive Director executes the annual operations and administration programs as detailed in the annual budget approved by the MBBA Board and the Board of County Commissioners of Okaloosa County with payment of all expenses co-signed by a MBBA Board member. MBBA intends to develop, consider, and implement a formal procurement policy in FY 2015.

Consultant Contract Reporting

MBBA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2014. As indicated in Table 33, 2 sub consultants were used by the general engineering consultant firm for a total cost of $281 thousand in FY 2014.

Table 33
Mid-Bay Bridge Authority
Summary of General Consultant Sub Consultant Activity
FY 2014

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
HDR Engineering	**General Engineering Consultant**	
Nobles	Survey	$205
Tierra	Geotechnical Services	$76
Total Sub consultants > $25 K		$281

Compliance with Bond Covenants

In January 2011 (FY 2011), MBBA issued $144.0 million in Springing Lien Revenue Bonds, Series 2011A and $10.7 million in Springing Lien Revenue Refunding Bonds, Series 2011B. Proceeds from the Series 2011A Bonds were used to finance a portion of the costs of the Mid-Bay Bridge Connector Phase 2 and 3 (subsequently renamed the Walter Francis Spence Parkway), finance the Range Road resurfacing and shoulder addition, fund the Springing Lien Debt Service Reserve Account, fund the Springing Lien Debt Service Account to pay construction period interest, and fund bond issuance costs. Proceeds from the Series 2011B Bonds were used to currently refund all MBBA Revenue Refunding Bonds, Series 1993D, a portion of the Revenue Refunding Bonds, Series 1993A, advance refund a portion of the Series 2007A Bonds and fund the Springing Lien Debt Service Account. The Series 2011 Springing Lien Bonds may become Senior Lien Bonds upon satisfaction of the requirements set forth in the Bond Resolution. MBBA Bonds are not backed by the Department, the State of Florida, or Okaloosa County and are payable solely from pledged revenues. As of September 30, 2014, total bonds in the principal amount of approximately $266.1 million remained outstanding. As previously noted, MBBA priced its $285.0 million Series 2015 Refunding Bonds in May 2015 (FY 2015) and issued the Bonds in June 2015.

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.
- MBBA utilizes a General Engineering Consultant (HDR Engineering).
- MBBA held a public hearing, adopted its annual budget by resolution, and presented the budget to the Okaloosa County Board of County Commissioners for approval.
- MBBA utilizes a nationally recognized Traffic and Revenue Consultant (URS Corporation).
- Debt service coverage ratios for FY 2014 exceed bond requirements.
- As of September 30, 2014, MBBA has fully funded the Debt Service Reserve Fund.

Summary

The Commission's review of MBBA was conducted with the cooperation and assistance of MBBA and relied heavily on documentation and input provided by MBBA Staff.

The MBBA Board is the governing body responsible for oversight of MBBA. MBBA entered into a Lease-Purchase Agreement with the Department, whereby the Department maintains and operates the System and remits all tolls to MBBA. The payment of operations and maintenance by the Department from sources other than tolls constitute the Departments rental and purchase payments for the System. The terms of the lease run concurrently with the bonds. When the bonds mature and are fully paid, the Department will have full ownership of the System. After debt service payments, current year budgeted costs of operations and maintenance are being paid back to the Department.

MBBA met or exceeded 10 of the 15 applicable management objectives established for performance measures. The five performance measure objectives not met include bridge condition rating, percentage of Electronic Toll Collection (ETC) transactions, cost to collect a toll transaction, debt service coverage - bonded/ commercial debt, and debt service coverage - comprehensive debt. Although MBBA did not meet the two standardized performance measure objectives for debt service established by the Commission for all toll authorities under its oversight, MBBA was in compliance with the debt service coverage as required in its bond covenants.

Operating indicator trend analysis showed that FY 2014 infrastructure assets increased $88.2 million over FY 2013 primarily due to the completion and opening of Phases 2 and 3 of the 11-mile Spence Parkway in January 2014. FY 2014 total operating revenues increased $2.3 million, or 14.3 percent, over FY 2013 while total operating expenses increased $1.7 million, or 45.6 percent. The $2.3 million revenue increase in FY 2014 is primarily due to increased toll revenue as a result of opening the new Spence Parkway in January 2014. Toll collection, routine maintenance and administration expenses for FY 2014 increased 8.2 percent, 24.9 percent and 0.8 percent, respectively, over FY 2013 levels. A $1.3 million increase in FY 2014 renewal and replacement (preservation) expenses accounted for approximately 77 percent of the overall $1.7 million increase in total operating expenses. The increase in renewal and replacement expenses is attributed to the complete replacement of bearing pads on the Mid-Bay Bridge by the Department on behalf of MBBA. The $74 thousand, or 45.6

percent increase in routine maintenance expenses is attributed to additional maintenance costs associated with the addition of the Spence Parkway. Total toll transactions in FY 2014 increased by 1.9 million, or 28.6 percent, over FY 2013 levels. Cash transactions increased by 0.7 million, or 31.1 percent, while ETC transactions increased by 1.2 million, or 27.2 percent.

In the area of governance, the FY 2014 independent financial statement audit reflected an unmodified opinion and no recommendations for improvement were noted in the Auditor's Management Letter. In November 2014, MBBA's Legal Counsel conducted ethics training for Board members. The Board members and Executive Director subsequently completed a four hour on-line ethics training course. MBBA posts meeting notices and agendas to its website and will, as a direct result of coordination during the oversight process, expand the public Board meeting information posted on its website to include Board meeting minutes. MBBA has not formally adopted a procurement policy, it is subject to compliance with the Florida Consultants Competitive Negotiation Act. Also, as a direct result of coordination during the oversight process, MBBA intends to develop, consider, and implement a procurement policy prior to the close of FY 2015.

The United States Air Force granted and conveyed to MBBA a 50-year nonexclusive easement, for 597 acres on Eglin Air Force Base for the Spence Parkway, associated storm water retention basins, and modification of existing roads. As consideration, MBBA deposited $26.7 million into an interest-bearing In-Kind Consideration Account to be used to fund projects selected by the Air Force. MBBA administers the various contracts for Air Force projects and along with the Air Force jointly approves payments by the escrow agent who holds the funds. Approximately $340 thousand remains in the account and MBBA expects that amount to be expensed not later than 2016, at which point MBBA will have fulfilled its obligation under the terms of the easement. As previously noted, the 11-mile Spence Parkway fully opened to traffic in January 2014 and connects the north end of the Mid-Bay Bridge to SR 85.

To address untenable debt service requirements as a result of unrealized traffic projections, the MBBA Board approved a plan to refinance and restructure all of its outstanding debt to take advantage of lower interest rates. The restructuring lowers annual debt service requirements, thus reducing the amount of a toll increase included in the MBBA 2011 bond issue. In May 2015 (FY 2015), MBBA priced $285.0 million in Series 2015 Bonds ($227.0 million in Series 2015A First Senior Lien Revenue Bonds, $24.5 million in Series 2015B First Senior Lien Taxable Revenue Bonds, and $33.5 million in Series 2015C Second Senior Lien Revenue Bonds). Required debt service coverage on the Series 2015 Bonds is 1.40 on the First Senior Lien Bonds, and 1.20 on the Second Senior Lien Bonds. The maturity of the bonds remains 2040 and results in a present value savings of $4.1 million. MBBA will hold public information meetings in the summer of 2015 to get public input prior to making a final decision on any changes to its toll schedule.

Based on the Commission's review of Board meeting minutes, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by MBBA, 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 MBBA for expanding its facilities to include the Spence Parkway and encourages MBBA to develop and pursue action plans to help meet established performance measure objectives. The Commission

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

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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, and was further expanded in 2014 to include the Mid-Bay Bridge Authority re-created pursuant to Chapter 2000-411 Laws of Florida. Of the 13 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:



LYNX Articulated Bus.

- Background of the authority
- Performance measures results for fiscal year (FY) 2014
- Operating indicators for FY 2012 through FY 2014
- 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



Tri-Rail - Ft. Lauderdale International Airport Station.

differences, the performance measure established for CFRTA and JTA is "revenue miles between safety incidents," and for SFRTA the performance 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 34, 35 and 36.

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 36, beginning with the Central Florida Regional Transportation Authority (CFRTA, dba, LYNX).

Table 34
Florida Transportation Commission
Transit Authority Performance Measures
Bus, Automated Guideway and Rail
FY 2014

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 35
Florida Transportation Commission
Transit Authority Operating Indicators
Bus, Automated Guideway and Rail
FY 2014

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 36
Florida Transportation Commission
Transit Authority Performance Measures and Operating Indicators
JTA Highway Operations
FY 2014

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 $10 million in any calendar year to refinance all or

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 2014 operating expenses increased $3.8 million, or 4.1 percent, while operating revenues increased $2.2 million, or 5.5 percent, over FY 2013.
- Phase 1 (32.5 miles) of the SunRail commuter rail system opened for service on May 1, 2014. LYNX is providing fixed route feeder bus service and complementary paratransit service to the 12 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 2014 independent financial statement audit reflected an unmodified opinion.
- In November 2014 (FY 2015), LYNX entered into a Fuel Purchase Agreement whereby Nopetro will design, build, operate and maintain a fast-fill Compressed Natural Gas (CNG) fueling station adjacent to the LYNX facility on John Young Parkway; train LYNX employees on CNG fueling and CNG maintenance procedures; and provide LYNX with royalty payments on all third party sales made at the station. CNG burns cleaner and is approximately $1.50 per diesel gallon equivalent less than diesel fuel. LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses over five years.

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) 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 37
Central Florida Regional Transportation Authority
Current Board Members

Name	*Appointment*	*Position*
Teresa Jacobs	Orange County Mayor	Chair
Viviana Janer	Osceola County Commissioner	Vice-Chair
Noranne Downs, P.E.	District Five Secretary	Secretary
Buddy Dyer	Mayor of Orlando	Board Member
Carlton Henley	Seminole County Commissioner	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 2014, LYNX also provided morning and afternoon express bus service from Lake County to Orlando and fixed route service on two routes in Polk County. LYNX operates within a service area of 2,500 square miles that is home to approximately 2.0 million residents. The FY 2014 annual operating budget totaled approximately $129.0 million, an increase of 6.5 percent from the previous year. Approximately 28.9 million passenger trips were provided for LYNX fixed route services in FY 2014, an all-time ridership record.

LYNX receives significant financial support from its funding partners. For FY 2014, the Orange County Commission approved $37.8 million for LYNX (a 12.7 percent increase from FY 2013), the Seminole County Commission approved $6.1 million for LYNX (a 50.5 percent increase from FY 2013), and the Osceola County Commission approved $5.4 million in funding for LYNX (a 19.0 percent increase from FY 2013).

LYNX, through the effective leadership of its Board, has continued to enhance public transportation in Central Florida. In FY 2014, 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 2014, LYNX also set a ridership record, providing approximately 30.2 million passenger trips across all services, an increase of approximately 1.0 percent over FY 2013.

LYNX completed a number of infrastructure projects in FY 2014 that included rehabilitation of LYMMO shelters, construction of 26 LYNX shelters at SunRail stations, and installation of bus shelters throughout the LYNX service area. The Kissimmee

Intermodal Station officially opened in February 2014 and serves as the hub for all transit services in Osceola County.

In FY 2014, LYNX completed the US 192 Alternatives Analysis Final Report with a locally preferred alternative of Bus Rapid Transit that will be supported with express and local bus. LYNX also began providing contracted express service through a pilot program. In addition, LYNX completed and adopted its Comprehensive Operation Analysis which included an analysis of the route network. Short-term and long-term modifications were recommended which led to the adoption of new service guidelines.

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.

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. In November 2014, LYNX completed its update to the TDP for the period from FY 2015 through FY 2024. This serves as a progress report of the major TDP update and identifies FY 2014 achievements and updates 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 Buddy Dyer, Mayor of the City of Orlando, Vice Chairman Carlton Henley, Seminole County Commissioner, Secretary Viviana Janer, Osceola County Commissioner, Teresa Jacobs, Mayor of Orange County, 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,



LYNX Downtown LYMMO Service.

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. 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 2 will extend further north from Debary to Deland in Volusia County and south from Sand Lake Road to Poinciana in Osceola County. The 29-mile Phase 2 project will feature 5 stations and is expected to be up and running by 2017. SunRail currently runs 34 train trips per day, Monday through Friday excluding holidays, on 30 minute intervals during the morning and evening peak hours, with two and one half 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.



SunRail Station Adjacent to LYNX Central Station.

On April 11, 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.

Compressed Natural Gas (CNG)

In November 2014 (FY 2015), the CFRTA Board finalized negotiations on the CNG Unsolicited Proposal from Nopetro. Under the 20 year Fuel Purchase Agreement, Nopetro will design, build, operate and maintain a fast-fill CNG fueling station on land owned by Nopetro adjacent to the LYNX facility on John Young Parkway; train LYNX employees on CNG fueling and CNG bus maintenance procedures; and provide LYNX with royalty payments on all third party sales made at the station. LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses over the first five year period pursuant to the terms of the agreement. While a CNG bus is more expensive than a normal diesel bus, it also runs much cleaner and has substantially reduced fuel costs. LYNX indicated that the price of CNG is consistently lower than diesel by approximately $1.50 per diesel gallon equivalent. For the first 15 years of the agreement, LYNX is obligated to purchase from Nopetro annually a minimum volume of CNG fuel, which equates to what the initial 35 CNG buses are estimated to use in the calendar year. Pricing for the CNG fuel is based on the New York Exchange commodity price, a volume based compression fee (indexed to CPI) to compensate Nopetro for all of its costs and expenses, and an employee adder charge for Nopetro employees who man the fueling station and fill up the LYNX buses. A separate construction contract was entered into for renovations to the LYNX facilities at John Young Parkway so that CNG buses can be maintained and serviced there.

Unless otherwise indicated, all statistics and performance measures in the following section 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 2014 results, as reported by LYNX, are provided in Table 38. 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

Table 38
Central Florida Regional Transportation Authority
Summary of Performance Measures
FY 2014[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	27.3	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$5.30	$6.67	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$75	$91.07	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>30%	42.8%	✓
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$3	$3.34	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$0.47	$0.60	X
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>124,513	131,498	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	8,912	X
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles[3]	>.90	0.902	✓
Customer Service	Average time from complaint to response	14 days	16 days	X
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.6	✓
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80%	78.1%	X

[1] Fiscal Year 2014 represents 12 months of data from October 1, 2013 through September 30, 2014.

[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.

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 2014, which spans from October 1, 2013 through September 30, 2014 (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 2014, LYNX achieved the performance measure objective for average headway of less than 30 minutes with actual results of 27.3 minutes. This was an increase of 1.8 minutes, or 7.1 percent, versus FY 2013. 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 $6.67 was higher than the objective of $5.30 by $1.37 (25.8 percent) and exceeded the $6.40 reported in FY 2013. FY 2014 operating expenses increased 4.1 percent while revenue miles remained virtually unchanged from FY 2013.



LYNX Articulated Bus.

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). LYNX incurred a $2.4 million increase in wages and benefits primarily due to contractual increases, a compensation study on administrative employees that was adopted and associated benefit expense. LYNX had a $0.5 million increase in purchased transportation services due to a contracted express route in support of the Sunrail start up and increased cost for Neighborlink and Van Pool. LYNX also had a $0.8 million increase in casualty settlements and $0.1 million increase in other miscellaneous expenses. 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

Other measures to assist with operating cost reductions include the fuel hedging program, CNG buses 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, 2014, the maturity dates of the open contracts are September 2015. As previously noted, LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses over the first five year period of the CNG contract. LYNX indicated that the price of CNG is consistently lower than diesel by approximately $1.50 per diesel gallon equivalent.

In November 2012 (FY 2013), the CFRTA Board approved a new three year contract for LYNX Operations with the Amalgamated Transit Union (ATU) Local 1596. In November 2014 (FY 2015), the CFRTA Board approved a new three year contract 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 $91.07 exceeded the objective of less than $75.00 per hour by $16.07 (21.4 percent). FY 2014 operating expenses increased 4.1 percent while revenue hours increased 0.7 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 42.8 percent of operating expense, LYNX surpassed the objective (greater than 30 percent) by 42.7 percent. Compared to FY 2013, FY 2014 operating revenues increased 5.5 percent while operating expenses increased 4.1 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 $3.34 was higher than the objective of less than $3.00 by $0.34 (11.3 percent). This compares to $3.22 reported for FY 2013. LYNX ridership (passenger trips) for FY 2014 increased 0.2 percent over FY 2013 and represents a record high. However, the 4.1 percent increase in operating expenses negatively impacted FY 2014 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 $0.60 exceeded the objective of less than $0.47 by $0.13, and was higher than the $0.58 reported for FY 2013. Although passenger miles increased 2.1 percent in FY 2014, operating expenses increased 4.1 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. LYNX achieved the greater than 124,513 revenue miles between safety incidents objective with 131,498 revenue miles between safety incidents reported in FY 2014 (5.6 percent above the target). In FY 2014, revenue miles remained virtually unchanged, while safety incidents increased 6.8 percent (from 103 in FY 2013 to 110 in FY 2014).

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 8,912 revenue miles between failures reported in FY 2014. This compares to 15,071 and 9,770 revenue miles between failures reported in FY 2012 and FY 2013, respectively. Revenue vehicle system failures increased 52.4 percent in FY 2013 (from 972 in FY 2012 to 1,481 in FY 2013) and totaled 1,623 in FY 2014.

LYNX management indicated that the significant increase in revenue vehicle system failures in FY 2014 is primarily attributed to fuel contamination with microbes that caused an increase in road calls due to fuel filters plugged. 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 just met the performance measure objective of greater than 0.900 with 0.902 for FY 2014. This compares to the 0.901 reported for FY 2013.

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

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 16 days in FY 2014. Despite customer complaints increasing 12.3 percent in FY 2014 (from 2,907 in FY 2013 to 3,266 in FY 2014), complaint response time decreased from 20 days in FY 2013 to 16 days in FY 2014. Prior to FY 2013, LYNX met this objective for all years since reporting to the Commission.

LYNX indicated that several departments had staff with complaint response responsibilities depart LYNX during the course of the year. New staff is being hired and trained.

Customer Service – Number of Complaints per Boarding

LYNX achieved the performance objective of less than one complaint per 5,000 boardings with 0.6 complaints.

On-time Performance

LYNX reported 78.1 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 78.4 percent on-time performance reported in FY 2013.

LYNX implemented steps to increase its on-time performance throughout the service area by adjusting the scheduled times of existing routes to better reflect the actual route running times documented for the route by its AVL system. The agency also implemented the use of pull-out bus relief for poorly-performing routes instead of car relief to insure a route starts on-time. LYNX has also initiated a program of bus stop consolidation starting with its highest ridership routes to reduce the number of stops a bus has to make along its route.

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 2014 operating indicators, as reported by LYNX are provided in Table 39. In order to observe current trends, operating indicators for FY 2012 and FY 2013 are also provided. Results for the last five fiscal years are included in Appendix B.

FY 2014 operating expenses increased $3.8 million, or 4.1 percent, while operating revenues increased $2.2 million, or 5.5 percent, over FY 2013. LYNX logged 67 thousand, or 0.2 percent, more passenger trips and the average trip length increased by 0.1 miles to 5.6 miles in FY 2014. As a result, passenger miles increased by 3.3 million to 161.7 million (an increase of 2.1 percent). FY

Table 39
Central Florida Regional Transportation Authority
Summary of Operating Indicators
FY 2012 through FY 2014

Operating Indicator	*Detail*	*Actual 12 Results*	*Actual 13 Results*	*Actual 14 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$47.23	$48.42	$49.22
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	29.3%	29.9%	28.3%
Service Area Population	Approximation of overall market size	1,878,762	1,913,779	1,960,634
Service Area Population Density	Persons per square mile based on service area population and size	740.0	754.1	772.5
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$88,727,930	$92,663,107	$96,499,805
Operating Revenue[2]	Revenue generated through operations of transit authority	$36,771,242	$39,143,688	$41,301,500
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	14,649,104	14,468,719	14,464,800
Total Annual Revenue Hours	Hours vehicles operated in active service	1,046,880	1,052,451	1,059,575
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	273	290	296
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	225	232	248
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	17.6%	20.0%	16.2%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	28,184,740	28,801,893	28,868,418
Average Trip Length	Average length of passenger trip, generally derived through sampling	5.4	5.5	5.6
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	152,197,596	158,410,412	161,663,141
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	$0.92	$0.96	$0.95
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.92	1.99	2.00
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	26.9	27.4	27.2
Passenger Trips per Capita	Passenger trips divided by service area population	15.0	15.0	14.7
Average Age of Fleet	Age of fleet (in years) average	5.7	5.9	5.9
Unrestricted Cash Balance	End of year cash balance from financial statement	$29,110,185	$22,530,314	$35,228,849
Weekday Ridership	Average ridership on weekdays	92,319	91,587	92,049
Capital Commitment to System Preservation	% of capital spent on system preservation	46.0%	67.0%	51.0%
Capital Commitment to System Expansion	% of capital spent on system expansion	54.0%	33.0%	49.0%
Intermodal Connectivity	Intermodal transfer points available	5	6	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.

2014 revenue miles remained virtually the same, while revenue hours increased 0.7 percent from FY 2013. The farebox recovery ratio decreased from 29.9 percent in FY 2013 to 28.3 percent in FY 2014 and the average fare slightly decreased from $0.96 in FY 2013 to $0.95 in FY 2014.

Passenger trips increased 0.2 percent (to a record high 28.9 million) and passenger miles increased 2.1 percent in FY 2014.

FY 2014 revenue miles remained virtually the same, while revenue hours increased 0.7 percent.

The farebox recovery ratio decreased from 29.9 percent in FY 2013 to 28.3 percent in FY 2014, and the average fare slightly decreased from $0.96 to $0.95.

The average age of the fleet remained the same at 5.9 years and the operating spare ratio decreased from 20.0 percent to 16.2 percent allowing the Authority flexibility in terms of providing expanded service in the future. LYNX's unrestricted cash balance increased $12.7 million (from $22.5 to $35.2 million) and committed 51 percent of capital investment to system preservation and 49 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.

Intermodal Connections

LYNX currently provides intermodal connections that include connections to airports, circulator bus systems, park and ride lots, and the new SunRail Commuter Rail system. The LYNX Central Station SunRail Station is an Intermodal Connection which is served by 32 LYNX fixed routes and one LYNX Bus Rapid Transit route. The Church Street SunRail Station is an Intermodal Connection served by one LYNX Bus Rapid Transit route. The Kissimmee Intermodal Station is an Intermodal Connection with AMTRAK and the Greyhound bus line which is served by nine LYNX fixed routes and one LYNX NeighborLink route.

Airport Connections

Five LYNX fixed routes provide direct service to Orlando International Airport. In Osceola County, one route runs adjacent to the Kissimmee Municipal Airport. In Seminole County, one route runs adjacent to the Orlando Sanford International Airport.

Circulator Connections

The University of Central Florida (UCF) Superstop is located centrally on campus and serves as a transfer point between six LYNX fixed routes and the UCF-provided circulators serving the campus, surrounding apartments and businesses.

The Walt Disney World Resort complex has the Downtown Disney Westside Transfer Center and the Transportation and Ticket Center. These locations serve as transfer points for nine LYNX fixed routes to the Disney World Transportation Circulator system.

Park & Ride Connections

LYNX provides service to three Park & Ride locations: the Econolockhatchee Park & Ride Lot on SR 50 in Orange County, the Chuluota Park & Ride Lot on SR 50 in Orange County, and the Kissimmee/St. Cloud Turnpike Park & Ride Lot at US 192 and Shady Lane in Osceola County.

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.

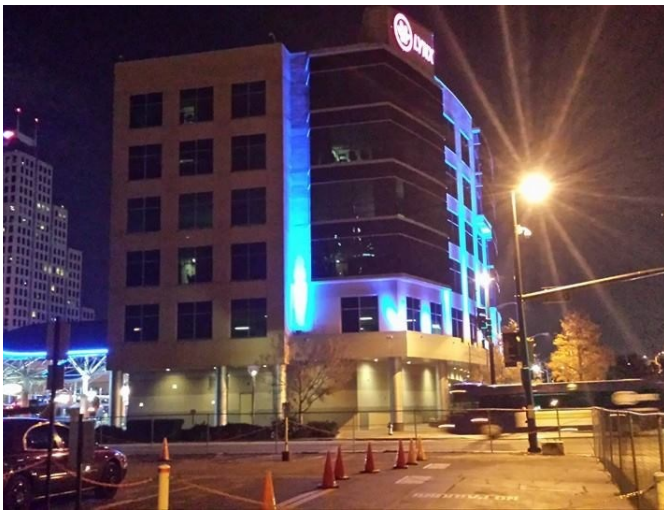
Ethics and Conflict of Interest

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 III, 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

The CFRTA Board amended its Bylaws in September 2014 by redesignating the Audit and Oversight Committee as the Oversight Committee and established the Finance and Audit Committee and the Risk Management Committee. The Finance and Audit Committee is responsible for recommending to the Oversight Committee and



LYNX Central Station at Night.

Authority staff financial policies, goals and budgets that support the mission, values and strategic goals of the Authority, and for overseeing the annual audit of CFRTA's financial statements. SFRTA Board members, or their designated representatives, comprise the Oversight Committee membership which reviews matters prior to making recommendations to the SFRTA Board for official action. Detailed minutes of the Committee and the Board meetings are posted on the LYNX website www.golynx.com along with a schedule of future meetings.



LYNX Operations Center.

An annual independent audit of the Central Florida Regional Transportation Authority's financial statements for the fiscal year ended September 30, 2014 was performed. The Independent Auditor's Report (dated March 18, 2015) 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 indicated no issues related to compliance, internal control, findings or questioned costs required to be reported under applicable standards. The auditors noted that the prior year finding related to the accuracy of data reported in the National Transit Database (NTD) was adequately addressed. In the Independent Auditor's Management Letter, the auditors noted one finding where information relating to outstanding claims in litigation had not been properly communicated to CFRTA's Self-Insurance Program actuary. Management concurred with the finding and is in the process of implementing corrective action.

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 and September 25, 2014, 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 189.015, Florida Statutes and Chapter 286, Florida Statutes, for open meetings.

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.



LYNX Operations Maintenance Center.

Procurement

On May 22, 2014, 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.



LYNX Transit Bus Simulator.

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 Statutes 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 2014. As indicated in Table 40, nine sub consultants were used by the general

Table 40
Central Florida Regional Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2014

Consulting Contract	*Description*	*Sub Consultants >$25k*
AECOM Technical Services, Inc.	**Construction Management, Engineering and Inspection**	
AED Florida LLC	Electrical, Mechanical (Heating/AC) Engineering Design	$49
HHCP Architects	Electrical, Mechanical (Heating/AC) Engineering Design	$39
Data Transfer Solutions, LLC	**Transportation & Financial Planning**	
Tindale-Oliver & Associates	Transit and Financial Planning	$156
PCL Construction Services, Inc.	**Construction Management, Engineering and Inspection**	
WBQ Design & Engineering	Engineering for BRT	$35
Clever Devices LTD	Real Time Passenger Information & On Board Technologies	$706
JCB Construction, Inc.	General Construction Services - Pavement	$790
National Rent-A-Fence	Fencing	$136
Spencer Fabrications	Passenger Amenities	$232
Traffic Control Devices, Inc.	Signalization & Electrical	$842
Total Sub Consultants >$25k		$2,985

consulting firms for a total cost of $3.0 million in FY 2014.

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 two percent, thereafter. On August 14, 2006, the Authority entered into another SIB Loan (SIB #2), allowing draws of up to $7,140,000 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 had an interest rate of one percent, thereafter. SIB #2 was paid in full October 1, 2013. Loans payable activity for fiscal year ended September 30, 2014 is as follows:

Table 41
Central Florida Regional Transportation Authority
Loans Payable
September 30, 2014

Loan	*Beginning Balance*	*Payments*	*Ending Balance*	*Amounts Due Within One Year*
SIB #1	$ 3,158,478	$ 766,322	$ 2,392,156	$ 781,649
SIB #2	$ 4,255,022	$4,255,022	$ -	$ -
Total	$ 7,413,500	$5,021,344	$ 2,392,156	$ 781,649

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 complaint response time, and on-time performance. Four of the seven objectives not met include operating expense components.

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 2014 operating expenses increased $3.8 million, or 4.1 percent, while operating revenues increased $2.2 million, or 5.5 percent, over FY 2013. LYNX logged 67 thousand, or 0.2 percent, more passenger trips and the average trip length increased by 0.1 miles to 5.6 miles in FY 2014. As a result, passenger miles increased by 3.3 million to 161.7 million (an increase of 2.1 percent). FY 2014 revenue miles

remained virtually the same, while revenue hours increased 0.7 percent from FY 2013. The farebox recovery ratio decreased from 29.9 percent in FY 2013 to 28.3 percent in FY 2014 and the average fare slightly decreased from $0.96 in FY 2013 to $0.95 in FY 2014. The average age of the fleet remained the same at 5.9 years and the operating spare ratio decreased from 20.0 percent to 16.2 percent allowing the Authority flexibility in terms of providing expanded service in the future.

In the area of governance, the FY 2014 Independent Auditor's Report expressed an unmodified opinion on CFRTA's financial statements. Except for information reported to CFRTA's Self-Insurance Program actuary, 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 noted one finding where information relating to outstanding claims in litigation had not been properly communicated to CFRTA's Self-Insurance Program actuary. Management concurred with the finding and is in the process of implementing corrective action.

Phase 1 of the SunRail commuter rail system opened for service on May 1, 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.

In November 2014 (FY 2015), the CFRTA Board finalized negotiations on the Compressed Natural Gas (CNG) Unsolicited Proposal from Nopetro and entered into a Fuel Purchase Agreement whereby Nopetro will design, build, operate and maintain a fast-fill CNG fueling station on land owned by Nopetro adjacent to the LYNX facility on John Young Parkway; train LYNX employees on CNG fueling and CNG bus maintenance procedures; and provide LYNX with royalty payments on all third party sales made at the station. While a CNG bus is more expensive than a normal diesel bus, it also runs much cleaner and has substantially reduced fuel costs. LYNX indicated that the price of CNG is consistently lower than diesel by approximately $1.50 per diesel gallon equivalent. LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses over the first five year period of the contract. A separate construction contract was entered into for renovations to the LYNX facilities so that CNG buses can be maintained and serviced there.

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.

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Jacksonville Transportation Authority (JTA)

Background

The Jacksonville Transportation Authority (JTA or Authority) 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 1971, 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. JTA's current road program, JTAMobilityWorks, is a $100.6 million work program consisting of 27 projects. Previously, pursuant to its role under the Better Jacksonville Plan, JTA was responsible for 32 roadway projects totaling more than $800 million.

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

Highlights

- JTA met or exceeded 5 of the 12 objectives established for performance measures for bus. The seven measures not met were Operating Expense per Revenue Mile, Operating Expense per Revenue Hour, the Ratio of Operating Revenue to Operating Expense, Operating Expense per Passenger Trip, Revenue Miles between Safety Incidents, Customer Service Number of Complaints, and On-Time Performance.
- JTA's Skyway met or exceeded 8 of the 12 performance measures. The four measures not met were Operating Expense per Revenue Mile, Operating Expense per Revenue Hour, the Ratio of Operating Revenue to Operating Expense, and Revenue Miles Between Failures.
- For Highways, JTA met the Minority Participation performance measure, the one applicable performance measure for Highways.
- JTA suspended fares on the Skyway system beginning January 2012 until at least the end of FY 2015 (September 30, 2015).
- JTA's Route Optimization Initiative (ROI) changes were implemented on December 1, 2014 (FY 2015). The ROI consisted of restructuring routes to make them more frequent and direct, improving spacing between bus stops to reduce travel time, and realigning hours of operation to reflect commuting patterns.
- The City of Jacksonville extended the existing six cent Local Option Gas Tax (LOGT) set to expire on August 31, 2016, for another 20 years. Through an Interlocal Agreement (ILA), the City dedicated five cents to JTA projects and services. In January 2015 (FY 2015), JTA issued $97.5 million (par value) in Senior Lien Local Option Gas Tax Revenue Bonds payable from a pledge of the five cent LOGT.

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 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 42). 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 42
Jacksonville Transportation Authority
Current Board Members

Name	*Appointment*	*Position*
Scott McCaleb	Governor's Appointee	Chairman
Isaiah Rumlin	Mayor's Appointee	Vice-Chairman
Kevin Holzendorf	Mayor's Appointee	Secretary
Greg Evans, P.E.	District Two Secretary	Treasurer
Edward Burr	Governor's Appointee	Board Member
Ari Jolly	Governor's Appointee	Board Member
Allison Korman Shelton	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 facilities and 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.

Subsidiary Public Benefit Corporation

Jax Transit Management, Inc. (JTM) is a Florida not-for-profit corporation responsible for the hiring and management of bus operators, mechanics and certain other employees who support the transit

functions of JTA. JTA is the sole shareholder of JTM. 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 and the JTM. In the fall of 2014, JTM began negotiating a new three-year labor agreement with the Amalgamated Transit Local Union No. 1197. These negotiations are ongoing.

Maintenance employees are covered under a contract between IAM District Lodge 112 Local No. 759 and JTM. In the fall of 2014, JTM negotiated a new labor agreement with IAM District Lodge 112 Local No. 759 for a three-year term, effective on November 3, 2014.

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 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 most of the transportation projects identified in the BJP have been completed and funding for the BJP is insufficient to take on additional projects, JTA construction activities under the BJP are inactive.



Beach Boulevard Bridge Arches.

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 remaining 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.

Blueprint for Transportation Excellence/ Blueprint 2020

JTA's Executive Leadership Team (ELT) has identified strategic initiatives in a long-range, 20-year plan branded the Blueprint for Transportation Excellence (BTE). The BTE sets the course for JTA to employ industry best practices to modernize its technology, improve service performance, build ridership, meet customer demands, drive economic vitality in Northeast Florida and establish building blocks for future expansion. JTA launched Blueprint 2020, a subset of the BTE, which includes initiatives which could be implemented within the next five years.

- On-Time Transit Operations (OTTO) is improving service reliability by focusing on key routes, assigning route owners to monitor and develop solutions to performance issues, and implementing an education and outreach strategy focused on both internal and external stakeholder roles in improving service reliability.

- Transportal is a One Call/One Click virtual transportation resource center to help potential riders in the 13-county region navigate the full spectrum of transportation options - from buses and taxis to car and van pools, volunteer driver programs, taxis, intercity bus service such as Greyhound, Megabus and Red Coach, passenger rail, and social service and not-for-profit agency transportation services.

- JTA is implementing an enterprise resource planning system, also known as FireFly, which centers around a new computer software system aimed at centralizing JTA's data in one location and allowing different departments to share information with each other, thus streamlining processes in Financial, Procurement, Maintenance, and HR operations by centralizing data, reducing paper and eliminating manual tasks.

- The Route Optimization Initiative (ROI) redesigns JTA's Fixed Bus Route and Community Shuttle service to better serve existing customers and attract new riders.

- Customers will receive information about bus arrival times on their smart phones and computers as an alternative to printed schedules as part of the Real-Time Passenger Information (RTPI) system.

- The First Coast Flyer Bus Rapid Transit (BRT) is a new premium service with high frequency and limited stop service along some of Jacksonville's busiest corridors in the north, southeast, east and southwest quadrants of the city and connecting with downtown.

- Over the next five years, JTA will be transitioning its fleet to include 100 new buses which are powered by Compressed Natural Gas (CNG). CNG buses are quieter and have reduced emissions compared to traditional diesel buses. CNG fuel is also substantially less expensive. As a result, JTA will be implementing the CNG program through a public private partnership that allows immediate operational savings, no outlay of JTA capital funds, and the construction of a public access fueling station to serve as a catalysts for other fleets to convert to CNG.

- JTAMobilityWorks is a strategic road and mobility projects initiative that supports auto, bus, bicycle and pedestrian traffic in the Jacksonville region. As part of JTAMobilityWorks, JTA is in discussions with the St. Johns River Ferry Commission to assume operations and maintenance of the St. Johns

River Ferry and is addressing immediate capital needs through the replacement of the slip wall and fender system.

- JTA's Regional and Fixed Guideway Transit efforts include working with the Northeast Florida Regional Transportation Commission to develop a regional transit plan. JTA is also planning for regional commuter rail and moving forward with the Jacksonville Regional Transportation Center to connect local, regional and intercity services. JTA has also initiated a Skyway System Plan and Technology Assessment.

- As part of a Transit Oriented Development program, JTA is looking to partner with the City of Jacksonville and the private sector to promote development that will increase ridership, generate additional revenue and promote economic activity in Jacksonville.

JTAMobilityWorks Program/JTA Series 2015 Bonds

In May 2014, the City of Jacksonville enacted an ordinance extending for a period of 20 years the levy and collection of the existing six cent LOGT set to expire on August 31, 2016. The City and JTA subsequently executed an ILA whereby the City has agreed, commencing September 1, 2016, to dedicate five cents of the six cent LOGT to JTA. The ILA dedicates the five cent LOGT, in part, to the development and construction of roadway projects managed by JTA as outlined in the ILA (the JTA Project List).

The projects listed on the JTA Project List, subsequently renamed JTAMobilityWorks Program, must be constructed in the order as prioritized in the JTA Project List and City Council approval is required for project budgets that fluctuate more than 20 percent from estimated construction costs provided on the list. JTAMobilityWorks includes a total of 27 projects, 13 road projects and 14 "mobility corridors." The Mobility Corridors are high frequency transit corridors where JTA will develop projects to improve transit access, and bicycle and pedestrian mobility.

The City's Transportation Sales Tax allocation is first pledged to pay debt service on bonds issued by the City to fund transportation projects under the BJP. Any residual amounts remaining after debt service payments will be allocated to JTA to defray in whole or in part the mass transit subsidy amount provided by the City for that particular period. Once no City bonds are outstanding, the remaining Transportation Sales Tax collections will be allocated by the City to JTA for payment toward the mass transit subsidy amount. The City share of the Duval County Constitutional Gas Tax is first pledged to pay debt service on bonds issued by the City to fund transportation projects under the BJP. The Constitutional Gas Tax will only be utilized for bond amounts if the Transportation Sales Tax is not sufficient to fulfill the required debt service amounts for that period. Subsequent to payment of debt service on the City bonds, the City will retain 50 percent of the surplus fuel tax funds and provide to JTA the remaining 50 percent.

In January 2015 (FY 2015), JTA issued $97.5 million (par amount excluding original issue premium) in Senior Lien Local Option Gas Tax Revenue Bonds, Series 2015, which have a final maturity date of August 1, 2036 (30 days prior to the expiration of the 20 year LOGT extension). The Series 2015 Bonds represent JTA's first direct debt issuance. Bond proceeds will finance or reimburse JTA for a portion of the costs associated with acquiring, constructing and equipping certain roadway and transit improvements of the JTA Project List as set forth in the ILA; fund capitalized interest through December 1, 2016; fund a deposit to the debt service reserve fund; and fund

bond issuance costs. Approximately $100.6 million of the bond proceeds will fund identified JTA projects as part of the JTAMobilityWorks Program. Bonds are payable from a pledge of and first lien on five cents of the six cent LOGT levied by the city of Jacksonville and received by JTA pursuant to the ILA, effective September 1, 2016. All bonds are revenue obligations, and there is no guarantee by JTA, the City, or the state nor are any other JTA revenues or assets pledged for the bonds.

First Coast Flyer Bus Rapid Transit

JTA's First Coast Flyer 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, security cameras, and off-board ticket vending machines; low-floor branded (dedicated BRT) CNG buses; segments of dedicated (bus only) lanes; transit signal priority and queue jumps at selected intersections.

The proposed service will 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 for the first three phases is 80 percent federal, 10 percent state, and 10 percent local. The final two phases will be funded with 50 percent federal share due to changes to the Federal Transit Administration (FTA) News Starts program.

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 an 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.

The five phases of the BRT system are in various stages of the environmental assessment, preliminary engineering, and design phases. Construction activities are on track for the North Corridor to begin revenue service in December 2015.

Route Optimization Initiative

In FY 2014, JTA prepared for transforming the way it does business through its ROI. The entire route system will be redesigned for the first time in 30 years. The ROI requires a comprehensive evaluation and overhaul of JTA's Fixed Route Bus and Community Shuttle system operations and infrastructure. The ultimate goal is to improve service effectiveness to increase ridership. The initiative consists of restructuring routes to make them more frequent and direct; improving spacing between bus stops to reduce travel time; realigning hours of operation to reflect commuting patterns; installing new signage; developing a new route naming protocol; implementing Real Time Passenger Information system-wide; adding community liaisons; and providing end-to-end route supervision with a team of Service Delivery Managers, all designed to deliver more appealing services to existing and potential customers. ROI will not increase annual operating costs but does require one-time implementation costs for planning, outreach and education, new signage, and installation of new ADA compliant stops.

In August 2014, the JTA Board approved changes to implement ROI in December 2014 (FY 2015) that included:

- Improved frequency and span of service:
  - ◊ Routes with 30 minute frequency increased from 2 to 20
  - ◊ 10 routes have 15 minute frequency for the first time in JTA history
  - ◊ Routes operating after 11:00 p.m. doubled from 11 to 22
  - ◊ Routes operating after midnight increased from 3 to 16
  - ◊ Weekend service runs more frequently
- Implemented customer service improvements, increased route supervision, enhanced system branding, safety and security, created new protocol for route naming and adopted new operator dress code
- Installed 2,900 new bus stop signs
- Launched Real-Time Passenger Information system-wide
- Installed more than 200 Community Shuttle map kiosks

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. JTA performance data used for this report represents information collected during FY 2014, which spans from October 1, 2013 through September 30, 2014 (JTA reports on a federal fiscal year).

Since the inception of the performance metrics and targets, JTA has undergone significant leadership changes and the new leadership has been focused on assessing and improving JTA practices and overall performance. The JTA ELT 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. JTA also notes that the existing measures do not include riders per revenue hour, which is the key measure JTA's executive team identified for measuring system effectiveness and was the foundational measure for ROI.

The vast majority of the baseline objectives/ targets were established for inclusion in the inaugural FY 2007 Authority Oversight Report based on historical data available at that time and have not been changed. Preliminary discussions regarding performance measures and objectives have taken place with the three Transit Authorities under Commission oversight. It is anticipated that the Commission will 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 5 of the 12 objectives for performance. FY 2014 results, as reported by JTA, are provided in Table 43. 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 2014 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 2014, JTA achieved the performance measure objective for average headway of less than 30 minutes with actual results of 29.2 minutes. This compares favorably to the 32.7 minute average headway reported in FY 2013. JTA's ELT identified and corrected under-reporting of directional route miles beginning in FY 2013 and also began including the Community Shuttle Service in directional route miles causing a significant increase in the average headway reported even though there was no change in actual service frequency.



JTA Hybrid Bus.

Operating Expenses

FY 2014 operating expenses increased by $2.6 million, or 4.2 percent, over FY 2013. JTA did not achieve three operating expense-related objectives (per revenue mile, per revenue hour and per passenger trip) in FY 2014.

The increase in JTA operating expenses in FY 2014 is due to service enhancements, support for the St. Johns River Ferry, implementation of the Enterprise Resource Planning (FireFly) system, and planning and outreach expenses under ROI (much of which will carry over into FY 2015). While Firefly and ROI have one-time implementation costs that will show increased operating expenses for FY 2014 and FY 2015, they will result in long-term operational efficiency and effectiveness. To control costs, JTA is converting 100 buses to Compressed Natural Gas, including a public access station, and will realize savings through a fuel hedging program.

Table 43
Jacksonville Transportation Authority
Summary of Performance Measures - Bus
FY 2014[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	29.2	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$6.50	$7.48	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$91	$107.20	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>20%	18.5%	X
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$5.30	$5.92	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$1.00	$0.87	✓
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>227,975	124,812	X
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	14,370	✓
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	10	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	2.7	X
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80.0%	73.1%	X

[1] Fiscal Year 2014 represents 12 months of data from October 1, 2013 through September 30, 2014.

[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.

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 $7.48 did not meet the objective of less than $6.50 by $0.98 (15.1 percent). FY 2014 operating costs increased by 4.2 percent while annual revenue miles decreased by 25 thousand (0.3 percent). This compares to the operating cost per revenue mile of $7.16 reported 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 $107.20 missed the objective of less than $91.00 by $16.20 (17.8 percent). The increase in FY 2014 operating costs (4.2 percent) more than offset an increase in annual revenue hours (2.3 percent) resulting in an decrease in efficiency over FY 2013.

Revenue hours increased in FY 2014 due to the extension of the X4 express service to the Clay County Park-n-Ride, introduction of the Oakleaf Community Shuttle and the Riverside Night Trolley pilot in January 2014. In April 2014, JTA also began reflecting special event service in the figures to fully account for revenue hours and miles. In addition, JTA increased revenue hours during the OTTO effort to ensure sufficient run time was added to allow buses to maintain published schedules.

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 18.5 percent fell short of the objective of greater than 20 percent. This compares to the 19.9 percent reported in FY 2013. FY 2014 operating revenue decreased by 3.4 percent while operating expenses increased by 4.2 percent.

JTA's operating revenue decreased in FY 2014 due to a number of factors. First and most significant is the restoration of the magnet school transportation program by the Duval County School Board (DCSB). When the DCSB cut magnet school transportation in 2013, JTA saw an increase in ridership and revenue. Additional downward pressure on revenues is caused by the increase in the use of passes which are less costly for passengers as well as an increasing senior population. JTA's fare policy allows seniors, above 60 years old, to ride free.

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 $5.92 fell short of the objective of less than $5.30 by $0.62 (11.7 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 $0.87 reported in FY 2014. This compares to $0.85 reported in FY 2013. In FY 2014, operating costs increased 4.2 percent while annual passenger miles increased 1.2 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 objective for revenue miles between safety incidents was established at greater than 227,975 miles.

In FY 2014, JTA's revenue miles between safety incidents of 124,812 miles missed the objective of greater than 227,975 miles (45.3 percent below the target). This compares favorably to the 94,216 miles reported in FY 2013. The number of safety incidents reported by JTA decreased from 93 in FY 2013 to 70 in FY 2014.

While the trend in safety incidents is positive, JTA contends that the baseline target is no longer realistic due 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 is addressing safety through a variety of initiatives including the installation of a bus operator training simulator.

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 14,370 revenue miles between failures reported in FY 2014 (36.9 percent above the target).

Although JTA met this objective, it was noted that revenue vehicle system failures significantly increased in both FY 2013 and FY 2014. In FY 2012, only buses that were towed back to the maintenance facility were counted as failures. However, beginning 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 2014 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 10 days from receipt of the complaint met the performance measure objective of less than 14 days in FY 2014. Significant improvement was noted from the 24-day complaint response time reported for FY 2013. The ELT performed an analysis to identify response time issues and initiated appropriate corrective actions to improve performance.

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 2.7 complaints. JTA met this objective every year since reporting to the Commission until FY 2012. The number of customer complaints has increased annually from 2,210 in FY 2011 to

5,951 in FY 2014. The increase is partially due to a more comprehensive reporting process implemented by JTA's current leadership team including identifying and reporting complaints from customers received at its 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 73.1 percent on-time performance. This compares favorably to the 72.1 percent on-time performance reported in FY 2013. On-time is defined as less than five minutes late. While JTA did not meet the objective, JTA believes is has developed a more accurate measurement than prior to 2013 and significant progress has been made towards the target using this updated measure. Further, JTA contends that the current target is based on old methodology that was determined to be inaccurate.

Current JTA management identified serious issues with the way on-time performance was previously recorded and reported and indicated that the numbers reported prior to FY 2013 are inaccurate. JTA corrected the issues in FY 2013 which provides a more accurate baseline for measuring on-time performance moving forward.

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 2014 operating indicators for bus, as reported by JTA, are provided in Table 44. In order to observe current trends, operating indicators for FY 2012 and FY 2013 are also provided. Results for the last five fiscal years are included in Appendix B.

Based on the operating indicators presented, JTA weekday ridership decreased 2.7 percent while revenue service hours increased 2.3 percent. JTA logged 0.3 percent fewer revenue miles than in FY 2013. Operating expenses increased 4.2 percent while operating revenue decreased 3.4 percent. Because JTA logged 1.6 percent fewer passenger trips and the average trip length increased by 0.2 miles, passenger miles increased by 1.2 percent. The farebox recovery ratio decreased from 18.5 percent to 17.1 percent, while the average fare decreased from $1.03 to $1.01.

FY 2014 operating expenses increased 4.2 percent and operating revenues decreased 3.4 percent over FY 2013.

Average weekday ridership decreased 2.7 percent while revenue service hours increased 2.3 percent.

Passenger trips decreased 1.6 percent in FY 2014, and the average trip length increased 0.2 miles, resulting in a 1.2 percent increase in passenger miles.

The farebox recovery ratio decreased from 18.5 percent to 17.1 percent.

The average age of the fleet increased to 7.3 years. JTA's spare ratio as of year-end FY 2014 was 7.6 percent, compared to 19.8 percent reported for FY 2013. The significant decrease in the FY 2014 spare ratio is attributed to JTA

Table 44
Jacksonville Transportation Authority
Summary of Operating Indicators - Bus
FY 2012 through FY 2014

Operating Indicator	*Detail*	*Actual 12 Results*	*Actual 13 Results*	*Actual 14 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$69.73	$75.81	$66.34
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	18.9%	18.5%	17.1%
Service Area Population	Approximation of overall market size	838,815	827,481	985,050
Service Area Population Density	Persons per square mile based on service area population and size	1,894	1,916	1,231
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$58,491,284	$62,734,021	$65,350,740
Operating Revenue[2]	Revenue generated through operations of transit authority	$11,919,156	$12,509,246	$12,078,657
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	7,628,436	8,762,085	8,736,870
Total Annual Revenue Hours	Hours vehicles operated in active service	524,666	596,161	609,595
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	147	172	171
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	118	138	158
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	19.7%	19.8%	7.6%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	10,906,226	11,220,230	11,037,817
Average Trip Length	Average length of passenger trip, generally derived through sampling	6.2	6.6	6.8
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	67,442,423	74,165,720	75,053,198
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	21.0	21.5	22.5
Average Fare	Passenger fare revenues divided by passenger trips	$1.01	$1.03	$1.01
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.43	1.28	1.26
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	20.8	18.8	18.1
Passenger Trips per Capita	Passenger trips divided by service area population	13.0	13.6	11.2
Average Age of Fleet	Age of fleet (in years) average	6.8	6.5	7.3
Unrestricted Cash Balance	End of year cash balance from financial statement	$7,555,815	$4,895,237	$8,300,473
Weekday Ridership	Average ridership on weekdays	36,839	38,050	37,015
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.

reporting the vehicles operating in peak service using the Hastus Software vehicle statistics report instead of the minimum vehicles required report which underreported the number of vehicles operated during maximum service. The issue was identified and corrected in July 2014. JTA's unrestricted cash balance increased to $8.3 million in FY 2014. JTA committed all of its capital investment to system preservation (100 percent). JTA provides three intermodal connections.

Service area population reported for FY 2014 was 985,050 (19.0 percent increase compared to FY 2013) and population density was 1,231 (35.7 percent decrease compared to FY 2013). This is due to a change to JTA's previous calculation of service area based on the information from the NTD 2013 Urban Reporting Manual. The manual states "if your service area extends beyond ADA requirements of three quarters of a mile around fixed routes, use the actual service area." Therefore, all of Duval County is included in the calculation since JTA provides Transportation Disadvantaged service to the entire county.

Performance Measures—Skyway

JTA was successful in achieving 8 of the 12 objectives for performance. FY 2014 results, as reported by JTA, are provided in Table 45. Results for the last five fiscal years are included in Appendix B.

Average Headway

In FY 2014, JTA achieved the performance measure objective for average headway of less than 6 minutes with actual results of 5.9 minutes. This reflects a slight increase over the 5.7 minute average headway reported for FY 2013.

Operating Expenses

FY 2014 operating expenses decreased by $124 thousand, or 2.2 percent, over FY 2013 primarily as a result of lower costs associated with parts and equipment.

JTA did not achieve three operating expense-related objectives (per revenue mile, per revenue hour, and operating revenue ratio) in FY 2014. 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 $32.75 exceeded the objective of less than $23.00 by $9.75 (42.4 percent). A 2.2 percent decrease in operating costs, did not offset a 6.0 percent decrease in annual revenue miles, resulting in an increase in operating cost per revenue mile of $1.30 in FY 2014.

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 $357.98 exceeded the objective of less than $310.00 by $47.98 (15.5 percent). A 2.2 percent decrease in operating costs, coupled with a 2.3 percent decrease in annual revenue hours, resulted in an increase in operating cost per revenue hour of $0.68 in FY 2014.

Table 45
Jacksonville Transportation Authority
Summary of Performance Measures - Skyway
FY 2014[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	5.9	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$23.00	$32.75	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$310.00	$357.98	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>15%	3.5%	X
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$11.00	$4.75	✓
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$27.50	$6.68	✓
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>41,348	43,032	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	8,196	X
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	5	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.1	✓
On-time Performance	Successful cycles divided by scheduled cycles	>80%	99.0%	✓

[1] Fiscal Year 2014 represents 12 months of data from October 1, 2013 through September 30, 2014.

[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.

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 3.5 percent ratio of revenue to operating expenses. Operating expenses decreased 2.2 percent in FY 2014, while operating revenues remained virtually unchanged, resulting in more operating revenue per operating expense.

JTA is seeking to better utilize the Skyway by integrating it with its fixed route service. An advantage of the elevated Skyway system is separation from 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 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 complementary fare for Skyway. In April 2012, the Board approved an extension of the complementary fare to September 2012. In August 2012, the Board approved an additional extension to September 30, 2013 and subsequently extended the complementary fare to September 30, 2015. Significant ridership increases have occurred since the complementary 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 complementary fares policy implemented in January 2012. FY 2013 operating revenues declined 9.7 percent over FY 2012 to $195 thousand and remained virtually unchanged in FY 2014. Operating revenues consist primarily of parking revenues since no fare revenue was collected on the Skyway in FY 2013 or FY 2014. 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 $4.75 reported in FY 2014. Improvement was noted over the $5.34 operating cost per passenger trip reported in FY 2013. A 2.2 percent decrease in operating costs, coupled with a 10.1 percent increase in passenger trips, resulted in a decrease in operating costs per passenger trip of $0.59 in FY 2014. While initial growth in ridership in FY 2013 could be attributed to the complementary fares on the Skyway system that began on January 30, 2012, Skyway ridership growth has continued to grow steadily. This can be attributed to increased economic activity in Downtown Jacksonville, better coordination between the fixed route service and Skyway service and special events like the One Spark festival.

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 $6.68 achieved the objective of less than $27.50 by $20.82 (75.7 percent).

Significant improvement was made from the cost per passenger mile of $11.61 reported in FY 2013. In FY 2014, operating costs decreased 2.2 percent, while passenger miles increased 69.9 percent, thereby decreasing the operating cost per passenger mile by $4.93. As previously noted, ridership growth can be attributed to the complementary fares on the Skyway system, increased economic activity in Downtown Jacksonville, better coordination between the fixed route service and Skyway service, and special events. In addition, the average trip length on the Skyway increased from 0.5 miles in FY 2013 to 0.7 miles in FY 2014.

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 2014, JTA's revenue miles between safety incidents of 43,032 miles exceeded the objective of greater than 41,348 miles (4.1 percent above the target). This compares to 61,066 miles reported in FY 2013. The number of safety incidents reported by JTA increased from three in FY 2013 to four in FY 2014.

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 did not achieve the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 8,196 revenue miles between failures (21.9 percent below the target). In FY 2014, revenue miles decreased 6.0 percent from FY 2013 while revenue vehicle system failures increased 90.9 percent (from 11 in FY 2013 to 21 in FY 2014).

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 2014 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 2014, the average response time to customer complaints was five days. Improvement was noted over the nine day response time reported in FY 2013.

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 16 customer complaints in FY 2014.

On-time Performance

JTA achieved the on-time performance objective of greater than 80 percent of trips end-to-end on-time with 99.0 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 2014 operating indicators for Skyway are provided in Table 46. In order to observe current trends, operating indicators for FY 2012 and FY 2013 are also provided. Results for the last five fiscal years are included in Appendix B.

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 2015 (September 30, 2015). As a result, significant increases in Skyway utilization were noted in FY 2014.

JTA's operating indicators show that operating revenue has declined annually from FY 2007 through FY 2013 and remained flat in FY 2014. Currently, operating revenues consist of parking fee revenues only. The farebox recovery ratio and average fare for FY 2014 was zero due to the Board decision to suspend fares on the Skyway until at least September 30, 2015. Operating expenses decreased 2.2 percent over FY 2013. JTA logged 109 thousand, or 10.1 percent, more passenger trips and the average trip length increased by 0.2 miles in FY 2014. As a result, passenger miles increased by 347 thousand to 843 thousand (an increase of 69.9 percent). FY 2014 revenue miles and revenue hours decreased 6.0 percent and 2.3 percent, respectively, from FY 2013. Average weekday ridership increased 9.1 percent over FY 2013.

JTA has suspended fares on the Skyway since January 30, 2012.

FY 2014 operating expenses decreased 2.2 percent, while operating revenues remained virtually flat.

The farebox recovery ratio and average fare for FY 2014 was zero due to suspended fares on the Skyway system. FY 2014 operating revenues are reported as $196 thousand and consist primarily of parking fee revenues.

FY 2014 passenger trips increased 10.1 percent, and average trip length increased by 0.2 miles, resulting in a 69.9 percent increase in passenger miles.

FY 2014 revenue miles and revenue hours decreased 6.0 percent and 2.3 percent, respectively, from FY 2013 while average weekday ridership increased 9.1 percent.

The average age of the fleet is 15.6 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 three intermodal connections.

Table 46
Jacksonville Transportation Authority
Summary of Operating Indicators - Skyway
FY 2012 through FY 2014

Operating Indicator	*Detail*	*Actual 12 Results*	*Actual 13 Results*	*Actual 14 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$6.77	$6.96	$5.72
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	1.2%	0.0%	0.0%
Service Area Population	Approximation of overall market size	838,815	827,481	985,050
Service Area Population Density	Persons per square mile based on service area population and size	1,894	1,916	1,231
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$5,682,422	$5,761,791	$5,637,497
Operating Revenue[2]	Revenue generated through operations of transit authority	$216,360	$195,469	$195,511
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	178,399	183,197	172,126
Total Annual Revenue Hours	Hours vehicles operated in active service	15,436	16,126	15,748
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	5	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	50.0%	50.0%	50.0%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	817,153	1,079,179	1,188,007
Average Trip Length	Average length of passenger trip, generally derived through sampling	0.5	0.5	0.7
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	374,940	496,422	843,485
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	$0.08	$0.00	$0.00
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	4.58	5.89	6.90
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	52.9	66.9	75.4
Passenger Trips per Capita	Passenger trips divided by service area population	1.0	1.3	1.2
Average Age of Fleet	Age of fleet (in years) average	13.6	14.6	15.6
Unrestricted Cash Balance	End of year cash balance from financial statement	$0	$355,086	$112,325
Weekday Ridership	Average ridership on weekdays	3,167	4,086	4,459
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.

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 and transit projects during FY 2014. Projects funded by the Better Jacksonville Plan and/or federal funds included a Southside Visioning Study, the Baldwin Park-n-Ride facility and the First Coast Flyer Bus Rapid Transit program.

Of the four performance measures adopted for JTA, only the minority participation measure is applicable for FY 2014. The consultant cost, construction time and cost measures are not applicable since JTA did not close out any consultant or construction contracts in FY 2014. FY 2014 results, as reported by JTA, are provided in Table 47. Results for the last five fiscal years are included in Appendix B.

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.

- JTA is required to use its own DBE program for projects funded by the FTA which is considered a Race Conscious program. This term does not

Table 47
Jacksonville Transportation Authority
Summary of Performance Measures - Highways
FY 2014

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
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
Applicable Laws				
Minority Participation[1]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	138.7%	✓

[1] JTA has established an agency-wide goal of 16.08 percent; actual results represent agency-wide performance.

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, 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. DBE participation on these projects has historically been low because there is no DBE requirement (Race Neutral) for prime contractors.

Effective FY 2014, JTA established its triennial DBE goal of 16.08 percent on an agency-wide basis. This new DBE goal of 16.08 percent represents an increase from the 12.0 percent DBE goal established for FY's 2011 through 2013. JTA reported achieving 22.3 percent (or $9.3 million) DBE participation in FY 2014. Actual DBE participation of 22.3 percent represents 138.7 percent of the Authority's DBE goal of 16.08 percent, exceeding 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 2014 operating indicators, as reported by JTA, are provided in Table 48. Also, to assist in trend analysis, FY 2012 and FY 2013 operating results are provided. Results for the last five fiscal years are included in Appendix B.

Right-of-Way

In FY 2014, JTA did not acquire any parcels through its Right-of-Way Program. As the Better Jacksonville Plan road program winds down, a decrease in right-of-way parcel acquisitions is expected.

Table 48
Jacksonville Transportation Authority
Summary of Operating Indicators - Highways
FY 2012 through FY 2014

Indicator	*Detail*	*Actual 12 Results*	*Actual 13 Results*	*Actual 14 Results*
Property Acquisition				
Right-of-Way	Agency Appraisals	$88,100	$1,339,050	N/A
	Initial Offers	$88,100	$1,339,050	N/A
	Owners Appraisals	N/A	$2,647,811	N/A
	Final Settlements	$88,100	$1,750,000	N/A

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).

During orientation, all new JTA/JTM employees are required to sign an acknowledgement indicating each employee has reviewed the Code of Conduct, and all existing 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 on January 30, 2014. 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 2014. JTA reported no substantiated ethics violations or conflicts of interest for Board Members during FY 2014, and none were noted during the Commission staff review of the minutes of JTA Board meetings. The meeting minutes did disclose instances where a Board member abstained from voting on an agenda item due to a voting conflict. Conflict of interest documentation (State Commission on Ethics Form 8B - Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers) was provided. JTA reported investigating four circumstances of alleged or potential ethics related violations between January 2014 and October 2014. Two of the investigations resulted in findings that there were no conflicts of interest violations or improper relationships. The final two investigations resulted in disciplinary action for all of the employees involved.

Audit

An annual independent audit of JTA's financial statements for the fiscal year ended September 30, 2014 was performed. Routinely, the timing of both the financial statement audit and Single Audit of JTA's financial statements for the past fiscal year ended September 30, 2014 and the related results are not available for inclusion in this report. However, the independent audit of JTA's financial

statements was completed before report issuance and the Independent Auditor's Report, dated April 29, 2015, indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The results of the Single Audit as required by JTA's funding partners will be included in next year's Transportation Authority Monitoring and Oversight Report.

JTA created the position of Internal Auditor 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 indirectly to the CEO and directly to the Vice President of Compliance and Risk. The Internal Audit position acts as support for management and provides recommendations based on Government Auditing Standards and best business practices.

The Department is required under Title 49, Part 659, Code of Federal Regulations and the State Safety and Security Oversight Program Fixed Guideway Transportation Systems Standards Manual 725-030-014 to conduct an on-site review of JTA's Skyway at least every three years. The purpose of the review is to provide an evaluation and overall assessment of JTA's compliance with safety and security regulations and implementation of its System Safety Program Plan and Security Program Plan (SPP). The 2013 Triennial Safety and Security Review: Jacksonville Transportation Authority - JTA Skyway System Report, dated January 2014, identified 8 deficiencies and 32 areas of concerns derived from inspection of 63 safety and 45 security items. The eight deficiencies related to: not meeting the goals and objectives established in the SPP for security and emergency preparedness; crime statistics in the SPP are outdated; a Threat and Vulnerability Assessment of the Skyway has not been performed in the last three years; a full scale functional drill involving the Skyway has not been performed in the last three years; JTA has not performed direct observation compliance/rules checks on JTA Skyway control center operators since April 2013; daily undercar and brake inspections are not being performed; the Skyway Maintenance Plan does not reflect current inspection and maintenance practices; and the required biannual inspection of the guideway has not been performed. JTA submitted a required Corrective Action Plan (CAP) to the Department to address these issues. Currently, JTA has closed out four of the eight Skyway Deficiencies. Of the four remaining, two have been submitted to the Department for closure and two are still under State Safety Oversight review. In regards to the Skyway Areas of Concern, 26 of the 32 items have been closed. Closure of the remaining items are on schedule and determined in conjunction with the State Safety Oversight. The current completion date is slated for June 30, 2015, but may be revised with the Department's State Safety Oversight approval.



JTA Maintenance.

The Council Auditor's Office (CAO), City of Jacksonville, released Report #763 - JTA Payroll Audit in March 2015 (FY 2015). This audit can be found at http://www.coj.net/city-council/council-auditor/reports.aspx. Pursuant to Section 5.10 of the Charter of the City of Jacksonville and Chapter 102 of the Municipal Code, all agencies of the Consolidated Government (including independent agencies like JTA) are subject to audit by the CAO. CAO also performed similar audits of the City and other Independent agencies based on their risk assessment. The auditors noted that it appears that the pay amounts to employees were, in general, accurately calculated and timely paid; however, several internal control weaknesses were identified and issues were noted with payments to the former CEO and CFO. JTA indicated that the majority of the issues highlighted in the audit have either been addressed by JTA management or through the implementation of Oracle that began in May 2014. JTA did not concur with the findings regarding payments to the former CEO and CFO.

An Independent Accountant's Report on Applying Agreed-Upon Procedures was issued on August 1, 2014. The accountants applied procedures, agreed to by JTA management and specified by the Federal Transit Administration in the Declarations Section of the 2013 National Transit Database *Urban Reporting Manual*, solely to assist JTA with respect to the reporting of the Federal Funding Allocation Data (FFA-10) for the fiscal year ended September 30, 2013. JTA is responsible for completion of the FFA-10 and compliance with the related requirements. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The accountants make no representation regarding the sufficiency of the procedures and were not engaged to conduct an examination, the objective of which would be the expression of an opinion on the Form FFA-10 and compliance with the related requirements for the year ended September 30, 2013. Accordingly, no opinion was expressed. There were no exceptions noted by the accountants as a result of the procedures performed.

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 189.015, Florida Statutes, for open meetings. 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 Board meetings provided by JTA. From this limited review, it appears JTA has been operating within procedure and statute.

Procurement

On September 25, 2014, the JTA Board amended Procurement Rule (Rule No. 002) which provides 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 No. 002 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, CCNA process for professional services (qualifications-based selection), two-step procurement, use of competitively procured government contracts, sole source negotiation, small purchases, emergency procurement and procurement of ancillary services. Ancillary services may be procured by JTA's general counsel, general engineering consultant, certified public accountant, financial advisor, and other professionals specified in Rule No. 002.

Once a contract is executed by the CEO (or designee), the following individuals have authority to execute Purchase Orders and Work Orders that fall within their approval authority as set forth below, including the purchase of goods or services which are components of a larger scale (approved) procurement, all within the budget limitations applicable to such procurements or as provided in Rule No. 002. The following individuals may also renew contracts in accordance with their terms and conditions (provided such renewal is within the scope of the original procurement). Contract renewals shall not be effective until approved the Senior Manager, Contracts, Procurement and Inventory and the Vice President of the User Department (or designees). To the extent procurement authority is not specified to a JTA employee as noted below, such authority is vested solely in the JTA Board.

- Procurements over $100 thousand require approval by the Board, or as delegated by the Board. When a continuing contract is approved by the Board, the Senior Manager, Project Development and Construction has authority to approve all work orders that fall within the scope and term of the continuing contract.
- Procurements between $35 thousand and $100 thousand require approval of the CEO (or designee).
- Procurements between $10 thousand and $35 thousand require approval of the Vice President of the User Department (or designee).

- Procurements up to $10 thousand require approval of the User Department's Manager; except that procurements at or below $1 thousand may be approved by the Maintenance Supervisor or other Supervisor when allowed by the applicable Vice-President.

- Procurements of inventory parts up to $35 thousand require approval of the Inventory Manager (or designee). Procurements of inventory parts between $35 thousand and up require approval of the Senior Manager, Procurement and Inventory (or designee).

The term procurement in this section includes all change orders; except that construction change orders that do not exceed 10 percent of the contract value may be approved by the Vice President of the User Department. In addition to the above approval thresholds, all procurements that are funded by a grant also require the approval of the Grants Manager.

Consultant Contract Reporting

JTA utilizes a pool of six 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 49, six sub consultant contracts greater than $25 thousand were used by the General Engineering Consulting firms for a total cost of $3.0 million in FY 2014.

Compliance with Bond Covenants

As previously noted, in January 2015 (FY 2015), JTA issued $97.5 million (par amount that excludes $20.2 million in original issue premium) in Senior Lien Local Option Gas Tax Revenue Bonds, Series 2015. Bonds are payable from a pledge of and first lien on five cents of the six cent LOGT levied by the city of Jacksonville and received by JTA pursuant to the ILA, effective September 1,

Table 49
Jacksonville Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2014

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**	
HJD Technologies	Electronic Payment System (EPS) Services	$100
FIVE23 Group, Inc.	Data Management Services (EPS & Enterprise Resourse Planning)	$1,973
Ghyabi & Associates	**Engineering Management Services**	
Reynolds, Smith & Hills, Inc.	**Engineering Management Services**	
C. Robinson & Associates	Management Facilitation & Customer Satisfaction Survey	$680
Turknett Robinson Group, LLC	Fixed Route Survey	$138
Deborah K. Thompson	General Engineering & Architectural Consulting Services	$50
HDR Engineering, Inc.	**Engineering Management Services**	
Ghiotto & Associates, Inc.	Parramore Road Design	$37
Total Sub Consultants >$25k		$2,978

2016. All bonds are revenue obligations, and there is no guarantee by JTA, the City, or the state nor are any other JTA revenues or assets pledged for the bonds.

Summary

Jacksonville Transportation Authority (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 5 of the 12 objectives established for performance measures for bus. The seven measures not met include: operating expense per revenue mile, operating expense per revenue hour, the ratio of operating revenue to operating expense, operating expense per passenger trip, revenue miles between safety incidents, customer service number of complaints, and on-time performance. JTA met or exceeded 8 of the 12 performance measures for Skyway. The four measures not met include: operating expense per revenue mile, operating expense per revenue hour, the ratio of operating revenue to operating expense, and revenue miles between failures. JTA met the minority participation performance measure which was the one applicable performance measure 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 2014 operating expenses increased 4.2 percent while operating revenues decreased 3.4 percent over FY 2013. The decrease in operating revenue is primarily attributed to the restoration of the magnet school transportation program by the Duval County School Board. Weekday ridership decreased 2.7 percent while revenue service hours increased 2.3 percent. JTA logged 0.3 percent fewer revenue miles in FY 2014. Because JTA logged 1.6 percent fewer passenger trips, and the average trip length increased by 0.2 miles, passenger miles increased by 1.2 percent. The farebox recovery ratio decreased from 18.5 percent to 17.1 percent, while the average fare decreased from $1.03 to $1.01.

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 2015 (September 30, 2015). In addition, JTA's Route Optimization Initiative (ROI) includes more routes terminating at Skyway stations. As a result, significant increases in Skyway utilization were noted for the Skyway in FY 2014. Operating revenue has declined annually from FY 2007 to FY 2013 and remained flat in FY 2014. Currently operating revenue consists of parking fee revenues only. The farebox recovery ratio and average fare for FY 2014 was zero due to the suspended fares on the Skyway system. Operating expenses decreased 2.2 percent over FY 2013. JTA logged 109 thousand, or 10.1 percent, more passenger trips and the average trip length increased by 0.2 miles in FY 2014. As a result, passenger miles increased by 347 thousand to 843 thousand (an increase of 69.9 percent). FY 2014 revenue miles and revenue hours decreased 6.0 percent and 2.3 percent, respectively, from FY 2013. Average weekday ridership increased 9.1 percent over FY 2013. The average age of the Skyway fleet is 15.6 years.

In the area of Governance, the FY 2014 Independent Financial Statement Audit reflected an unqualified opinion. Although the financial statement audit was completed before issuance of this report, the auditors had not yet released results of the Single Audit as required by JTA's funding partners and will be included in next year's report. JTA created the position of Internal Audit in August 2013 and established an Audit Committee in September 2013. The Department contracted for an on-site review of JTA's Skyway to provide an overall assessment of JTA's compliance with safety and security regulations. The Department review is required at least every three years in order to fulfill Federal Transit Administration requirements. The review report, dated January 2014, identified 8 deficiencies and 32 areas of concerns derived from inspection of 63 safety and 45 security items. JTA has submitted a required Corrective Action Plan to the Department to address issues identified in the report. In addition, the Council Auditor's Office (CAO), City of Jacksonville, released the JTA Payroll Audit in March 2015 (FY 2015). The auditors noted that the pay amounts to employees were, in general, accurately calculated and timely paid; however, several internal control weaknesses were identified and issues were noted with payments to the former CEO and CFO. JTA indicated that the majority of the issues highlighted in the audit have either been addressed by JTA management or through the implementation of Oracle that began in May 2014. JTA did not concur with the findings regarding payments to the former CEO and CFO.

Through JTA's ROI its Fixed Route Bus and Community Shuttle system operations and infrastructure were redesigned for the first time in 30 years. The initiative consisted of restructuring routes to make them more frequent and direct; improving spacing between bus stops to reduce travel time; realigning hours of operation to reflect commuting patterns; installing new signage; developing a new route naming protocol; increasing route supervision; implementing technology system-wide to provide customers with real-time bus arrival information; adding community liaisons; and providing end-to-end accountability; all designed to deliver more appealing services to existing and potential customers. ROI changes were implemented on December 1, 2014 (FY 2015).

Because transportation projects identified in the Better Jacksonville Plan (BJP) are being completed and funding for the BJP is being depleted, JTA construction activities have been winding down. In May 2014, the City of Jacksonville (the City) enacted an ordinance extending for a period of 20 years the levy and collection of the existing six cent Local Option Gas Tax (LOGT) set to expire on August 31, 2016. The City and JTA subsequently executed an Interlocal Agreement (ILA) whereby the City has agreed, commencing September 1, 2016, to dedicate five cents of the six cent LOGT to JTA. In January 2015 (FY 2015), JTA issued $97.5 million (par amount that excludes $20.2 million in original issue premium) in Senior Lien Local Option Gas Tax Revenue Bonds, Series 2015, which have a final maturity date of August 1, 2036 (30 days prior to the expiration of the 20 year LOGT extension). This is JTA's first direct debt issuance and bond proceeds will fund development and construction of roadway projects of the JTA Project List as set forth in the ILA. Bonds are payable from a pledge of and first lien on the five cents LOGT received by JTA, effective September 1, 2016. All bonds are revenue obligations, and there is no guarantee by JTA, the City, or the State nor are any other JTA revenues or assets pledged for the bonds. The City's Transportation Sales Tax and Duval County Constitutional Gas Tax is first pledged to pay debt service on bonds previously issued by the City to fund transportation projects under the BJP. Any residual amounts remaining after paying debt

service on bonds issued by the City will be allocated to JTA to defray the mass transit subsidy amount provided by the City for that particular period.

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 recognizes JTA for its ROI and encourages JTA to continue to develop and pursue action plans to help meet established performance measure 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.

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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 state, county and federal sources. The Florida Department of Transportation (Department), owns the South Florida Rail Corridor (SFRC), on which SFRTA operates the Tri-Rail commuter rail passenger service.

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, each county must provide an amount not less than $1.565 million for SFRTA's operations 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),

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 2014 operating expenses increased 12.2 percent while operating revenues increased 4.2 percent over FY 2013.
- The new Tri-Rail Miami Airport Station opened in April 2015 (FY 2015) as part of the Central Station at the Miami Intermodal Center at Miami International Airport.
- SFRTA assumed responsibility for dispatch and maintenance of the South Florida Rail Corridor on March 29, 2015 (FY 2015). In addition to the $30.6 million the Department has annually transferred to SFRTA for operations, the Department will cover 100 percent of annual maintenance costs up to $14.4 million and will also provide an additional $11.5 million in dedicated funding.
- Section 343.58, Florida Statutes, 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 2014 independent financial statement audit reflected an unmodified opinion.

adopted in August 2013, is a major update that serves as the strategic guide for public transportation for SFRTA over the next 10 years. This TDP (referred to as "SFRTA Forward Plan"), 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. The FY 2015-2024 TDP, adopted in August 2014, serves as the first update to the SFRTA Forward Plan. TDP's are posted on SFRTA's website www.sfrta.fl.gov/transit-development-plan.aspx. 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 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 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. Shortly thereafter, the Board approved a one year contract with Mr. Stephens as Executive Director and in January 2015 extended Mr. Stephens contract to January 2017.

Table 50
South Florida Regional Transportation Authority
Current Board Members

Name	*Appointment*	*Position*
Bruno A. Barreiro	Commissioner, Miami-Dade County	Chair
James A. Cummings	Representative, Broward County	Vice Chair
Steven L. Abrams	Commissioner, Palm Beach 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
Nick A. Inamdar	Representative, Miami-Dade County	Board Member
Gerry O'Reilly, P.E.	District Four Secretary	Board Member
Tim Ryan	Mayor, Broward County	Board Member
James A. Scott	Governor's Appointee	Board Member

SFRTA is authorized by Chapter 343, Florida Statutes, to coordinate, develop, and implement a regional transportation system in South Florida. Pursuant to its statutory authority, SFRTA 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 11:35 p.m. Ten

train sets operate service that includes 50 one-way trips each weekday, and 30 one-way trips on weekends and holidays. SFRTA provides hourly service on the weekends. SFRTA typically operates three-car trains, but does operate some four-car sets during various times of the service day.



Tri-Rail's New Rail Car.

The Tri-Rail Miami Airport Station had been closed for nearly four years during construction of the new Central Station at the 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. During this period, Tri-Rail (with the cooperation of Miami Dade Transit) provided free shuttle service to the airport from the Hialeah Market Station. The new Tri-Rail Miami Airport Station opened April 5, 2015 (FY 2015) as part of the Central Station at the MIC. The Station provides Tri-Rail passengers with a direct connection to the airport terminal by way of a short ride on the MIA Mover. The MIC's Central Station is an intermodal facility designed to accommodate several transportation connections. Tri-Rail joins Miami-Dade Transit's Metrorail and Metrobus service which already have access to the facility, along with the Rental Car Center and taxi service. Anticipated future service includes Amtrak, Greyhound and bicycle lockers.

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 ($30.6 million total annual STTF funding). 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. Subsequent to SFRTA assuming responsibility for maintaining and dispatching the SFRC on March 29, 2015 (FY 2015), Section 343.58(4)(a)2., Florida Statutes, changes the STTF annual funding requirement for Tri-Rail. The Department must now annually transfer $15 million from the STTF to SFRTA for operations, maintenance, and dispatch and an additional amount of no less than $27.1 million for operating assistance ($42.1 million total annual STTF funding). In addition to the $11.5 million annual increase in dedicated funding for assuming dispatch and maintenance of the SFRC, the Department has agreed to cover 100 percent of annual 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.

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 7175, passed by the 2014 Florida Legislature, amended Section 20.23, Florida Statutes, by repealing provisions for the Rail Commission, effective July 1, 2014 (FY 2015). (The relevant language from HB 7175 is detailed in Appendix A.)

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 (FY 2013): revised membership of the SFRTA governing Board; provided that the Department will cease funding SFRTA operations if an alternate dedicated local funding source is implemented before July 1, 2019; enhanced Department oversight of the SFRTA budget; and limited 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.

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 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 2015.

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 $165 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 received $5.7 million from the FTA Transit Investment in Greenhouse Gas and Energy (TIGGER) III Program to construct Tri-Rail's first green LEED certified, sustainable train station. The Pompano Beach Station will feature electric vehicle charging stations, solar panels for station energy generation, upgraded LED lighting and a new pedestrian bridge over the tracks. Upgrades are expected to reduce station operating and maintenance costs, improve station area circulation and access and exhibit landscaping methods that will potentially conserve water and reduce pollution. SFRTA determined that the east parking lot area at the Pompano Beach Station was the preferred location for constructing a new Tri-Rail Operations Center (Headquarters). In December 2014 (FY 2015), SFRTA awarded a $39.4 million Design-Build contract for the Operations Center and Pompano Beach Station improvements. Construction is planned to begin in May 2015, with project completion expected in June 2016.



DMU (Diesel Multiple Unit) Crossing New River Bridge.

On January 25, 2013, SFRTA approved the terms and conditions 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. This agreement was amended on January 12, 2015 to commit additional Department/SFRTA funds above the original $17.4 million. 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. 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. In December 2014, the SFRTA Board awarded a contract to Veolia Transportation Maintenance and Infrastructure for Maintenance of Way (MOW) services on the SFRC for a period of seven years, in the lump-sum amount of $161.2 million. SFRTA also made capital improvements to the dispatch center and assumed dispatching, maintenance and inspection of the SFRC on March 29, 2015 (FY 2015).

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

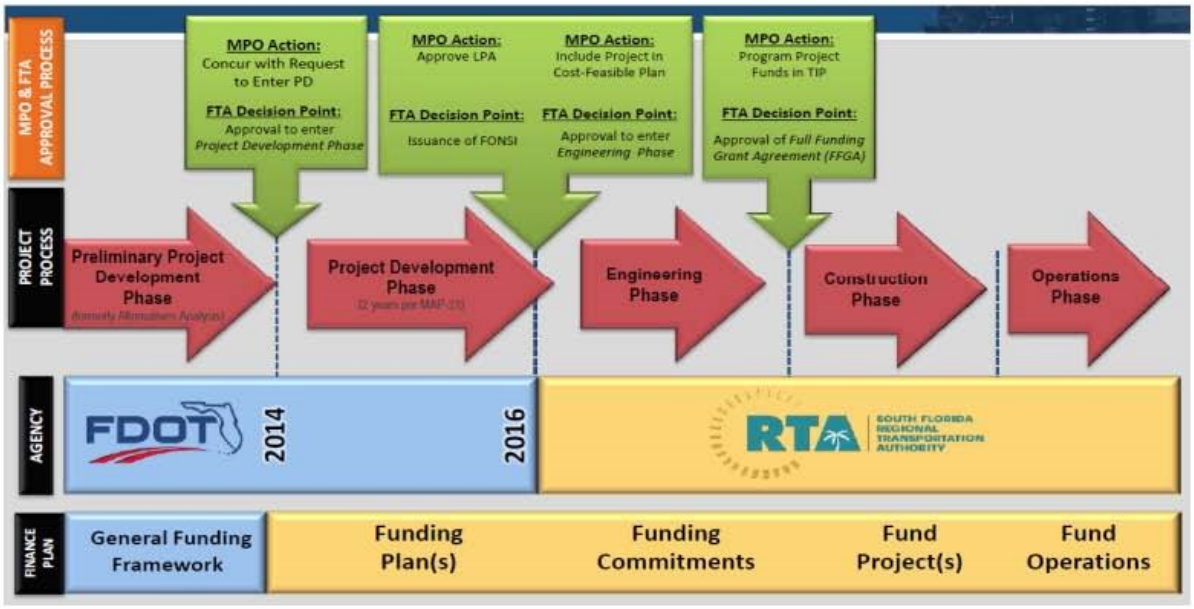


Figure 5: Tri-Rail Coastal Link, Roles and Responsibilities Under the Eight Party MOU.

is pursuing an expansion of the Tri-Rail system onto an 80 mile portion of the FEC corridor (between Downtown Miami and Jupiter). 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.

The TRCL Memorandum of Understanding (MOU), which was approved in May 2013, establishes key roles and responsibilities through the remaining phases of the project. The eight parties to the MOU are:

- 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/All Aboard Florida, the Department, and SFRTA.

In December 2013, the project received approval by the boards of the Broward, Miami-Dade, and Palm Beach MPOs to submit a request to the Federal Transit Administration (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. However, after close coordination with FECI/All Aboard Florida, FTA, and Federal Railroad Administration (FRA), the Department and SFRTA made the decision to not begin the Project Development phase until All Aboard Florida's Draft Environmental Impact Statement (DEIS, covering the West Palm Beach to Orlando segment of its project) process was completed. At time of writing, the official start of TRCL Project Development activities is expected to occur in the third quarter of 2015. The development of a detailed TRCL Finance Plan (led by SFRTA) will take place during the same time frame and in close coordination with the Project Development activities. The current project schedule anticipates the TRCL project to be open for service by FY 2021.

Although entry into the TRCL Project Development phase has been delayed, numerous coordination activities have taken place among FECI/All Aboard Florida, the Department, and SFRTA. This recent coordination has resulted in a new partnership and initiative to extend Tri-Rail service to a major intermodal facility (shared with All Aboard Florida) in Downtown Miami by the first quarter of 2017. Known as the "Tri-Rail Downtown Miami Link," this eight mile extension of service would leverage (fully funded and committed) infrastructure that is about to be constructed as part of the All Aboard Florida and South Florida Freight and Passenger Rail Enhancement projects. At time of writing, SFRTA is working closely with the Department and numerous local agencies on a funding plan to cover the project's $68 million capital cost, which includes a public commuter rail easement on this eight mile segment of the FEC corridor. It is hoped that the implementation of the Tri-Rail Downtown Miami Link project and its shared intermodal facility with All Aboard Florida will facilitate near-term implementation of other segments of the overall TRCL project.

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 2014 results, as reported by SFRTA, are provided in Table 51. Results for the last five fiscal years are included in Appendix B.

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

Average Headway

In FY 2014, SFRTA achieved the performance measure objective for average headway of less than 30 minutes with actual results of 28.3 minutes. This is consistent with the 27.9 minute average headway reported in FY 2013.

Table 51
South Florida Regional Transportation Authority
Summary of Performance Measures
FY 2014

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	28.3	✓
Operating Expense[1] per Revenue Mile	Operating expenses divided by revenue miles	<$18.00	$17.88	✓
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>25%	21.4%	X
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$15	$13.91	✓
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$0.45	$0.51	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	106,964	✓
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	14 days	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	1.6	X
On-time Performance	% trips end to end on time "less than 6 minutes late"	>80%	86.2%	✓

[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.

Operating Expense per Revenue Mile

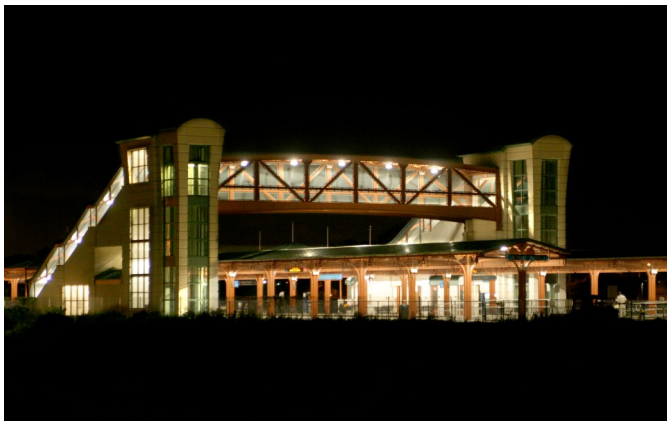
An evaluation of the relationship between operating expenses and revenue miles provides a measure of the general cost efficiency of the service provided over distance. SFRTA operating cost per revenue mile of $17.88 fell below the objective of less than $18.00 by $0.12 (0.7 percent), thereby achieving the objective. A 12.2 percent increase in operating costs more than offset an 8.2 percent increase in annual revenue miles resulting in an increased operating cost per revenue mile of $0.63 in FY 2014.

Operating Revenue per Operating Expense

The relationship between operating revenue and operating expense provides a measure of the effective use of income. The target for this objective is to increase the percentage of revenue derived from fares and other revenue sources. SFRTA fell short of achieving this performance measure objective with a 21.4 percent ratio of revenue to operating expenses (the performance objective is greater than 25 percent). This compares to 23.0 percent reported in FY 2013. While operating revenues increased 4.2 percent in FY 2014, operating expenses increased 12.2 percent. Operating revenue of $13.1 million in FY 2014 is a record high and represents a $0.5 million increase over FY 2013. The increase is attributed to an increase in fare revenue as a result of increased ridership.

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 $13.91 fell below the objective of less than $15.00 by $1.09 (7.3 percent), thereby achieving the objective. A 12.2 percent increase in operating costs in FY 2014 more than offset a 4.8 percent increase in passenger trips resulting in an increased cost per passenger trip of $0.92 in FY 2014.



Delray Beach Station at Night.

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 short of achieving the objective of operating costs per passenger mile of less than $0.45 with $0.51 reported in FY 2014. This compares to $0.48 reported in FY 2013. The 4.9 percent increase in FY 2014 passenger miles was not sufficient to offset the 12.2 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 2014 with 106,964 revenue miles between failures, exceeding the objective of greater than

41,863. An 8.2 percent increase in revenue miles coupled with an 11.1 percent decrease in vehicle system failures (36 failures in FY 2013 versus 32 failures in FY 2014) resulted in an increase of 19,062 revenue miles between failures in FY 2014. 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 2014 with 0.97, indicating highly effective use of the fleet.

Customer Service – Average Time from Complaint to Response

SFRTA achieved the performance objective of timely response to customer complaints within 14 days of receipt of the complaint with actual response time of 14 days reported in FY 2014.

Customer Service – Number of Complaints per Boarding

SFRTA did not achieve the performance objective of less than one complaint per 5,000 boardings with 1.6 complaints reported in FY 2014. The number of customer complaints have significantly decreased from 2,053 in FY 2012 to 1,824 in FY 2013 (11.2 percent) to 1,421 in FY 2014 (22.1 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.



Sheridan Street Station.

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 86.2 percent reported in FY 2014. 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.

As previously noted, SFRTA assumed dispatch and maintenance functions for the SFRC from CSXT on

March 29, 2015. 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 2014 operating indicators, as reported by SFRTA, are provided in Table 52. In order to observe current trends, operating indicators for FY 2012 and FY 2013 are also provided. Results for the last five fiscal years are included in Appendix B.

FY 2014 average weekday ridership on Tri-Rail increased 2.2 percent over FY 2013. SFRTA logged 4.8 percent more passenger trips in FY 2014, while the average trip length remained the same, resulting in a 4.9 percent increase in passenger miles. FY 2014 revenue hours increased 11.1 percent, while revenue miles increased 8.2 percent. The weekday span of revenue service and fleet size remained the same. Operating expenses increased (by 12.2 percent), while operating revenue increased (by 4.2 percent). The farebox recovery ratio decreased to 20.9 percent (a 5.4 percent decrease) while the average fare increased from $2.87 to $2.91 (a 1.4 percent increase). The service area population remained the same, while passenger trips per capita increased (by 5.3 percent) at a higher cost (from $9.92 to $11.13 per capita) than was previously the case.

FY 2014 average weekday ridership increased 2.2 percent over FY 2013.

Passenger trips increased 4.8 percent in FY 2014 while the average trip length remained the same, resulting in a 4.9 percent increase in passenger miles.

The farebox recovery ratio decreased in FY 2014 while average fare, revenue hours and revenue miles increased.

The average number of years since the last rebuild was 12.2 years for locomotives and 13.2 years for coaches. SFRTA's current operating spare ratio is 16.0 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's unrestricted cash balance decreased 10.1 percent to $18.9 million and committed all of its capital investment to system preservation. SFRTA continued to provide 18 intermodal connections.

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.

Table 52
South Florida Regional Transportation Authority
Summary of Operating Indicators
FY 2012 through FY 2014

Operating Indicator	*Detail*	*Actual 12 Results*	*Actual 13 Results*	*Actual 14 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$9.37	$9.92	$11.13
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	23.2%	22.1%	20.9%
Service Area Population	Approximation of overall market size	5,502,379	5,502,379	5,502,379
Service Area Population Density	Persons per square mile based on service area population and size	1,084	1,238	1,238
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$51,557,460	$54,580,897	$61,213,969
Operating Revenue[2]	Revenue generated through operations of transit authority	$12,272,397	$12,575,652	$13,100,115
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	2,944,042	3,164,457	3,422,858
Total Annual Revenue Hours	Hours vehicles operated in active service	97,198	102,501	113,915
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	50	50	50
Operating Expense per Revenue Hour	Cost of operating an hour of revenue service	$530.44	$532.49	$537.37
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	40	40	42
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	20.0%	20.0%	16.0%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	4,005,967	4,201,040	4,400,977
Average Trip Length	Average length of passenger trip, generally derived through sampling	28.1	27.2	27.2
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	112,727,911	114,100,246	119,706,574
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	$2.98	$2.87	$2.91
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.36	1.33	1.29
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	41.2	41.0	38.6
Passenger Trips per Capita	Passenger trips divided by service area population	0.73	0.76	0.80
Average Age Since Last Rebuild	Average years since last rebuild for locomotives (9 years)	10.2	11.2	12.2
Average Age Since Last Rebuild	Average years since last rebuild for coaches (12 years)	11.2	12.2	13.2
Unrestricted Cash Balance	End of year cash balance from financial statement	$20,152,899	$20,989,164	$18,870,967
Weekday Ridership	Average ridership on weekdays	13,587	14,292	14,609
Capital Commitment to System Preservation	% of capital spent on system preservation	0%	0%	100%
Capital Commitment to System Expansion	% of capital spent on system expansion	100%	100%	0%
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.

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 2014. 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 a Board Member 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. 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 2015. 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, 2014 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 For Each Major Federal Program and State Project; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Projects Required by OMB Circular A-133 and 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 had no findings or recommendations for improvement.

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 189.015 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.

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), contains various requirements for special districts including Section 189.015 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").

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 53.

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.

Table 53
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.

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 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 54.

Compliance with Bond Covenants

SFRTA has no outstanding revenue bonds.

Table 54
South Florida Regional Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2014

Consulting Contract	*Description*	*Sub Consultants >$25 K*
Gannett Fleming, Inc.	**General Engineering Consultant**	
Marlin Engineering	Train accident prevention and investigation training	$38,011
Parsons Brinckerhoff, Inc.	**General Engineering Consultant**	
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 services to support bicycle rack installation in rail cars	$179,838
Kimley-Horn & Associates, Inc.	**General Engineering Consultant**	
Zyscovich Architects	Construction Phase assistance for Pompano Beach Station	$118,900
Ross & Baruzzini, Inc.		$91,450
Bliss & Nyitray, Inc.		$28,643
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	$94,966
Omni Strategy, LLC		$63,888
Total Sub Consultants >$25k		$615,696

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 funds, 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 the ratio of operating revenue to 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 2014 operating expenses increased 12.2 percent, while operating revenue increased 4.2 percent over FY 2013. The farebox recovery ratio decreased to 20.9 percent (a 5.4 percent decrease) while the average fare increased from $2.87 to $2.91 (a 1.4 percent increase). FY 2014 average weekday ridership increased 2.2 percent over FY 2013. SFRTA logged 4.8 percent more passenger trips in FY 2014, while the average trip length remained the same, resulting in a 4.9 percent increase in passenger miles. Revenue hours increased 11.1 percent and revenue miles increased 8.2 percent. The weekday span of revenue service and fleet size remained the same. The average number of years since the last rebuild was 12.2 years for locomotives and 13.2 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 2014 annual Independent Financial Statement Audit reflected an unmodified opinion. In the Independent Auditor's Management Letter, the auditors had no findings or recommendations for improvement. Although SFRTA falls under the purview of the Florida Statewide Passenger Rail Commission (Rail Commission), legislation does not preclude the Florida Transportation Commission from conducting its performance and work program monitoring responsibilities. House Bill (HB) 7175, passed by the 2014 Florida Legislature, amended Section 20.23, Florida Statutes, by repealing provisions for the Rail Commission, effective July 1, 2014 (FY 2015). (The relevant language from HB 7175 is detailed in Appendix A.)

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.

The TRCL project is poised for entry into the next Project Development phase. However, all of the TRCL partners have agreed to not begin the Project Development phase until All Aboard Florida's Draft Environmental Impact Statement (DEIS, covering the West Palm Beach to Orlando segment of its project) process was completed. At time of writing, the official start of TRCL Project Development activities is expected to occur in the third quarter of 2015. Although entry into the TRCL Project Development phase has been delayed, a

new partnership and initiative has emerged to extend Tri-Rail service to Downtown Miami by the first quarter of 2017. Known as the "Tri-Rail Downtown Miami Link," this eight mile extension of service would leverage (fully funded and committed) infrastructure that is about to be constructed as part of the All Aboard Florida and South Florida Freight and Passenger Rail Enhancement projects. At time of writing, SFRTA is working closely with the Department and numerous local agencies on a funding plan to cover the project's $68 million capital cost, which includes a public commuter rail easement on this eight mile segment of the FEC corridor.

Section 343.58, Florida Statutes, requires the Department to annually transfer $30.6 million from the State Transportation Trust Fund (STTF) to SFRTA for operating assistance. As a result of SFRTA assuming responsibility for dispatch and maintenance of the South Florida Rail Corridor (SFRC) on March 29, 2015 (FY 2015), the statutory funding requirement for Tri-Rail changed. The Department must now annually transfer $15.0 million from the STTF to SFRTA for operations, maintenance, and dispatch and an additional amount of no less than $27.1 million for operating assistance ($42.1 million total annual STTF funding). In addition to the $11.5 million annual increase in dedicated funding for assuming dispatch and maintenance of the SFRC, the Department has agreed to cover 100 percent of annual 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. 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 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.

In December 2014 (FY 2015), SFRTA awarded a $39.4 million Design-Build contract for Pompano Beach Station Improvements and construction of a new Tri-Rail Operations Center (Headquarters) at the east parking lot area of the Pompano Beach Station. Construction is planned to begin in May 2015, with project completion expected in June 2016. In addition, the new Tri-Rail Miami Airport Station opened April 5, 2015 (FY 2015) as part of the Central Station at the Miami Intermodal Center (MIC) at the Miami International Airport. SFRTA had relocated its Miami Airport Station to the Hialeah Market Station approximately four years ago to expedite the MIC construction schedule and provided free shuttle service to the airport from the Hialeah Market Station.

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 55
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

Highlights

- NFTCA adopted a 2013 updated Corridor Master Plan in April 2013. The Board considered updates to the 2013 Master Plan on April 24, 2014, and determined that no changes were needed.
- The 2014 Master Plan (unchanged from 2013), was presented to governing bodies and legislative delegation members on July 17, 2014 (within the 90-day statutory requirement).
- As part of the 2013 Master Plan update, NFTCA (through its General Planning Consultant) 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.
- The NFTCA FY 2015 operating budget includes $71 thousand of the unused grant funds remaining from the original $2.2 million federal earmarks and $6 thousand in cash reserves. NFTCA is requesting an extension of the current agreement and is exploring options to minimize future expenses.
- The NFTCA Board did not meet at least quarterly in either fiscal year (October through September) or calendar year 2014 as required by Section 343.81 (3)(c), Florida Statutes.
- The FY 2013 independent financial statement audit reflected an unmodified opinion and identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses.

NFTCA is authorized to construct any feeder roads, reliever roads, connector roads, bypasses, or appurtenant facilities that are intended to improve 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 56 lists those requirements, as provided in Florida Statutes, and indicates whether those requirements have been met.

As indicated, the NFTCA Board did not meet at least quarterly in either fiscal year (October through September) or calendar year 2014 as required by Section 343.81 (3)(c), Florida Statutes. The Board met in October 2013, April 2014, October 2014, and last met in January 2015. The NFTCA Board meetings scheduled for January 2014 and July 2014 were cancelled due to a lack of quorum necessary to conduct business.

NFTCA may also enter into Public-Private Partnerships for the construction of transportation

Table 56
Northwest Florida Transportation Corridor Authority
Statutory Requirements

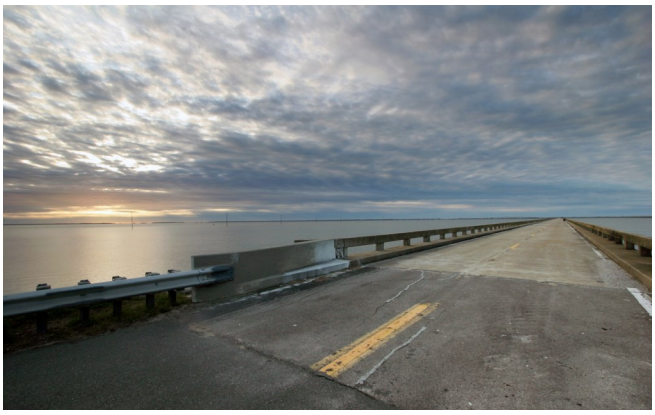
Subject Area	*Requirement*	*Status*
Public Meetings	Meet at least quarterly and alternate locations. (Section 343.81 (3)(c), Florida Statutes)	Board has met at least once in each county represented since 2005 and alternates meeting locations. The Board did not meet at least quarterly in either fiscal year or calendar year 2014 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 considered updates to the 2013 Master Plan on April 24, 2014 and determined that none were needed. Therefore, the 2014 Master Plan remained unchanged from 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 2014 Master Plan (unchanged from 2013) was presented by July 23, 2014 (90 days after adoption) as required by statute.

facilities and sell bonds to finance the construction of transportation facilities. 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. The NFTCA Board considered updates to the 2013 Corridor Master Plan at its April 24, 2014 public meeting and determined that none were needed at that time. Therefore, the 2014 Corridor Master Plan remained unchanged from 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 17, 2014 (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 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



US 98.

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. As previously noted, the NFTCA Board considered updates to the 2013 Corridor Master Plan at its April 24, 2014 public meeting and determined that none were needed at that time. Therefore, the 2014 Corridor Master Plan remained unchanged from 2013.

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 had 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's adopted FY 2015 operating budget of $76,766 is funded by $70,654 of the unused grant funds remaining from the original $2.2 million federal earmarks, and $6,112 in cash reserves. With the current agreement with the Department due to expire on July 31, 2015, and no new source of funding identified by NFTCA, the Authority is requesting an extension of the current agreement and is exploring options to minimize expenses.

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. HDR had previously utilized a sub consultant to provide administrative services including bookkeeping, accounting, public records retention, and assistance with administrative tasks related to public meetings. Halfway through FY 2013, HDR took over the administrative responsibilities and no longer contracts out for these services.

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 2014 and none are noted in minutes of meetings. The meeting minutes for FY 2014 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.



Ochlockonee Bridge-US 98 River Crossing in Franklin County.

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 2013 (and prior years since inception of NFTCA) have been completed. The FY 2014 audit is currently underway.

The Independent Auditor's Report, for the fiscal year ended September 30, 2013 (dated July 31, 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 identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses (Findings 13-01 and 13-02).

- Finding 13-01 (prior years 12-01 and 11-01 - 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 13-02 (prior years 12-02 and 11-02 - 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 accordance with Chapter 10.550, Rules of the Auditor General, the auditors noted in the Independent Auditor's Management Letter that internal control findings 13-01 and 13-02 were similarly noted and first reported in 2006. In addition, the auditors determined that NFTCA has a deteriorating financial condition because they have a negative unassigned fund balance of $266. This was caused by necessary expenditures (i.e. bank fees) incurred by the Authority that were not reimbursed by the grants.

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 (www.nwftca.com) 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. The website also includes Master Plans and related documents as well as Board member information. Commission staff also conducted a limited review of public meeting notices advertised in the Northwest Florida Daily News. 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.

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 2014, NFTCA utilized procured services for a General Engineering Consultant, Legal Support, and Audit Services. The General Engineering Consultant (HDR) had previously utilized one sub consultant to provide administrative services for the Authority. 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 189.016(3), Florida Statutes, requires Special Districts to adopt annual budgets. The NFTCA Board formally adopted the FY 2014 budget on October 24, 2013 and the FY 2015 budget on October 23, 2014.

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 2014 as required by Section 343.81 (3)(c), Florida Statutes.

NFTCA adopted a 2013 updated Corridor Master Plan in April 2013. The Board considered updates to the 2013 Corridor Master Plan on April 24, 2014 and determined that no changes were needed. The 2014 Corridor Master Plan (unchanged from 2013), was presented to governing bodies and legislative delegation members by July 23, 2014, as required. The Corridor Master Plan identifies 36 projects of which 14 are new facilities, 20 involve increasing capacity on existing roadways, and two are multi-modal projects.

An independent audit of NFTCA financial statements for FY 2013 has been completed and the FY 2014 audit is currently underway. The FY 2013 audit reflected an unmodified 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. The Independent Auditor's Management Letter also determined that, pursuant to the Rules of the Florida Auditor General, NFTCA has a deteriorating financial condition because of a $266 negative unassigned fund balance. This was caused by necessary expenditures (i.e. bank fees) incurred by the Authority that were not reimbursed by the grants.

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.

NFTCA's adopted FY 2015 operating budget of $76,766 is funded by $70,654 of the unused grant funds remaining from the original $2.2 million federal earmarks, and $6,112 in cash reserves. With the current agreement with the Department due to expire on July 31, 2015, and no new source of funding identified by NFTCA, the Authority is requesting an extension of the current agreement and is exploring options to minimize future expenses.

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). 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 2014, OCX did not employ any 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.
- In May 2012, the OCX Board adopted the OCX 2040 Master Plan and amended it in August 2013, and August 2014 (FY 2015). The 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, OCX contracted with a Design-Build firm to construct the Poinciana Parkway at a guaranteed price.
- In April 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 Osceola County, whereby OCX will design, construct, operate and maintain the Poinciana Parkway.
- SB 230 renamed OOCEA as the Central Florida Expressway Authority (CFX), created a new nine member Board, and expanded 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 OCX Board met for the very first time on June 21, 2011 at which time the current officers were elected. The officers were subsequently re-elected to serve in the same capacity in October 2014. Three members of the Board constitute a quorum, and the vote of three members is necessary for any action taken by the authority.

Table 57
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

Authority Activities

On July 1, 2010, 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.

Pursuant to Section 348.9952 (4)(c), 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. 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." On August 12, 2014, the 2040 Master Plan was again amended to add a two-mile extension to the Osceola Parkway Extension project, pursuant to Senate Bill (SB) 230.

Osceola County and OCX have endorsed the concept of a limited access expressway system capable of servicing the County's urban growth area and connecting to the larger regional expressway system. As envisioned in the OCX 2040 Master Plan and the County Comprehensive Plan, the expressway system will provide for a seamless connection from I-4 east to the Turnpike and north to SR 417.

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 2019.

- 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

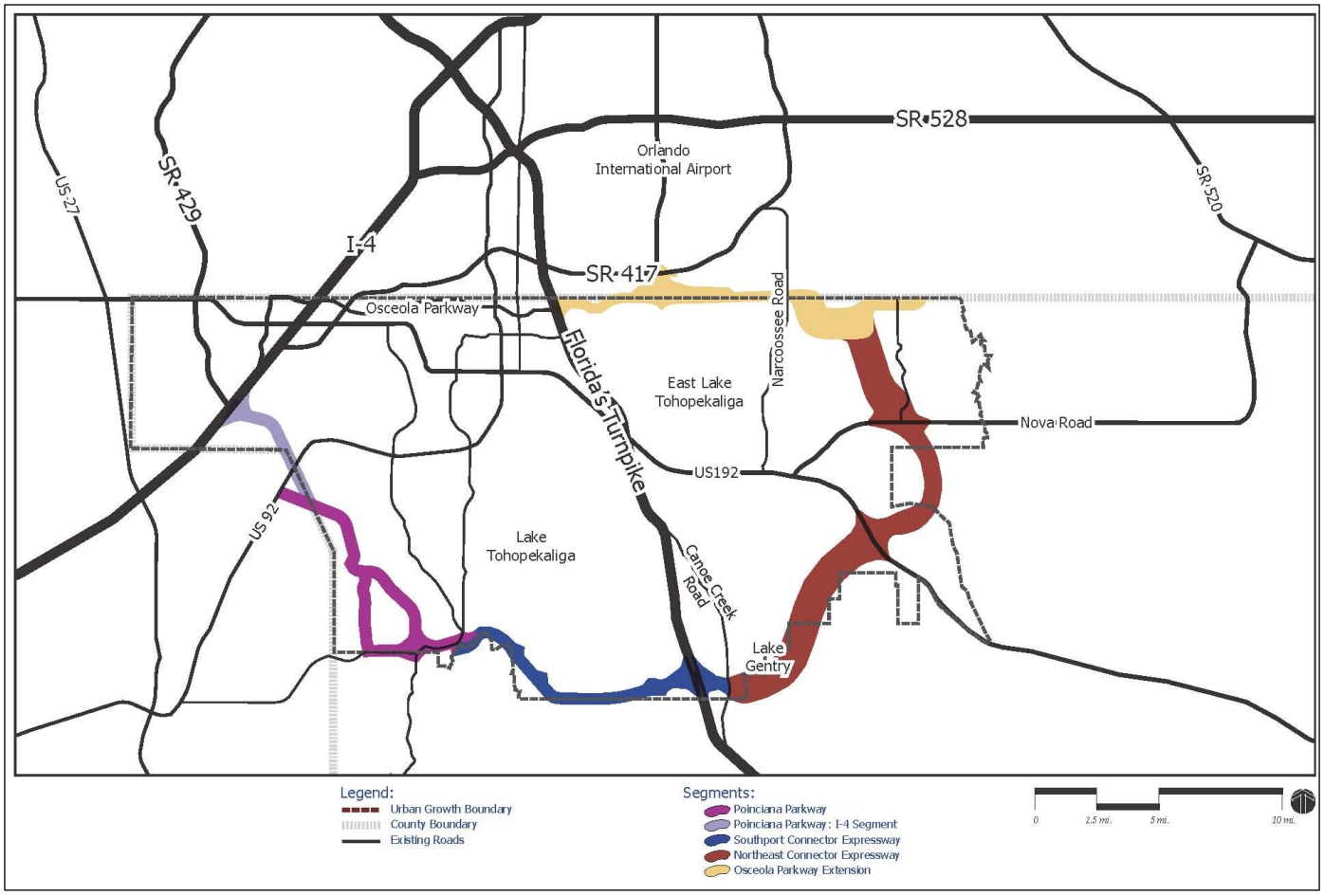


Figure 6: OCX Master Plan 2040 Projects (August 12, 2014).

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 system-to-system 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 Simpson 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. Because of the potential for a large part of the roadway to be located in Orange County, there is on-going coordination with Orange County, the City of Orlando, the Greater Orlando Aviation Authority (GOAA), Central Florida Expressway Authority (CFX), as well as businesses and homeowners that may be impacted. 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. In August 2014, the OCX Board added a two-mile extension to the project that would further extend Osceola Parkway from the Northeast Connector Expressway two mile to the east in order to eventually connect a north-south connector up to SR 528. The public kick-off meeting for the study was held in March 2013. The study is anticipated to be completed in June 2016. As of this date, a preferred alignment has been identified for the segments of the roadway that are west of Narcoosee Road. Discussions with property owners east of Narcoosee Road are continuing in order to address potential impacts to their property and identify an alignment that minimizes those impacts, while still meeting the objectives for the roadway.

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



Poinciana Parkway Construction - RCMB Bridge.

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 OCX entered into a contract with the Design-Build Contractor with a guaranteed price of $68.8 million and in December 2013 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.

In April 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 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.



Poinciana Parkway Drainage on Marigold Avenue.

Groundbreaking on the project occurred in December 2013. The project is moving forward on-time and within budget, with the expectation it will be open to traffic in July 2016.

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 meeting minutes. During the public comment portion of the August 2014 Board meeting, a member of the audience stated that a possible conflict of interest existed with one of OCX's contracted attorneys. Later in this same meeting, a public hearing was held to adopt an amendment to the OCX 2040 Master Plan to include a two-mile extension of the Osceola Parkway Extension project. The OCX attorney stepped down during this public hearing as the issue may involve some Deseret Ranch Property and any legal questions were directed to the other OCX attorney present.

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 filed an Annual Financial Report with the Department of Financial Services for FY 2011 as required by Section 218.32(d), Florida Statutes. 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. The FY 2013 audit, as described in the prior year report, was the first OCX audit conducted.

An annual independent audit of OCX's financial statements for the fiscal year ended June 30, 2014 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 Management Letter noted that corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report and identified one recommendation for improvement. The auditors noted that accrued interest on the County lease-purchase agreement and loan was not properly calculated during the year-end closing. OCX concurred with the recommendation and has set up procedures to better document and reconcile year end balances.

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 Osceola News-Gazette 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 $113 thousand in FY 2014 operating expenses primarily for contractual services for the OCX audit, legal services and travel.

Consultant Contract Reporting

In FY 2014, OCX utilized URS Corporation for Construction Management/Construction Engineering and Inspection (CEI) services for the Poinciana Parkway design/build contract. The contract is work order based where individual assignments are negotiated on an as-needed basis. In addition, a $68.8 million contract was awarded to Jr. Davis Construction/UIG Poinciana Parkway, LLC for the design and construction of the Poinciana Parkway. OCX indicated that neither consultant utilized sub consultant contracts greater than $25 thousand in FY 2014.

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, 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.

SB 230 was signed by the Governor on June 20, 2014 and became effective immediately. The terms of the standing OOCEA board members expired on June 20, 2014. SB 230 also 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. (The relevant language from SB 230 is detailed in Appendix A.)

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 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." On August 12, 2014, the 2040 Master Plan was again amended to add a two-mile extension to the Osceola Parkway Extension project, pursuant to Senate Bill 230. 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 2014 annual independent financial statement audit reflected an unmodified opinion. Although OCX had no operating revenue in FY 2014, $12.0 million in capital contributions and $113 thousand in operating expenses were reported. In the Independent Auditor's Management Letter, the auditors noted that corrective action was taken to address findings in the prior year report and identified one recommendation for improvement related to year-end reconciliation procedures for its financial statement accounts.

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, OCX entered into a contract with a Design-Build firm for Poinciana Parkway with a guaranteed price of $68.8 million. In December 2013 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. Groundbreaking on the Poinciana Parkway occurred in December 2013. The project is moving forward on-time and within budget, with the expectation it will be open to traffic in July 2016.

In April 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 renamed Orlando-Orange County Expressway Authority (OOCEA) as the Central Florida Expressway Authority (CFX). It expanded the area served by CFX to include Seminole, Lake and Osceola Counties in addition to Orange County. The bill provided for the transfer of governance and control, legal rights and powers, responsibilities, terms and obligations of OOCEA to CFX. A new nine member Board was 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 on June 20, 2014 and became effective immediately upon his signature.

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, given the significant funding for the Poinciana Parkway provided to the Authority. 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)

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.

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). 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.

Highlights

- A Regional Transportation Master Plan for the seven-county Tampa Bay Region was adopted in May 2009 and updated in June 2011, June 2013 and June 2015.
- The 2015 Master Plan Update refined the established transit, freight, and roadway networks, added a regional trails network, added a future priority projects list, outlines a strategic vision for implementation, identifies eight regional priority projects and serves as the Regional Long Range Transportation Plan.
- Various studies of transit corridors included in the TBARTA Master Plan are currently being funded by the Department.
- 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.
- As requested by the legislature, TBARTA conducted a financial analysis of potential cost savings from consolidation of specific functions and activities performed by Pinellas Suncoast Transit Authority and Hillsborough Area Regional Transit Authority. The January 2014 report concluded that consolidation is not a viable option at this time. However, additional collaboration and knowledge sharing of leading practices is recommended.
- The FY 2014 independent audit of TBARTA financial statements reflected an unmodified opinion.
- The Department's Office of Inspector General (OIG) reviewed Joint Participation Agreements (JPAs) between the Department and TBARTA that fund TBARTA's Commuter Assistance Program. OIG issued a report in January 2015 (FY 2015) and the District Seven Secretary will take corrective actions in regard to the JPAs and reimbursements to TBARTA under the Commuter Assistance Program.

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 (CCC) 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 for one of the Florida Department of Transportation (Department) districts within the seven-county area of TBARTA.

The members appointed by the respective Commissions, CCC, 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 58 represents current TBARTA Board members and the Officers elected (or reelected) at the December 12, 2014 Board meeting.

Table 58
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
Cliff Manuel, Jr.	Governor Appointee	Secretary
Commissioner Nick Nicholson	Hernando County	Director at Large
Commissioner Ronald Kitchen, Jr.	Citrus County	Board Member
Commissioner Sandra Murman	Hillsborough County	Board Member
Commissioner Mike Moore	Pasco County	Board Member
Commissioner Charlie Justice	Pinellas County	Board Member
Commissioner Paul Caragiulo	Sarasota County	Board Member
Mayor Rhonda Y. DiFranco	City of North Port	Board Member
Mayor Rick Kriseman	City of St. Petersburg	Board Member
Councilman Mike Suarez	City of Tampa	Board Member
Councilwoman Lisa Montelione	West Central MPO CCC	Board Member
Hugh E. McGuire	Governor Appointee	Board Member
Paul Steinman, P.E.	District Seven Secretary	Non-Voting Member

The Executive Director 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. The Executive Director 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. On January 30, 2015 (FY 2015), the Board interviewed two candidates, and selected Ramond Chiaramonte as the new TBARTA Executive Director. Mr. Chiaramonte previously served as the Hillsborough County Planning Commission and Metropolitan Planning Organization (MPO) Executive Director.

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 59 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 (LUWG), 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. 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.

Table 59
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, June 14, 2013 and June 12, 2015. For the 2015 Updated Master Plan, Telephone Town Hall public meetings were held for each of the seven counties in April or May 2015 and a public hearing was held before the TBARTA Board on June 12, 2015. TBARTA is currently in the process of providing copies of the 2015 Updated Master Plan to the required parties by September 10, 2015 (90 days after adoption) as required. Also, formal presentations to all seven Board of County Commissioners are planned.

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. In addition, a stand-alone Managed Lanes network was also added to the plan.

On June 12, 2015, the TBARTA Board adopted the 2015 Master Plan Update. The 2015 Master Plan Update refined the established transit, freight, and roadway networks, added a regional trails network, and outlines a strategic vision for implementation. The 2015 Master Plan also includes the addition of a "future priority projects" list developed in coordination with the MPOs through the CCC. By making the Mid-Term Network cost feasible, TBARTA removed the need for the CCC to make its own Regional Long Range Transportation Plan. The Board also adopted eight regional priority projects in the 2015 Master Plan Update that are regionally significant, offer immediate solutions, and can be implemented incrementally. The priority projects as depicted in Figure 8 include: the I-275/SR 60/ Memorial Interchange, SR 54/56 Corridor Improvements, Gateway Expressway, Howard Frankland Bridge, Suncoast Parkway 2 (SR 589), Tampa Bay Express (Starter Projects), TIA People Mover Connection/Westshore Intermodal Center, and University Parkway/I-75 Interchange Area.

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

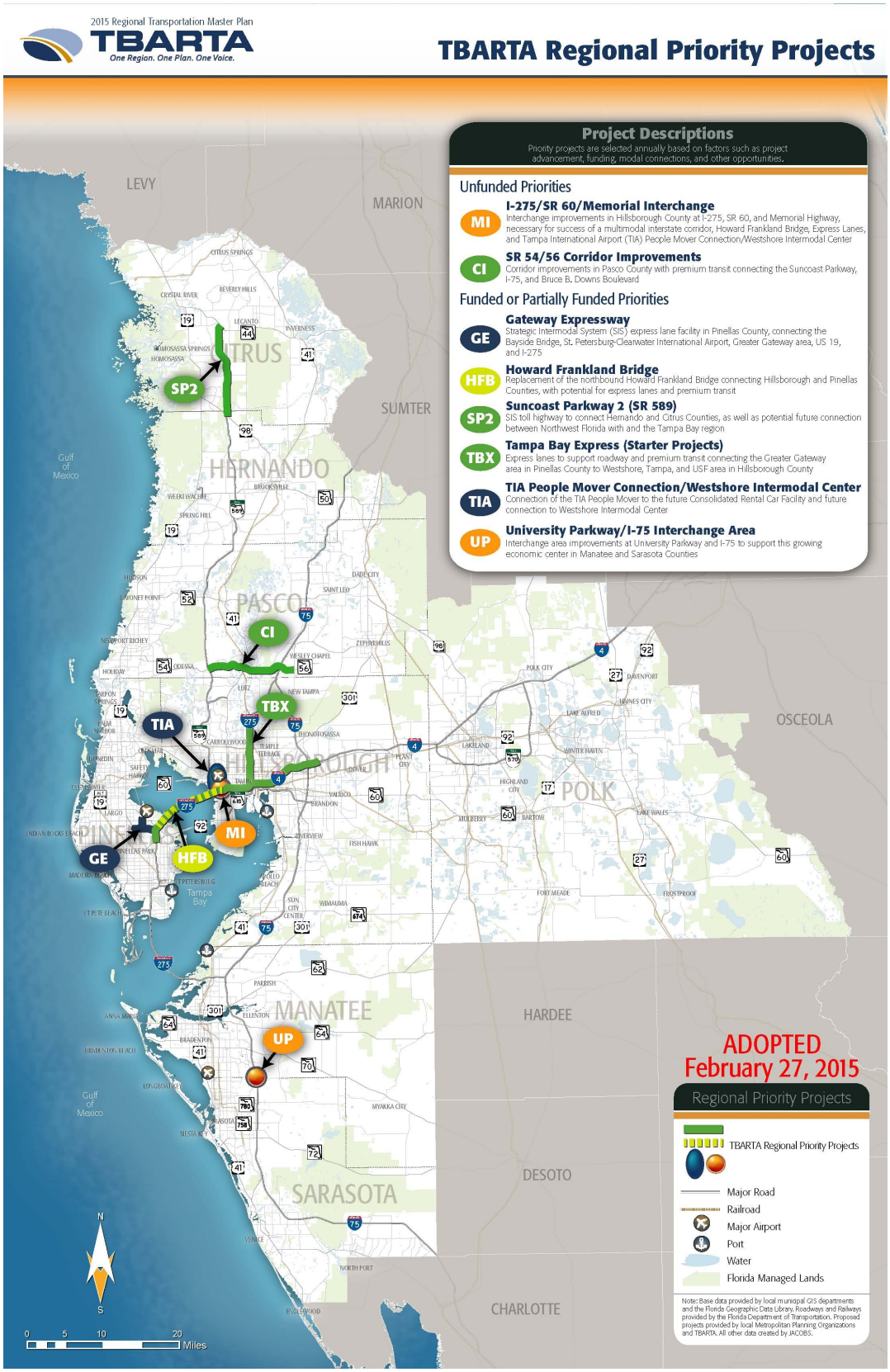


Figure 7: Map of Regional Priority Projects (February 2015).

agreement provided for the continued employment of BACS staff and the relocation of TBARTA to BACS' leased premises at the University of South Florida. Due to the scheduled expiration of the office space lease at the University of South Florida, TBARTA executed a new lease in October 2014 (FY 2015). The new five year lease, in the Meridian One office building in Westshore, provides cost savings due to some rent abatement and provides an out clause at the end of three years. TBARTA transitioned to its new offices in January 2015 (FY 2015).

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 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 Transit Corridor Study
- USF to Wesley Chapel Regional Transit Corridor Study
- 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 was 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.

In Citrus County, TBARTA was 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, which resulted in the combining and merging of transportation planning activities between Citrus and Hernando Counties, and improving connectivity between the two counties. The Hernando/Citrus Metropolitan Planning Organization held its first joint meeting on July 15, 2014.

Regionally, TBARTA is working with the CCC to consolidate regional activities and programs, such as outreach and regional planning. TBARTA is currently contracted with the CCC to provide website support and management. Both agencies are pursuing legislation to officially merge the CCC within TBARTA to streamline regional planning and reduce duplication of activities.



Trolley in Downtown Tampa Supporting Network.

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. 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, branded myRIDE, has been 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.

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 $800 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.

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, 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, and/or Bike Buddies. TBARTA also administers 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.

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 December 12, 2014). 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, 2014 was performed. The Independent Auditor's Report, dated June 10, 2015, 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* identified a deficiency in internal control that was considered a material weakness, and the results of audit tests did not disclose instances of noncompliance required to be reported under *Government Auditing Standards*. The material weakness finding (2014-001) identified expenses that had not been captured during TBARTA's FY 2014 year-end financial reporting and closing process. Some expenses that spanned over two fiscal years (FY 2014 and FY 2015) were initially recorded in FY 2015 when paid. Management concurred with the finding and will better coordinate its closing process with the outsourced accountant. The Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each 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 or internal control. In the Independent Auditor's Management Letter, the auditors noted that corrective actions have not yet been taken to address the finding and recommendation made in the preceding annual financial audit report regarding documentation of review of employee timesheets and bank reconciliations. TBARTA indicated that due to a transition in leadership at the Executive Director level, implementation of corrective action is expected to occur prior to the end of FY 2015.

The Department's Office of Inspector General (OIG) conducted a review of Joint Participation Agreements (JPAs) between the Department's District Seven and TBARTA and issued Advisory Report No. 14I-4001 on January 28, 2015 (FY 2015). The purpose of the review was to determine if funding was provided to TBARTA in accordance with the General Appropriations Act, the Department's Disbursement Operations Office Handbook, and applicable agreement terms, laws, rules, and regulations. OIG reviewed 13 JPAs executed between July 1, 2008, and October 31, 2013, totaling $6.7 million. The Department's District Seven Secretary concurred with all findings and recommendations noted in the OIG report and will take the following corrective actions:

- Ensure Commuter Assistance Program funds are utilized by TBARTA only for carpool, vanpool, and other commuter services in the Tampa Bay region;
- Include a minimum level of service to be performed and criteria for evaluating completion of each deliverable in TBARTA's agreements as required by the Commuter Assistance/Rideshare Grant Compliance Supplement and Section 215.971, Florida Statues;
- Ensure that active Commuter Assistance Program JPAs are amended and that future JPAs are executed in accordance with the Catalog of State Financial Assistance (CSFA) 55.007 Compliance Supplement and Section 215.971, Florida Statutes;
- Utilize the appropriate proviso language on future legislatively appropriated non-recurring funding allocations;
- Amend JPAs and review TBARTA's invoices to ensure reimbursements under the Commuter

Assistance Program are not for any partnering or transportation planning efforts conducted by TBARTA outside their seven county Tampa Bay region; and,

- Amend JPAs and review TBARTA's invoices to ensure reimbursement under the Commuter Assistance Program are not for lobbying the Legislature or a state agency.

TBARTA did not concur with all findings and clarified certain issues contained in the OIG review. OIG responded to TBARTA's comments. The Department's OIG Advisory Report No. 14I-4001 can be found at www.dot.state.fl.us/inspectorgeneral/Reports/14I-4001.pdf.

Public Records and Open Meetings

The adopted Bylaws (as amended December 12, 2014) 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 189.015, 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. TBARTA Bylaws also require the newspaper publication of its Board meetings. Commission staff reviewed a sample advertisement for 2014 Board meetings published in the Tampa Bay Times newspaper. Based on this limited review, it appears that TBARTA is operating within procedure and statute.

In January 2014, and again in January 2015, TBARTA's General Counsel provided a briefing on the Sunshine and Public Records Laws 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 contracts Hugh Pascoe, Pascoe Planning Services, LLC, as a general consultant. He provides, on an as-needed basis, professional planning, project management and administrative services for TBARTA. In FY 2014, TBARTA utilized procured services for Legal Support, Audit Services, Accounting Services and Marketing Services, as well as a consultant (Jacobs Engineering Group) to update the TBARTA Regional Transportation Plan. 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 2014 independent financial statement audit, dated June 10, 2015, reflected an unmodified opinion. The auditors reported a deficiency in internal control over financial reporting that was considered a material weakness. This finding identified expenses that had not been captured during TBARTA's FY 2014 year-end financial reporting and closing process. In the Independent Auditor's Management Letter, the auditors noted that corrective actions had not yet been taken to address one prior year finding regarding documentation of review of employee timesheets and bank reconciliations. In addition, the Department's Office of Inspector General (OIG) conducted a review of Joint Participation Agreements (JPAs) between the Department's District Seven and TBARTA and issued Advisory Report No. 14I-4001 on January 28, 2015 (FY 2015). The purpose of the review was to determine if funding was provided to TBARTA in accordance with the General Appropriations Act, the Department's Disbursement Operations Office Handbook, and applicable agreement terms, laws, rules, and regulations. The Department's District Seven Secretary concurred with all findings and recommendations noted in the OIG report and will take corrective actions in regard to JPAs and reimbursements to TBARTA under the Commuter Assistance Program. General Counsel provided a briefing to Board members on the Sunshine and Public Records Laws in January 2013 and January 2014. On January 30, 2015 (FY 2015), the TBARTA Board selected Ramond Chiaramonte as its new Executive Director.

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. In June 2015 (FY 2015), the TBARTA Board adopted the 2015 Master Plan Update which refined the established transit, freight, and roadway networks, added a regional trails network, and outlines a strategic vision for implementation. The 2015 Master Plan also includes the addition of a "future priority projects" list developed in coordination with the MPOs through the CCC. By making the Mid -Term Network cost feasible, TBARTA removed the need for the CCC to make its own Regional Long Range Transportation Plan. The eight regional priority projects identified in the 2015 Master Plan Update include: the I-275/SR 60/Memorial Interchange, SR 54/56 Corridor Improvements, Gateway Expressway, Howard Frankland Bridge, Suncoast Parkway 2 (SR 589), Tampa Bay Express (Starter Projects), TIA People Mover Connection/ Westshore Intermodal Center, and University Parkway/I-75 Interchange Area.

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. Due to the scheduled expiration of the office space lease at the University of South Florida, TBARTA executed a new five year lease in the Meridian One office building in Westshore and transitioned to its new offices in January 2015 (FY 2015).

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 $800 thousand.

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.

Northeast Florida Regional Transportation Commission (NEFRTC)

Background

The 2013 Legislature passed, and the Governor approved, Senate Bill (SB) 606 that created the Northeast Florida Regional Transportation Commission (NEFRTC) under Chapter 343, Part I, 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. Because the new Commission is created under Chapter 343, Florida Statutes, it falls under the oversight of the Florida Transportation Commission (FTC) and is included in this FY 2014 Transportation Authority Monitoring and Oversight Report for the first time. (The relevant language from SB 606 is detailed in Appendix A.)

NEFRTC must develop a multimodal and prioritized regional transportation plan consisting of transportation projects of regional significance 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, NEFRTC must use data contained in the long-range transportation plan (LRTP) of the North Florida Transportation Planning Organization (TPO), and review and coordinate with the counties' local government comprehensive plans, the Strategic Regional Policy Plan of the Northeast Florida Regional Council, and other units of government having transit or transportation authority within whose jurisdictions the projects or improvements will be located.

NEFRTC may plan, develop, coordinate and promote transportation projects and transportation services of regional significance which are

Highlights

- NEFRTC was created on July 1, 2013, and the Board met for the first time on October 30, 2013.
- NEFRTC has only one staff member, an Executive Director, retained under a contract for services. Office space, basic administrative support and fiscal management services are provided for a fee by the North Florida Transportation Planning Organization (TPO).
- For its first five years, the Authority is required to annually request a per capita cash contribution from the six constituent counties to support its budget. The FY 2014 budget of $215 thousand was supported by a per capita assessment of approximately 21 cents for all constituent counties except Duval which approximated 11 cents, pursuant to the statutory funding formula.
- NEFRTC is in the process of developing a required multimodal and prioritized Regional Transportation Plan that identifies transportation projects of regional significance as well as an Implementation Plan that identifies funding to execute the Regional Transportation Plan.
- The North Florida TPO is funding a Regional Transportation Corridors Plan for the 2040 update of their Long Range Transportation Plan. This will serve as a foundation document for NEFRTC's Regional Transportation Plan.
- The FY 2014 independent audit of NEFRTC financial statements reflected an unmodified opinion.
- Except for the Board not meeting within 60 days after creation, NEFRTC complied with all applicable Governance criteria.

identified in the NEFRTC Regional Transportation Plan. Subject to available funding, and with the approval of the affected counties and transportation authorities, NEFRTC may provide transportation services of regional significance which are identified in its Regional Transportation Plan. In addition, NEFRTC 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 of regional significance or that support inter-county mobility for persons or freight.

NEFRTC may employ an executive director and 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: Jacksonville Transportation Authority (JTA), its legal counsel, technical experts, engineers, and other administrative employees; the North Florida TPO for planning matters; the Northeast Florida Regional Council for planning and coordination matters; the Department; the Jacksonville Port Authority; and the counties represented on the NEFRTC Board on an as-needed basis.

The enabling legislation (Chapter 343, Part I, Florida Statutes) has a sunset provision whereby NEFRTC will be repealed on November 30, 2018 unless: NEFRTC 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 adequate funding sources to carry out the initial phases of such plans have been secured.

NEFRTC is an agency of the state and 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). Compliance with governance of NEFRTC is being assessed primarily in accordance with Chapters 343 and 189, Florida Statutes, although it will include other applicable statutes.

The Governing Board of NEFRTC is comprised of nine members. The County Commissions of Baker, Clay, Nassau, Putnam, and St. Johns Counties each appoint one person, who may be an elected official of the county. The City of Jacksonville is represented by four members, who may be elected officials of the city. The mayor of the City of Jacksonville appoints two members, and the Jacksonville City Council appoints two members. Except for the initial Board, members are appointed for four-year terms and may not serve more than two consecutive terms. The Secretary of the Department appoints a nonvoting advisor to the Board.

Table 60 represents current NEFRTC Board members and the Officers elected at the October 30, 2013 inaugural Board meeting. The incumbent slate of officers were reelected by the Board to the same positions at the December 2014 Board meeting. After conducting a search and interviewing candidates for the position, the

Table 60
Northeast Florida Regional Transportation Commission
Current Commission Members

Name	*Affiliation*	*Position*
William Bishop	Duval County	Chair
Doug Conkey	Clay County	Vice Chair
Chip Laibl	Putnam County	Treasurer
Rachael Bennett	St. Johns County	Secretary
James Bennett	Baker County	Commission Member
Ennis Davis	Duval County	Commission Member
Neil Henrichsen	Duval County	Commission Member
Ray Holt	Duval County	Commission Member
Daniel B. Leeper	Nassau County	Commission Member

NEFRTC Board selected Joe Stephenson as its Executive Director and approved his contract in April 2014.

Northeast Florida Regional Transportation Study Commission

At the direction of the 2009 Florida Legislature, through the Department, 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 SB 2470 into law creating the Northeast Florida Regional Transportation Study Commission (NFRTSC). The Chairman of the Board of JTA, served as the Chair of the NFRTSC. Other members included representatives from each of the seven counties in northeast Florida. Additionally, the Chair of the North Florida TPO, Chair of the Northeast Florida Regional Council and the District Two Secretary of the Department serve as ex-officio, non-voting members. JTA provided 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. Subsequently, the 2013 Legislature passed SB 606 that created NEFRTC, effective July 1, 2013.

Statutory Requirements

Legislation requires NEFRTC to conduct specific activities with prescribed deadlines. These requirements include inaugural Board meeting activities, regular public Board meetings, funding, statements of financial interest, and developing a Regional Transportation Plan and Implementation Plan. Table 61 lists those statutory requirements and indicates whether those requirements have been met.

NEFRTC met for the first time on October 30, 2013 where the Board: Drew lots to determine which members would serve initial terms of two, three or four years; elected officers; and presented a draft of its Bylaws which govern the Commission. The Board did not meet within 60 days after creation as required by Section 343.1003 (9), Florida Statutes. NEFRTC was created on July 1, 2013 and held their first Board meeting on October 30, 2013 (121 days after creation). At the inaugural Board meeting, a presentation on the Sunshine Law, Public Records, Conflict of Interest, and the Code of Ethics for Public Officers and Employees was provided. FTC staff also provided a presentation to Board members regarding the FTC and its oversight role of NEFRTC. NEFRTC, with the consent of JTA's Executive Director, agreed to use JTA's legal counsel in an advisory capacity.

As required, NEFRTC has met at least quarterly, and most of the time meets monthly. Meetings are held at the North Florida TPO in Jacksonville. For its first five years, NEFRTC is required to annually request a per capita cash contribution from the constituent counties to support its budget. The NEFRTC Board approved a FY 2014 budget of $215 thousand in October 2013 utilizing per capita assessments of 21.17 cents for all constituent counties except Duval (11.19 cents for Duval). FY 2015 per capita assessments of 21.28 cents (11.20 cents for Duval) were adopted in

Table 61
Northeast Floirda Regional Transportation Commission
Statutory Requirements

Subject Area	*Requirement*	*Status*
Inaugural Meeting	The first meeting of NEFRTC shall be held within 60 days after the creation of NEFRTC. (Section 343.1003 (9), Florida Statutes)	The Board did not meet within 60 days after creation as statutorily required. NEFRTC was created on July 1, 2013, and held their first Board meeting on October 30, 2013 (121 days after creation).
	Initial appointees shall draw lots at the first NEFRTC Board meeting to determine which members shall serve inital terms of 2, 3 or 4 years. (Section 343.1003 (2)(a-b), Florida Statutes)	Lots were drawn as required at the inaugural Board meeting.
	At its inaugural meeting, and annually thereafter, the NEFRTC Board shall elect a chair, vice chair, secretary, and treasurer, to serve for a term of 1 year. No person may hold the office of chair for more than two consecutive terms. (Section 343.1003 (8), Florida Statutes)	An election of officers was held at the inaugural Board meeting on October 30, 2013. On December 3, 2014 the NEFRTC Board elected to continue with the current slate of officers for 2015.
	At its inaugural meeting, the Board shall establish the duties and powers of its officers and initial rules of conduct and meeting procedures. (Section 343.1003 (7), Florida Statutes)	Draft NEFRTC Bylaws were presented at the inaugural Board meeting on October 30, 2013 and were subsequently amended in January 2014 and December 2014.
Regular Public Meetings	NEFRTC shall hold regular public meetings at the times and locations determined by the chair but, if feasible, at least quarterly. (Section 343.1011 (1), Florida Statutes)	The Board has met at least quarterly since October 2013. Meetings are now held at the North Florida TPO in Jacksonville.
Funding	In order to carry out the purposes and powers of the NEFRTC for its first 5 years, NEFRTC shall timely request annually that each constituent county appropriate a cash contribution of up to 30 cents per capita per year to support its budget; however, the contribution of Duval County may not exceed 45 percent of the NEFRTC budget for any fiscal year. (Section 343.1004 (3), Florida Statutes)	The Board adopted a FY 2014 Budget of $215 thousand in October 2013 utilizing per capita assessments of 21.17 cents for all constituent counties except Duval which was assessed at 11.19 cents. FY 2015 per capita assessments of 21.28 cents (11.20 cents for Duval) were adopted in September 2014, supporting a FY 2015 Budget of $368 thousand. A balance carryforward of $153 thousand from FY 2014 is included in FY 2015.
Statement of Financial Interest	Notwithstanding Section 348.0003(4)(c), Board members shall file a statement of financial interest with the Commission on Ethics pursuant to Section 112.3145. (Section 343.1003 (6), Florida Statutes)	Required financial interest forms were properly filed with the Florida Commission on Ethics (Form Year 2013).
Regional Transportation Plan and Implementation Plan	Develop a multimodal and prioritized Regional Transportation Plan and Implementation Plan and present the plan and updates to the governing bodies of the constituent counties within 90 days after adoption. (Section 343.1004 (1)(a-b), Florida Statutes)	NEFRTC is currently in the process of developing its Regional Transporation Plan and Implementation Plan.
	Before the Regional Transportation Plan or Implementation Plan is adopted, public hearings shall be conducted by NEFRTC in each of the counties affected, at least one of which must be before the Board. (Section 343.1011 (2), Florida Statutes)	NEFRTC is currently in the process of developing its Regional Transporation Plan and Implementation Plan.
	Update the Regional Transportation Plan and Implementation Plan at least every other year. (Section 343.1004 (1)(b), Florida Statutes)	This compliance issue is not yet applicable to NEFRTC.

September 2014, supporting a budget of $368 thousand. A balance carry-forward of $153 thousand from FY 2014 is included in FY 2015. Required financial interest forms were properly filed with the Florida Commission on Ethics.

Current Activities

NEFRTC is currently completing the Regional Transportation Corridors Plan funded by the TPO as Task 13 of that agency's LRTP and is developing a Regional Transit Action Plan (RTAP) in cooperation with JTA. The Corridor Plan is based on the 2040 Needs Plan that was expanded to include Baker and Putnam Counties, which are not included in the TPO. To date, the priority corridors and projects within these corridors have been identified. The RTAP will utilize the many existing transit studies already completed within the region to develop a long term regional transit vision and to identify short term implementable regional transit projects. Short term transit projects that will improve service coordination, efficiency and effectiveness within the region will be added to the list of priority projects produced by the Corridor Plan.

The process of establishing priorities for projects included in the LRTP and projects brought forward by the RTAP cannot be complete until funding options are analyzed. When the list of projects is complete, a specific funding plan will be formulated for each project. The viability of funding will be an important factor in establishing final project priorities. The highest priority, most fundable projects will be recommended for implementation, along with a specific funding plan for each project. NEFRTC anticipates completing a draft Regional Multimodal Transportation Plan, including an Implementation Plan, in the spring of 2016. The plan will be finalized, based on public and constituent county input, during the summer of 2016.

Performance Measures and Operating Indicators

As an emerging transportation commission, NEFRTC 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 Florida Transportation Commission (FTC) developed "governance" criteria for assessing each authority's adherence to statutes, policies and procedures. To that end, the FTC 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

NEFRTC must 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. NEFRTC indicated that there have been no ethics or conflict of interest violations or investigations. FTC staff reviewed NEFRTC's Board meeting 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. As previously noted, a presentation on the Sunshine Law, Public Records, Conflict of

Interest, and the Code of Ethics for Public Officers and Employees was provided at the October 30, 2013 Board meeting.

Audits

An annual independent audit of NEFRTC financial statements for the fiscal year ended September 30, 2014 was performed. This is the first audit of NEFRTC. The Independent Auditor's Report, dated March 25, 2015, 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 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 Management Letter did not have any recommendations for improvement.

Public Records and Open Meetings

NEFRTC must comply with the requirements of Chapters 119, 189 and 286, Florida Statutes. NEFRTC reported that there have been no violations or allegations of non-compliance. FTC staff reviewed agendas, minutes of meetings and notices of public meetings as posted on NEFRTC's website www.nefrtc.com. The website includes minutes of the meetings and documents that are discussed or presentations made before the Board. Pursuant to Section 189.015, Florida Statutes, NEFRTC (an Independent Special District) is required to publish a schedule of its Board meetings with the local governing authorities and in a newspaper of general paid circulation in the counties in which it is located. FTC staff reviewed an advertisement for Board meetings published in the *Florida Times-Union*. Based on this limited review, it appears that NEFRTC is operating within procedure and statute.

Procurement

NEFRTC reported actual expenditures of approximately $61 thousand in FY 2014. NEFRTC currently has only one staff member, an Executive Director, who is retained under a contract for services (approved by the Board in April 2014). Office space, basic administrative support and fiscal management services for NEFRTC are provided for a negotiated annual fee by the North Florida TPO. NEFRTC can piggyback on purchasing agreements of other special districts, municipalities, counties, and other agencies which have been procured in compliance with the requirements set forth by NEFRTC.

In May 2014, the NEFRTC Board delegated expenditure and check signing authority of up to $5 thousand to the Executive Director. Board approval is required, and checks must be signed by the NEFRTC Chairman or Treasurer, for all purchases of goods or services exceeding $5 thousand. The only expenses that exceeded $5 thousand in FY 2014 related to the Executive Director contract and fees paid to the North Florida TPO for administrative support.

On March 25, 2015 (FY 2015), the Board adopted the NEFRTC Accounting Manual as a guide to the financial policies and procedures of the commission. The expenditure authority delegated to the Executive Director for purchasing, contracting for services and signing checks remained at $5 thousand. Purchases and checks up to $20 thousand can now be approved and signed by the NEFRTC Chairman or Treasurer without prior Board approval. Board approval is required for the purchase of goods and services and the issuance of checks that exceed $20 thousand.

Consultant Contract Reporting

NEFRTC has not secured a general consultant, making this governance item not applicable at this time. The only work that is being done on behalf of NEFRTC that would commonly be accomplished under a General Engineering Consultant contract is preparation of a Regional Transportation Corridors Plan. That plan is included as Task 13 of the North Florida TPO contract for the 2040 update of their Long Range Transportation Plan. The work is funded by the TPO and will serve as a foundation document for NEFRTC's Regional Multimodal Transportation Plan. Consistent with Chapter 343.1003(11)(a), Florida Statutes, NEFRTC is working cooperatively with procurement staff from JTA to assure that acquisition of services necessary to complete the Regional Multimodal Transportation Plan is in compliance with applicable statutes and regulations.

Compliance with Bond Covenants

NEFRTC has not issued bonds; therefore, this governance item is not yet applicable. It does not appear that NEFRTC has the authority to issue bonds.

Summary

The Florida Transportation Commission (FTC) review of NEFRTC was conducted with the cooperation and assistance of NEFRTC and relied heavily on documentation and assertions provided by NEFRTC. The FTC's approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures that have been adopted by NEFRTC, various contracts, and a review of the NEFRTC budget and audited financial statements.

On July 1, 2013, pursuant to Senate Bill 606, the newly created NEFRTC became subject to FTC oversight. The Authority was created 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. NEFRTC must develop a multimodal and prioritized Regional Transportation Plan consisting of transportation projects of regional significance as well as an Implementation Plan that identifies funding to execute the Regional Transportation Plan. The enabling legislation (Chapter 343, Part I, Florida Statutes) has a sunset provision whereby NEFRTC will be repealed on November 30, 2018 unless the plans have been endorsed by four of the specified constituent counties and adequate funding sources to carry out the initial phases of such plans have been secured.

NEFRTC met for the first time on October 30, 2013 where the Board: drew lots to determine which members would serve initial terms of two, three or four years; elected officers; and presented a draft of its Bylaws which govern NEFRTC. The Board did not meet within 60 days after creation as required by Section 343.1003 (9), Florida Statutes. NEFRTC was created on July 1, 2013 and held their first Board meeting on October 30, 2013 (121 days after creation). At the inaugural Board meeting, a presentation on the Sunshine Law, Public Records, Conflict of Interest, and the Code of Ethics for Public Officers and Employees was provided. FTC staff also made a presentation to Board members regarding the FTC and its oversight role of NEFRTC. NEFRTC, with the consent of JTA's Executive Director, agreed to use JTA's legal counsel in an advisory capacity.

For its first five years, NEFRTC is required to annually request a per capita cash contribution from the constituent counties to support its budget. The NEFRTC adopted FY 2014 and FY 2015 budgets totaling $215 thousand and $368

thousand, respectively. The per capita annual assessments were approximately 21 cents for all constituent counties except Duval which approximated 11 cents, pursuant to the statutory funding formula. A balance carry-forward of $153 thousand from FY 2014 is included in the FY 2015 budget.

NEFRTC has only one staff member, an Executive Director, who is retained under a contract for services (approved by the Board in April 2014). Office space, basic administrative support and fiscal management services for NEFRTC are provided for a negotiated annual fee by the North Florida Transportation Planning Organization (TPO). In March 2015 (FY 2015), the Board adopted the NEFRTC Accounting Manual as a guide to the financial policies and procedures of NEFRTC. NEFRTC can piggyback on purchasing agreements of other special districts, municipalities, counties, and other agencies which have been procured in compliance with the requirements set forth by NEFRTC. The North Florida TPO is preparing a Regional Transportation Corridors Plan for the 2040 update of their Long Range Transportation Plan. The work is funded by the TPO and will serve as a foundation document for NEFRTC's Regional Transportation Plan. NEFRTC is currently in the process of developing its prioritized Multimodal Regional Transportation Plan, including an implementation component, and on identifying implementable regional transit projects through its Regional Transit Action Plan.

In the area of governance, the FY 2014 independent financial statement audit, dated March 25, 2015, reflected an unmodified opinion. This is the first audit of NEFRTC. No issues related to internal control or compliance were reported by the auditors. In the Independent Auditor's Management Letter, the auditors did not have any recommendations for improvement.

Based on the FTC's review of Board meeting minutes, NEFRTC policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by NEFRTC, 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 FTC were noted, except for the Board not meeting within 60 days after creation as noted above.

The FTC encourages the NEFRTC to continue to develop and implement policies and procedures to ensure proper governance of the NEFRTC as operations expand with ongoing activities. The FTC acknowledges with appreciation the assistance of the NEFRTC Board and staff in providing the resources necessary to conduct this review and to complete this report.

Summary of Fiscal Year 2014 Findings

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Summary of Fiscal Year 2014 Findings

Miami-Dade Expressway Authority (MDX)

The Florida Transportation 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 10 of the 13 applicable management objectives established for performance measures. The three performance measure objectives not met include revenue variance, safety and minority participation.

Operating indicator trend analysis showed that FY 2014 construction in progress increased $108.5 million over FY 2013 due to numerous on-going major capital projects including: SR 826/SR 836 and SR 836/I-95 interchange improvements, SR 836 and SR 112 infrastructure modifications for open road tolling (ORT), SR 836 operational, capacity and interchange improvements, SR 836 interchange modifications at 87th Avenue, Central Boulevard reconstruction, SR 874 Mainline reconstruction, and a new SR 874 ramp connector to and from SW 128th Street. FY 2014 total operating revenues decreased $5.4 million, or 4.0 percent, over FY 2013 while total operating expenses increased $9.7 million, or 17.3 percent. Total toll collection, routine maintenance, and administration expenses for FY 2014 increased 40.8 percent, 8.6 percent, and 31.1 percent, respectively. The decrease in FY 2014 operating revenues is primarily attributed to lower than expected Toll-by-Plate (TBP) revenues as a result of delays in generating and mailing invoices during MDX's transition to a new billing service provider. The significant $6.8 million, or 40.8 percent, increase in FY 2014 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 reflected in FY 2013 as a result of on-going litigation. 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. The increase in FY 2014 administration expenses is primarily due to a $1.9 million increase in legal fees for contracted services related to litigation.

In the area of governance, the FY 2014 independent financial statement audit reflected an unmodified opinion. The Auditor's Management Letter noted that corrective actions were taken by MDX to address two prior years' audit findings and identified one current year finding related to ineffective internal controls noted in MDX's service organization billing provider. MDX will monitor the finding to ensure that corrective action is taken by its service organization. MDX also initiated an ethics investigation into allegations that an employee utilized 19 MDX issued $10 gift cards to replenish the employee's personal SunPass account. MDX utilized the gift cards as part of a promotion to encourage new SunPass customers. The investigation resulted in the termination of one employee and $190 was recovered through a deduction from the employee's final pay check. Section 348.0003(4)(c), Florida Statutes, requires that members of the MDX Board comply with the applicable financial disclosure requirements of Section 8, Article II of the State Constitution. Pursuant to Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees), the required financial disclosure must be filed with the Florida Commission on Ethics and be posed online. Commission staff reviewed the Commission on Ethics financial disclosure website, and noted that one MDX Board member (Robert Holland), had not filed the required financial disclosure form (Form 6 - Full and Public Disclosure of Financial Interest).

In September 2012, MDX entered into a Memorandum of Understanding with the Turnpike Enterprise, Central Florida 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. Enterprise issued an intent to award to the number one ranked firm (Xerox State and Local Solutions) in June 2015 (FY 2015), and subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an ILA to address management and governance of the CCSS by the participating agencies, as per terms of the MOU.

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), but can be deferred to no later than July 1, 2019 (FY 2020), all toll rates on all MDX facilities will be indexed to the Consumer Price Index.

MDX had two bond issues in FY 2014, Series 2013B and 2014A, and one bond issue in FY 2015, Series 2014B. In December 2013, 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. MDX received a payment of $3.8 million and the cost of issuance. The $3.8 million was used to pay interest expense. In June 2014, MDX issued $314.0 million in Toll System Revenue Bonds, Series 2014A. Bond proceeds will be used to partially fund work program projects, fund the increase in the debt service reserve fund, and pay expenses related to bond issuance costs. In October 2014 (FY 2015), MDX also issued $266.4 million in Toll System Revenue and Refunding Revenue Bonds, Series 2014B. Bond proceeds will be used to refund a portion of the MDX Toll System Revenue Bonds, Series 2005A and Series 2006, pay termination costs associated with two interest rate swap agreements, fund the increase in the debt service reserve fund and pay expenses related to bond issuance costs. As a result of the Series 2014B Bond issue, variable rate debt for MDX decreased from 16 percent to 8 percent. The transaction yielded an overall present value savings of $10 million and lowered the overall debt service by $79.2 million.

In May 2014, the MDX Board approved an agreement for conveyance of fee simple interest and assignment of third party agreements between the Department and MDX for the Miami Intermodal Center (MIC) property. MDX created a MIC Enterprise Fund to account for the MIC and adjacent parcels separate and distinct from the MDX Expressway System Enterprise Fund. MDX system revenues will not be utilized for the construction, maintenance, repair or operation of the MIC property, except as specifically provided. In addition, MDX amended its Bylaws by creating the MIC Enterprise Committee as a standing committee chaired by the Department's District Six Secretary to review procurement of service providers, recommend operating, maintenance and capital budgets, serve as a forum for all stakeholders, and recommend an overall MIC

Commercial Development Program. MDX is currently awaiting approval of the transfer agreement by the Board of County Commissioners in order to assume financial and operational control of the MIC.

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, except for one MDX Board member not filing a financial disclosure as required pursuant to Section 348.0003(4)(c), Florida Statutes, as noted above.

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.

Central Florida Expressway Authority (CFX)

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

On June 20, 2014 Governor Rick Scott signed Senate Bill (SB) 230, the Central Florida Expressway Authority into law, creating a new agency codified in Chapter 348, Part III, Florida Statutes. CFX assumed all assets, liabilities, duties, responsibilities and obligations of the Orlando-Orange County Expressway Authority (OOCEA) under its existing contracts and agreements, including, without limitation, the duties, responsibilities and obligations under the Master Bond Resolution. CFX must operate and maintain the expressway system in accordance with the Master Bond Resolution and the Lease-Purchase Agreement entered into between OOCEA and the Florida Department of Transportation (Department). The area served by CFX includes Seminole, Lake and Osceola Counties in addition to Orange County, and the new CFX Board was expanded to nine members. In addition, governance and control of the Osceola County Expressway Authority (OCX), including all OCX assets and liabilities, will transfer to CFX sometime after December 31, 2018 when the debt service coverage ratio is greater than or equal to 1.5. Although CFX replaced OOCEA on June 20, 2014 (prior to the end of FY 2014), the first meeting of the new CFX Board was held on July 10, 2014 (FY 2015). The CFX Board named Laura Kelley as its first Executive Director on May 14, 2015. Ms. Kelley served as the CFX Deputy Executive Director of Finance and Administration.

CFX met 15 of the 16 applicable management objectives established for performance measures in FY 2014. The one performance measure objective not met was consultant contract management.

Operating indicator trend analysis showed that FY 2014 infrastructure assets and construction in progress increased $26 million and $91 million, respectively, over FY 2013. Major capital asset events in FY 2014 included the completion of the SR 451 and Vick Road intersection, completion of the second phase of the SR 417/Boggy Creek Road interchange and the bridge deck

replacements on SR 528 west of the Airport Plaza. In addition, construction started on the widening of SR 417 from Curry Ford Road to Lake Underhill Road and the third phase of the SR 417/Boggy Creek Road interchange began.

FY 2014 operating revenue grew by $22.0 million, or 7.2 percent, over FY 2013 while toll transactions grew by 6.8 percent. The increase in revenue is a result of increased toll revenue attributed to an increase in traffic on the system. FY 2014 total operating expenses decreased $1.0 million, or 1.3 percent, over FY 2013. Toll collection and maintenance expenses for FY 2014 increased 4.2 percent and 5.2 percent, respectively, over FY 2013 levels while administrative and renewal and replacement (preservation) expenses decreased 8.1 percent and 46.8 percent respectively. The significant decrease in renewal and replacement expenses (resurfacing and restriping) is because projects started later than expected. The primary reason for the decrease in total operating expenses is a $2.8 million, or 38.4 percent, decrease in other operating expenses. Other operating expenses are expenses that were not part of the CFX Operating, Maintenance, and Administration Budget, but also were not capitalized.

In the area of governance, the FY 2014 independent financial statement audit reflected an unmodified opinion. CFX routinely conducts a number of internal audits and reviews each year and has implemented many of the recommendations contained therein. A contracted outside consulting firm, Protiviti Inc., provides independent internal audit support services to the CFX Audit Committee and Board and independently verifies and reports the status of all audit/review recommendations. The status of all recommendations for CFX improvements that have not yet been implemented (as of September 15, 2014) is provided in Appendix C. The following list identifies audits and reviews that were issued during FY 2014.

- 2014 Contracts Audit (October 2013) - The Internal Audit firm audited two contracts with a combined value of $150 million. The goals were to verify the accuracy of billing and identify and test controls over the billing and oversight process. The audit recommended two areas for improvement and both recommendations have been implemented.

- 2014 Maintenance and Safety Plan Compliance (April 2014) - The Internal Audit firm verified CFX's compliance with federal and state maintenance and inspection regulations and reviewed processes and controls. The audit identified five areas for improvement. Three recommendations were completed as of September 15, 2014 and the remaining two recommendations were subsequently completed as reported by CFX.

- DHSMV Security Assessment (February 2014) - The Internal Audit firm completed a Security Assessment related to data received from the Department of Highway Safety and Motor Vehicles (DHSMV) by the Authority relating to vehicle registrations. The report issued as a result of the audit is exempt from public records disclosure pursuant to Section 282.318, Florida Statutes.

- PCI Compliance Audit (February 2014) - The Internal Audit firm performed an audit to test the Authority's conformity with 242 Payment Card Industry (PCI) Data Security Standard (DSS) areas of compliance. The report issued as a result of the audit is exempt from public records disclosure pursuant to Section 282.318, Florida Statutes.

In March 2015 (FY 2015), the CFX Board adopted a new Code of Ethics that incorporates Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) and ethical standards set forth in CFX's enabling legislation (Section 348.753(6) to (15), Florida Statutes). As previously noted, CFX replaced OOCEA, effective June 20, 2014, at which time a new expanded CFX Board was formed. During the Commission review of CFX, no Ethics or Sunshine Law violations were noted. However, the Commission noted an investigation and various Ethics and Sunshine Law violations of the prior OOCEA Board that occurred prior to the reformed CFX. These results were previously reported in last year's report.

In February 2012, a Memorandum of Understanding (MOU) delineated the plan to fund, design, construct, own, operate and maintain the Wekiva Parkway. The Wekiva Parkway Interlocal Agreement approved on May 9, 2014, contains specific terms and provisions governing the project that are consistent with the MOU. CFX 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, CFX will 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. In April 2015 (FY 2015), CFX received a $194 million Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, at a historically low interest rate of 1.23 percent. This loan will result in significant savings in bond interest payments and accelerate the schedule for building the Wekiva Parkway by as much as 18 months. On June 11, 2015 the CFX board approved Bond Anticipation Notes (BANs) for up to $200 million that will be sold via a competitive process during the second week of July 2015. The BANs will be used to finance CFX's portion of the Wekiva Parkway with the proceeds from the TIFIA loan in calendar year 2018 paying off the BANs.

On September 12, 2012, a MOU with Florida's Turnpike Enterprise, Miami-Dade Expressway Authority, Tampa-Hillsborough County Expressway Authority and CFX was entered into, 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. Vendors filed protests subsequent to the ranking thus significantly delaying negotiations with the number one ranked firm. In June 2015 (FY 2015), Florida Turnpike Enterprise issued an intent to award to the number one ranked firm (Xerox State and Local Solutions). Subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an ILA that will enable the other three agencies to transition to the new system.

Based on the Commission's review of Board meeting minutes, CFX policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by CFX, 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.

The Commission recognizes the positive performance results and acknowledges, with appreciation, the assistance of the CFX Board and staff in providing the resources necessary to conduct this review and to complete this report.

Santa Rosa Bay Bridge Authority (SRBBA)

The Florida Transportation Commission's 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. 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 terms of the lease run concurrently with the bonds and when the bonds are fully paid, the Department will own the bridge. 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 last SRBBA Board meeting held in June 2014. Six vacancies currently exist on the seven member SRBBA Board. No future Board meetings are currently scheduled until appointments are made by the Governor and the Santa Rosa County Board of County Commissioners to enable a quorum necessary to conduct business.

SRBBA met or exceeded 6 of the 11 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 2014 toll revenue increased 10.3 percent while toll transactions increased 9.9 percent over FY 2013 levels. The increase in traffic and revenue can be attributed to a continuing rebound, or increase, in traffic due to improving economic conditions in Florida and the United States in general. Further, during the spring and summer of 2014, Northwest Florida had a record-breaking tourist season. Hotel bed tax collections were up double digits in April, May and June from 2013 levels. 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 2014 increased approximately $51 thousand, or 4.4 percent, over FY 2013 while total operating revenues increased $490 thousand, or 10.3 percent. The increase in operating expenses can be attributed to a $27 thousand, or 2.8 percent, increase in toll collection expenses primarily due to an increase in credit card fees, toll plaza operating contracts and transponder purchases and increases of $12 thousand in both routine and 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. In FY 2013 Fitch withdrew their rating as it was no longer considered analytically meaningful and there were no changes in SRBBA bond ratings in FY 2014.

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. During the review, 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. Within a five month period of time (November 2010 through March 2011), six members resigned from the SRBBA Board. 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 was provided to SRBBA Board

members, three vacancies continued to exist on the seven-member Board making it difficult to consistently achieve the four member quorum required to conduct official business. The Board 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; however, subsequent to the June 2014 Board meeting, the Chairman, Vice Chairman and Secretary/Treasurer resigned from the Board.

The Trustee engaged its financial advisor (FTI) to evaluate whether increasing the toll rate on the Garcon Point Bridge would increase revenues. As a result, FTI prepared a report entitled "Impact of Toll Rates on Garcon Point Bridge Toll Transactions and Revenues," dated May 12, 2014. The study sets forth a recommended schedule of toll rates to maximize revenues. On November 6, 2014 (FY 2015), the Trustee's Legal Counsel (Greenberg Traurig) sent a letter to SRBBA requesting that SRBBA raise toll rates on the Garcon Point Bridge, within 30 days, in the amounts set forth in FTI's toll rate study. As previously noted, the SRBBA Board has not met since June 2014 and did not authorize the requested toll increase. The SunPass toll rate is recommended to increase from $3.75 to $4.00, the cash toll rate from $3.75 to $5.00, and the SunPass discount for high volume users is to decrease from 50 percent to 25 percent. On March 16, 2015 (FY 2015), the Trustee's Legal Counsel sent a letter to the Department requesting that the Department increase tolls on the Garcon Point Bridge pursuant to the requirements contained in Section 1.04 of the Lease-Purchase Agreement between SRBBA and the Department. In its response, the Department indicated that it is not clear to the Department that it has the authority to comply with the request to increase tolls. The Department questioned whether FTI Consulting are qualified "Traffic Consultants" within the definition contained in the SRBBA Bond Resolution and whether establishing tolls at the specific levels requested would fully comply with the terms and covenants in Section 5.02 (Toll Covenants) of the Bond Resolution. Currently, the proposed toll rate increase has not been implemented on the Garcon Point Bridge. On December 11, 2014, the Santa Rosa County Board of County Commissioners (SRCBOCC) approved, without objection, a resolution opposing an increase in tolls and reduction in SunPass discounts for Garcon Point Bridge. It should be noted that the SRBBA Board had been working with the Trustee in FY 2014 to obtain funding for the required Traffic and Revenue Study.

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 Board vacancies, potential toll rate increase and the general 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 Florida Transportation Commission's review of THEA was conducted with the cooperation and assistance of THEA and relied heavily on documentation and assertions provided by Authority management.

THEA met or exceeded all 16 of the applicable management objectives established for performance measures.

Operating indicator trend analysis showed that the $64.5 million decrease in construction in progress, and $75.5 million increase in infrastructure assets, is primarily due to the completion of the viaduct deck replacement and widening. FY 2014 total operating expenses decreased $1.2 million, or 9.5 percent, over FY 2013, while operating revenues increased $3.3 million, or 7.9 percent. The operating revenue increase is primarily attributed to the opening of the I-4 Connector in January 2014 and the elimination of construction impacts during FY 2013. FY 2014 total toll collection expenses decreased $0.3 million, or 7.9 percent, while administrative expenses increased $0.4 million, or 13.2 percent, over FY 2013. The decrease in total operating expenses in FY 2014 is primarily due to the $1.4 million decrease in renewal and replacement expenses attributed to resurfacing and restriping projects and straddle bent maintenance projects that were substantially complete in FY 2013. The $0.4 million increase in administrative expenses in FY 2014 is attributed to an increase in payroll expenses, expenses incurred to prepare the biennial inspection report and contract with an investment advisor, and an increase in building expenses and utilities. In February 2014, Standard and Poor's raised its credit rating on THEA bonds from A- to A.

In the area of governance, the FY 2014 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 (MOU) with the Florida Turnpike Enterprise (FTE), Miami-Dade Expressway Authority and Central Florida 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. In June 2015 (FY 2015), FTE issued an intent to award to the number one ranked firm (Xerox State and Local Solutions). Subsequent to the award, a notice to protest was filed by one of the competing firms. When the contract is finalized, work will begin on an Interlocal Agreement to address management and governance of the CCSS by the participating agencies, as per terms of the MOU.

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). On July

1, 2014, tolls were increased eight percent (2.5 percent annual inflation compounded over three years) at all THEA tolling locations. THEA will now index tolls annually.

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 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 $10.7 million annually).

The I-4 Connector opened to traffic in January 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.

During the 2014 legislative session, Senate Bill 218, amended Section 348.54, Florida Statutes, enabling THEA to construct, operate and maintain transportation facilities within the jurisdictional boundaries of counties contiguous to Hillsborough County, with the consent of the respective county. In addition, THEA has been designated by the Research and Innovative Technology Administration and the United States Department of Transportation as a test bed for Autonomous Vehicle technology and has partnered with the University of South Florida's Center for Urban Transportation Research (CUTR) Automated Vehicle Institute.

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 Florida Transportation 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 12 of the 16 applicable management objectives established for performance measures. The four performance measure objectives not met include state highway

system roadway maintenance condition rating, revenue variance, safety and consultant contract management. 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 2014 infrastructure assets increased $446 million over FY 2013 primarily due to the completion of the I-4 Connector expansion project. Construction in progress increased $352 million in FY 2014 primarily due to continued progress on the First Coast Expressway project in Jacksonville, widening of SR 821 (HEFT) and the Veterans Expressway, conversion of the Veterans Expressway and a portion of the Southern Coin system of the Turnpike Mainline to AET, and service plaza reconstruction. Total operating revenues for FY 2014 increased $40.4 million, or 5.3 percent over FY 2013, primarily due to record high toll revenues of $796 million. The increase in revenue is attributed to traffic growth, opening of the I-4 Connector and indexing of toll rates.

FY 2014 total operating expenses decreased $19.0 million, or 6.9 percent, over FY 2013. A $19.2 million, or 23.5 percent, decrease in renewal and replacement expenses accounted for the overall decrease in operating expenses. The decrease in renewal and replacement expenses is due to the cyclical nature of system preservation. FY 2014 toll collection, routine maintenance, and depreciation expenses were within one percent of amounts reported in FY 2013.

In the area of governance, the FY 2014 independent financial statement audit reflected an unmodified opinion and no recommendations for improvement were noted. The Department's Office of Inspector General (OIG), as part of its annual Audit Plan, individually reviewed Turnpike's five General Engineering Consultants to assess if their specific companies' internal controls over their labor charging and timekeeping systems are effective, complete and sufficiently detailed to detect time recording and billing errors. The OIG issued Advisory Reports on February 12, 2014 noting some items for follow-up. The Turnpike has addressed the observations with the respective consultant firm. Additionally, annual required training was provided to Turnpike employees on ethics and public records requests.

On September 12, 2012, a Memorandum of Understanding (MOU) was entered into with the Enterprise, Miami-Dade Expressway Authority (MDX), CFX, and Tampa-Hillsborough County Expressway Authority (THEA) to develop and implement a Centralized Customer Service System (CCSS). The system is expected to provide a single point of contact for all electronic toll collection customers, improve and simplify customer service, reduce the cost of electronic toll collection, and provide a single centralized service center with regional satellite offices. The participating agencies intend to implement the CCSS through a master agreement. Having completed contract negotiations in June 2015 (FY 2015), the Enterprise awarded a contract to the number one ranked firm (Xerox State and Local Solutions, Inc.) to develop and implement the CCSS. Subsequent to the award, a notice to protest was filed by one of the competing firms. The Turnpike's current back office processes over one billion transactions annually and will continue to operate until the implementation of the CCSS.

During, and subsequent to, FY 2014, Turnpike issued three series of bonds:

- 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 resulted 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 resulted in a net present value savings of $11.1 million due to lower interest costs.

- In July 2014 (FY 2015), the Turnpike issued $223.6 million in State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2014A. Bond proceeds are primarily being used 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 resulted in a net present value savings of $14.5 million due to lower interest costs.

A 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 and provides a limited-access alternative route to and from downtown Tampa. The truck lanes also provide direct access to and from the Port of Tampa removing trucks from the local roads. In addition, the Turnpike purchased the Beachline East Expressway from the Department on July 1, 2014 (FY 2015), for $60 million. The Beachline East Expressway extends east from SR 520 in Orange County for six miles into Brevard County where it splits into two branches. The 9-mile southeast branch continues as SR 528 to a connection with the Bennett Causeway at US 1, while the 7-mile northeast branch becomes SR 407 and extends to a connection with SR 405.

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.

The Commission recognizes Turnpike for its ongoing efforts to implement All Electronic Tolling and Express Lanes 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.

Mid-Bay Bridge Authority (MBBA)

The Florida Transportation Commission's review of MBBA was conducted with the cooperation and assistance of MBBA and relied heavily on documentation and input provided by MBBA Staff.

The MBBA Board is the governing body responsible for oversight of MBBA. MBBA entered into a Lease-Purchase Agreement with the Department, whereby the Department maintains and operates the System and remits all tolls to MBBA. The payment of operations and maintenance by the Department from sources other than tolls constitute the Departments rental and purchase

payments for the System. The terms of the lease run concurrently with the bonds. When the bonds mature and are fully paid, the Department will have full ownership of the System. After debt service payments, current year budgeted costs of operations and maintenance are being paid back to the Department.

MBBA met or exceeded 10 of the 15 applicable management objectives established for performance measures. The five performance measure objectives not met include bridge condition rating, percentage of Electronic Toll Collection (ETC) transactions, cost to collect a toll transaction, debt service coverage - bonded/ commercial debt, and debt service coverage - comprehensive debt. Although MBBA did not meet the two standardized performance measure objectives for debt service established by the Commission for all toll authorities under its oversight, MBBA was in compliance with the debt service coverage as required in its bond covenants.

Operating indicator trend analysis showed that FY 2014 infrastructure assets increased $88.2 million over FY 2013 primarily due to the completion and opening of Phases 2 and 3 of the 11-mile Spence Parkway in January 2014. FY 2014 total operating revenues increased $2.3 million, or 14.3 percent, over FY 2013 while total operating expenses increased $1.7 million, or 45.6 percent. The $2.3 million revenue increase in FY 2014 is primarily due to increased toll revenue as a result of opening the new Spence Parkway in January 2014. Toll collection, routine maintenance and administration expenses for FY 2014 increased 8.2 percent, 24.9 percent and 0.8 percent, respectively, over FY 2013 levels. A $1.3 million increase in FY 2014 renewal and replacement (preservation) expenses accounted for approximately 77 percent of the overall $1.7 million increase in total operating expenses. The increase in renewal and replacement expenses is attributed to the complete replacement of bearing pads on the Mid-Bay Bridge by the Department on behalf of MBBA. The $74 thousand, or 45.6 percent increase in routine maintenance expenses is attributed to additional maintenance costs associated with the addition of the Spence Parkway. Total toll transactions in FY 2014 increased by 1.9 million, or 28.6 percent, over FY 2013 levels. Cash transactions increased by 0.7 million, or 31.1 percent, while ETC transactions increased by 1.2 million, or 27.2 percent.

In the area of governance, the FY 2014 independent financial statement audit reflected an unmodified opinion and no recommendations for improvement were noted in the Auditor's Management Letter. In November 2014, MBBA's Legal Counsel conducted ethics training for Board members. The Board members and Executive Director subsequently completed a four hour on-line ethics training course. MBBA posts meeting notices and agendas to its website and will, as a direct result of coordination during the oversight process, expand the public Board meeting information posted on its website to include Board meeting minutes. MBBA has not formally adopted a procurement policy, it is subject to compliance with the Florida Consultants Competitive Negotiation Act. Also, as a direct result of coordination during the oversight process, MBBA intends to develop, consider, and implement a procurement policy prior to the close of FY 2015.

The United States Air Force granted and conveyed to MBBA a 50-year nonexclusive easement, for 597 acres on Eglin Air Force Base for the Spence Parkway, associated storm water retention basins, and modification of existing roads. As consideration, MBBA deposited $26.7 million into an interest-bearing In-Kind Consideration Account to be used to fund projects selected by the Air Force. MBBA administers the various contracts for Air Force projects and along with the Air Force jointly approves payments by the escrow agent who holds the funds. Approximately $340 thousand remains in the account and MBBA expects that amount to be expensed not later than 2016, at which point MBBA will have fulfilled its

obligation under the terms of the easement. As previously noted, the 11-mile Spence Parkway fully opened to traffic in January 2014 and connects the north end of the Mid-Bay Bridge to SR 85.

To address untenable debt service requirements as a result of unrealized traffic projections, the MBBA Board approved a plan to refinance and restructure all of its outstanding debt to take advantage of lower interest rates. The restructuring lowers annual debt service requirements, thus reducing the amount of a toll increase included in the MBBA 2011 bond issue. In May 2015 (FY 2015), MBBA priced $285.0 million in Series 2015 Bonds ($227.0 million in Series 2015A First Senior Lien Revenue Bonds, $24.5 million in Series 2015B First Senior Lien Taxable Revenue Bonds, and $33.5 million in Series 2015C Second Senior Lien Revenue Bonds). Required debt service coverage on the Series 2015 Bonds is 1.40 on the First Senior Lien Bonds, and 1.20 on the Second Senior Lien Bonds. The maturity of the bonds remains 2040 and results in a present value savings of $4.1 million. MBBA will hold public information meetings in the summer of 2015 to get public input prior to making a final decision on any changes to its toll schedule.

Based on the Commission's review of Board meeting minutes, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by MBBA, 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 MBBA for expanding its facilities to include the Spence Parkway and encourages MBBA to develop and pursue action plans to help meet established performance measure objectives. The Commission acknowledges with appreciation the assistance of the MBBA Board 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 complaint response time, and on-time performance. Four of the seven objectives not met include operating expense components.

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 2014 operating expenses increased $3.8 million, or 4.1 percent, while

operating revenues increased $2.2 million, or 5.5 percent, over FY 2013. LYNX logged 67 thousand, or 0.2 percent, more passenger trips and the average trip length increased by 0.1 miles to 5.6 miles in FY 2014. As a result, passenger miles increased by 3.3 million to 161.7 million (an increase of 2.1 percent). FY 2014 revenue miles remained virtually the same, while revenue hours increased 0.7 percent from FY 2013. The farebox recovery ratio decreased from 29.9 percent in FY 2013 to 28.3 percent in FY 2014 and the average fare slightly decreased from $0.96 in FY 2013 to $0.95 in FY 2014. The average age of the fleet remained the same at 5.9 years and the operating spare ratio decreased from 20.0 percent to 16.2 percent allowing the Authority flexibility in terms of providing expanded service in the future.

In the area of governance, the FY 2014 Independent Auditor's Report expressed an unmodified opinion on CFRTA's financial statements. Except for information reported to CFRTA's Self-Insurance Program actuary, 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 noted one finding where information relating to outstanding claims in litigation had not been properly communicated to CFRTA's Self-Insurance Program actuary. Management concurred with the finding and is in the process of implementing corrective action.

Phase 1 of the SunRail commuter rail system opened for service on May 1, 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.

In November 2014 (FY 2015), the CFRTA Board finalized negotiations on the Compressed Natural Gas (CNG) Unsolicited Proposal from Nopetro and entered into a Fuel Purchase Agreement whereby Nopetro will design, build, operate and maintain a fast-fill CNG fueling station on land owned by Nopetro adjacent to the LYNX facility on John Young Parkway; train LYNX employees on CNG fueling and CNG bus maintenance procedures; and provide LYNX with royalty payments on all third party sales made at the station. While a CNG bus is more expensive than a normal diesel bus, it also runs much cleaner and has substantially reduced fuel costs. LYNX indicated that the price of CNG is consistently lower than diesel by approximately $1.50 per diesel gallon equivalent. LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses over the first five year period of the contract. A separate construction contract was entered into for renovations to the LYNX facilities so that CNG buses can be maintained and serviced there.

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)

Jacksonville Transportation Authority (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 5 of the 12 objectives established for performance measures for bus. The seven measures not met include: operating expense per revenue mile, operating expense per revenue hour, the ratio of operating revenue to operating expense, operating expense per passenger trip, revenue miles between safety incidents, customer service number of complaints, and on-time performance. JTA met or exceeded 8 of the 12 performance measures for Skyway. The four measures not met include: operating expense per revenue mile, operating expense per revenue hour, the ratio of operating revenue to operating expense, and revenue miles between failures. JTA met the minority participation performance measure which was the one applicable performance measure 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 2014 operating expenses increased 4.2 percent while operating revenues decreased 3.4 percent over FY 2013. The decrease in operating revenue is primarily attributed to the restoration of the magnet school transportation program by the Duval County School Board. Weekday ridership decreased 2.7 percent while revenue service hours increased 2.3 percent. JTA logged 0.3 percent fewer revenue miles in FY 2014. Because JTA logged 1.6 percent fewer passenger trips, and the average trip length increased by 0.2 miles, passenger miles increased by 1.2 percent. The farebox recovery ratio decreased from 18.5 percent to 17.1 percent, while the average fare increased from $1.03 to $1.01.

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 2015 (September 30, 2015). In addition, JTA's Route Optimization Initiative (ROI) includes more routes terminating at Skyway stations. As a result, significant increases in Skyway utilization were noted for the Skyway in FY 2014. Operating revenue has declined annually from FY 2007 to FY 2013 and remained flat in FY 2014. Currently operating revenue consists of parking fee revenues only. The farebox recovery ratio and average fare for FY 2014 was zero due to the suspended fares on the Skyway system. Operating expenses decreased 2.2 percent over FY 2013. JTA logged 109 thousand, or 10.1 percent, more passenger trips and the average trip length increased by 0.2 miles in FY 2014. As a result, passenger miles increased by 347 thousand to 843 thousand (an increase of 69.9 percent). FY 2014 revenue miles and revenue hours decreased 6.0 percent and 2.3 percent, respectively, from FY 2013. Average weekday ridership increased 9.1 percent over FY 2013. The average age of the Skyway fleet is 15.6 years.

In the area of Governance, the FY 2014 Independent Financial Statement Audit reflected an unqualified opinion. Although the financial statement audit was completed before issuance of this report, the auditors had not yet released results of the Single Audit as required by JTA's funding partners and will be included in next year's report. JTA created the position of Internal Audit in August 2013 and established an Audit Committee in September 2013. The Department contracted for an on-site review of JTA's Skyway to provide an overall assessment of JTA's compliance with safety and security regulations. The Department review is required at least every three years in order to fulfill Federal Transit Administration requirements. The review report, dated January 2014, identified 8 deficiencies and 32 areas of concerns derived from inspection of 63 safety and 45 security items. JTA has submitted a required Corrective Action Plan to the Department to address issues identified in the report. In addition, the Council Auditor's Office (CAO), City of Jacksonville, released the JTA Payroll Audit in March 2015 (FY 2015). The auditors noted that the pay amounts to employees were, in general, accurately calculated and timely paid; however, several internal control weaknesses were identified and issues were noted with payments to the former CEO and CFO. JTA indicated that the majority of the issues highlighted in the audit have either been addressed by JTA management or through the implementation of Oracle that began in May 2014. JTA did not concur with the findings regarding payments to the former CEO and CFO.

Through JTA's ROI its Fixed Route Bus and Community Shuttle system operations and infrastructure were redesigned for the first time in 30 years. The initiative consisted of restructuring routes to make them more frequent and direct; improving spacing between bus stops to reduce travel time; realigning hours of operation to reflect commuting patterns; installing new signage; developing a new route naming protocol; increasing route supervision; implementing technology system-wide to provide customers with real-time bus arrival information; adding community liaisons; and providing end-to-end accountability; all designed to deliver more appealing services to existing and potential customers. ROI changes were implemented on December 1, 2014 (FY 2015).

Because transportation projects identified in the Better Jacksonville Plan (BJP) are being completed and funding for the BJP is being depleted, JTA construction activities have been winding down. In May 2014, the City of Jacksonville (the City) enacted an ordinance extending for a period of 20 years the levy and collection of the existing six cent Local Option Gas Tax (LOGT) set to expire on August 31, 2016. The City and JTA subsequently executed an Interlocal Agreement (ILA) whereby the City has agreed, commencing September 1, 2016, to dedicate five cents of the six cent LOGT to JTA. In January 2015 (FY 2015), JTA issued $97.5 million (par amount that excludes $20.2 million in original issue premium) in Senior Lien Local Option Gas Tax Revenue Bonds, Series 2015, which have a final maturity date of August 1, 2036 (30 days prior to the expiration of the 20 year LOGT extension). This is JTA's first direct debt issuance and bond proceeds will fund development and construction of roadway projects of the JTA Project List as set forth in the ILA. Bonds are payable from a pledge of and first lien on the five cents LOGT received by JTA, effective September 1, 2016. All bonds are revenue obligations, and there is no guarantee by JTA, the City, or the State nor are any other JTA revenues or assets pledged for the bonds. The City's Transportation Sales Tax and Duval County Constitutional Gas Tax is first pledged to pay debt service on bonds previously issued by the City to fund transportation projects under the BJP. Any residual amounts remaining after paying debt

service on bonds issued by the City will be allocated to JTA to defray the mass transit subsidy amount provided by the City for that particular period.

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 recognizes JTA for its ROI and encourages JTA to continue to develop and pursue action plans to help meet established performance measure 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 funds, 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 the ratio of operating revenue to 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 2014 operating expenses increased 12.2 percent, while operating revenue increased 4.2 percent over FY 2013. The farebox recovery ratio decreased to 20.9 percent (a 5.4 percent decrease) while the average fare increased from $2.87 to $2.91 (a 1.4 percent increase). FY 2014 average weekday ridership increased 2.2 percent over FY 2013. SFRTA logged 4.8 percent more passenger trips in FY 2014, while the average trip length remained the same, resulting in a 4.9 percent increase in passenger miles. Revenue hours increased 11.1 percent and revenue miles increased 8.2 percent. The weekday span of revenue service and fleet size remained the same. The average number of years since the last rebuild was 12.2 years for locomotives and 13.2 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 2014 annual Independent Financial Statement Audit reflected an unmodified opinion. In the Independent Auditor's Management Letter, the auditors had no findings or recommendations for improvement. Although SFRTA falls under the purview of the Florida Statewide Passenger Rail Commission (Rail Commission), legislation does not preclude the Florida Transportation Commission from conducting its performance and work program monitoring responsibilities. House Bill (HB) 7175,

passed by the 2014 Florida Legislature, amended Section 20.23, Florida Statutes, by repealing provisions for the Rail Commission, effective July 1, 2014 (FY 2015). (The relevant language from HB 7175 is detailed in Appendix A.)

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.

The TRCL project is poised for entry into the next Project Development phase. However, all of the TRCL partners have agreed to not begin the Project Development phase until All Aboard Florida's Draft Environmental Impact Statement (DEIS, covering the West Palm Beach to Orlando segment of its project) process was completed. At time of writing, the official start of TRCL Project Development activities is expected to occur in the third quarter of 2015. Although entry into the TRCL Project Development phase has been delayed, a new partnership and initiative has emerged to extend Tri-Rail service to Downtown Miami by the first quarter of 2017. Known as the "Tri-Rail Downtown Miami Link," this eight mile extension of service would leverage (fully funded and committed) infrastructure that is about to be constructed as part of the All Aboard Florida and South Florida Freight and Passenger Rail Enhancement projects. At time of writing, SFRTA is working closely with the Department and numerous local agencies on a funding plan to cover the project's $68 million capital cost, which includes a public commuter rail easement on this eight mile segment of the FEC corridor.

Section 343.58, Florida Statutes, requires the Department to annually transfer $30.6 million from the State Transportation Trust Fund (STTF) to SFRTA for operating assistance. As a result of SFRTA assuming responsibility for dispatch and maintenance of the South Florida Rail Corridor (SFRC) on March 29, 2015 (FY 2015), the statutory funding requirement for Tri-Rail changed. The Department must now annually transfer $15.0 million from the STTF to SFRTA for operations, maintenance, and dispatch and an additional amount of no less than $27.1 million for operating assistance ($42.1 million total annual STTF funding). In addition to the $11.5 million annual increase in dedicated funding for assuming dispatch and maintenance of the SFRC, the Department has agreed to cover 100 percent of annual 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. 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 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.

In December 2014 (FY 2015), SFRTA awarded a $39.4 million Design-Build contract for Pompano Beach Station Improvements and construction of a new Tri-Rail Operations Center (Headquarters) at

the east parking lot area of the Pompano Beach Station. Construction is planned to begin in May 2015, with project completion expected in June 2016. In addition, the new Tri-Rail Miami Airport Station opened April 5, 2015 (FY 2015) as part of the Central Station at the Miami Intermodal Center (MIC) at the Miami International Airport. SFRTA had relocated its Miami Airport Station to the Hialeah Market Station approximately four years ago to expedite the MIC construction schedule and provided free shuttle service to the airport from the Hialeah Market Station.

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 Florida Transportation Commission's 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 2014 as required by Section 343.81 (3)(c), Florida Statutes.

NFTCA adopted a 2013 updated Corridor Master Plan in April 2013. The Board considered updates to the 2013 Corridor Master Plan on April 24, 2014 and determined that no changes were needed. The 2014 Corridor Master Plan (unchanged from 2013), was presented to governing bodies and legislative delegation members by July 23, 2014, as required. The Corridor Master Plan identifies 36 projects of which 14 are new facilities, 20 involve increasing capacity on existing roadways, and two are multi-modal projects.

An independent audit of NFTCA financial statements for FY 2013 has been completed and the FY 2014 audit is currently underway. The FY 2013 audit reflected an unmodified 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. The Independent Auditor's Management Letter also determined that, pursuant to the Rules of the Florida Auditor General, NFTCA has a deteriorating financial condition because of a $266 negative unassigned fund balance. This was caused by

necessary expenditures (i.e. bank fees) incurred by the Authority that were not reimbursed by the grants.

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.

NFTCA's adopted FY 2015 operating budget of $76,766 is funded by $70,654 of the unused grant funds remaining from the original $2.2 million federal earmarks, and $6,112 in cash reserves. With the current agreement with the Department due to expire on July 31, 2015, and no new source of funding identified by NFTCA, the Authority is requesting an extension of the current agreement and is exploring options to minimize future expenses.

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 Florida Transportation Commission's 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 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." On August 12, 2014, the 2040 Master Plan was again amended to add a two-mile extension to the Osceola Parkway Extension project, pursuant to Senate Bill 230. 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 2014 annual independent financial statement audit reflected an unmodified opinion. Although OCX had no operating revenue in FY 2014, $12.0 million in capital contributions and $113 thousand in operating expenses were reported. In the Independent Auditor's Management Letter, the auditors noted that corrective action was taken to address findings in the prior year report and identified one recommendation for improvement related to year-end reconciliation procedures for its financial statement accounts.

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, OCX entered into a contract with a Design-Build firm for Poinciana Parkway with a guaranteed price of $68.8 million. In December 2013 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. Groundbreaking on the Poinciana Parkway occurred in December 2013. The project is moving forward on-time and within budget, with the expectation it will be open to traffic in July 2016.

In April 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 renamed Orlando-Orange County Expressway Authority (OOCEA) as the Central Florida Expressway Authority (CFX). It expanded the area served by CFX to include Seminole, Lake and Osceola Counties in addition to Orange County. The bill provided for the transfer of governance and control, legal rights and powers, responsibilities, terms and obligations of OOCEA to CFX. A new nine member Board was 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 on June 20, 2014 and became effective immediately upon his signature.

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, given the significant funding for the Poinciana Parkway provided to the Authority. 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 Florida Transportation Commission's 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 2014 independent financial statement audit, dated June 10, 2015, reflected an unmodified opinion. The auditors reported a deficiency in internal control over financial reporting that was considered a material weakness. This finding identified expenses that had not been captured during TBARTA's FY 2014 year-end financial reporting and closing process. In the Independent Auditor's Management Letter, the auditors noted that corrective actions had not yet been taken to address one prior year finding regarding documentation of review of employee timesheets and bank reconciliations. In addition, the Department's Office of Inspector General (OIG) conducted a review of Joint Participation Agreements (JPAs) between the Department's District Seven and TBARTA and issued Advisory Report No. 14I-4001 on January 28, 2015 (FY 2015). The purpose of the review was to determine if funding was provided to TBARTA in accordance with the General Appropriations Act, the Department's Disbursement Operations Office Handbook, and applicable agreement terms, laws, rules, and regulations. The Department's District Seven Secretary concurred with all findings and

recommendations noted in the OIG report and will take corrective actions in regard to JPAs and reimbursements to TBARTA under the Commuter Assistance Program. General Counsel provided a briefing to Board members on the Sunshine and Public Records Laws in January 2013 and January 2014. On January 30, 2015 (FY 2015), the TBARTA Board selected Ramond Chiaramonte as its new Executive Director.

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. In June 2015 (FY 2015), the TBARTA Board adopted the 2015 Master Plan Update which refined the established transit, freight, and roadway networks, added a regional trails network, and outlines a strategic vision for implementation. The 2015 Master Plan also includes the addition of a "future priority projects" list developed in coordination with the MPOs through the CCC. By making the Mid-Term Network cost feasible, TBARTA removed the need for the CCC to make its own Regional Long Range Transportation Plan. The eight regional priority projects identified in the 2015 Master Plan Update include: the I-275/SR 60/Memorial Interchange, SR 54/56 Corridor Improvements, Gateway Expressway, Howard Frankland Bridge, Suncoast Parkway 2 (SR 589), Tampa Bay Express (Starter Projects), TIA People Mover Connection/ Westshore Intermodal Center, and University Parkway/I-75 Interchange Area.

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. Due to the scheduled expiration of the office space lease at the University of South Florida, TBARTA executed a new five year lease in the Meridian One office building in Westshore and transitioned to its new offices in January 2015 (FY 2015).

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 $800 thousand.

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.

Northeast Florida Regional Transportation Commission (NEFRTC)

The Florida Transportation Commission's (FTC) review of NEFRTC was conducted with the cooperation and assistance of NEFRTC and relied heavily on documentation and assertions provided by NEFRTC. The FTC's approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures that have been adopted by NEFRTC, various contracts, and a review of the NEFRTC budget and audited financial statements.

On July 1, 2013, pursuant to Senate Bill 606, the newly created NEFRTC became subject to FTC oversight. The Authority was created 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. NEFRTC must develop a multimodal and prioritized Regional Transportation Plan consisting of transportation projects of regional significance as well as an Implementation Plan that identifies funding to execute the Regional Transportation Plan. The enabling legislation (Chapter 343, Part I, Florida Statutes) has a sunset provision whereby NEFRTC will be repealed on November 30, 2018 unless the plans have been endorsed by four of the specified constituent counties and adequate funding sources to carry out the initial phases of such plans have been secured.

NEFRTC met for the first time on October 30, 2013 where the Board: drew lots to determine which members would serve initial terms of two, three or four years; elected officers; and presented a draft of its Bylaws which govern NEFRTC. The Board did not meet within 60 days after creation as required by Section 343.1003 (9), Florida Statutes. NEFRTC was created on July 1, 2013 and held their first Board meeting on October 30, 2013 (121 days after creation). At the inaugural Board meeting, a presentation on the Sunshine Law, Public Records, Conflict of Interest, and the Code of Ethics for Public Officers and Employees was provided. FTC staff also made a presentation to Board members

regarding the FTC and its oversight role of NEFRTC. NEFRTC, with the consent of JTA's Executive Director, agreed to use JTA's legal counsel in an advisory capacity.

For its first five years, NEFRTC is required to annually request a per capita cash contribution from the constituent counties to support its budget. The NEFRTC adopted FY 2014 and FY 2015 budgets totaling $215 thousand and $368 thousand, respectively. The per capita annual assessments were approximately 21 cents for all constituent counties except Duval which approximated 11 cents, pursuant to the statutory funding formula. A balance carry-forward of $153 thousand from FY 2014 is included in the FY 2015 budget.

NEFRTC has only one staff member, an Executive Director, who is retained under a contract for services (approved by the Board in April 2014). Office space, basic administrative support and fiscal management services for NEFRTC are provided for a negotiated annual fee by the North Florida Transportation Planning Organization (TPO). In March 2015 (FY 2015), the Board adopted the NEFRTC Accounting Manual as a guide to the financial policies and procedures of NEFRTC. NEFRTC can piggyback on purchasing agreements of other special districts, municipalities, counties, and other agencies which have been procured in compliance with the requirements set forth by NEFRTC. The North Florida TPO is preparing a Regional Transportation Corridors Plan for the 2040 update of their Long Range Transportation Plan. The work is funded by the TPO and will serve as a foundation document for NEFRTC's Regional Transportation Plan. NEFRTC is currently in the process of developing its prioritized Multimodal Regional Transportation Plan, including an implementation component, and on identifying implementable regional transit projects through its Regional Transit Action Plan.

In the area of governance, the FY 2014 independent financial statement audit, dated March 25, 2015, reflected an unmodified opinion. This is the first audit of NEFRTC. No issues related to internal control or compliance were reported by the auditors. In the Independent Auditor's Management Letter, the auditors did not have any recommendations for improvement.

Based on the FTC's review of Board meeting minutes, NEFRTC policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by NEFRTC, 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 FTC were noted, except for the Board not meeting within 60 days after creation as noted above.

The FTC encourages the NEFRTC to continue to develop and implement policies and procedures to ensure proper governance of the NEFRTC as operations expand with ongoing activities. The FTC acknowledges with appreciation the assistance of the NEFRTC Board and staff in providing the resources necessary to conduct this review and to complete this report.

PLAN FOR FISCAL YEAR 2015

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Plan for Fiscal Year 2015

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.

It is anticipated that the Commission's committee to oversee the continuing effort of transportation authority monitoring will consider any enhancements or changes to FY 2015 performance measures, management objectives, operating indicators, governance areas, and reporting format during scheduled teleconferences and/or workshops. Activities for FY 2015 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 2015 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 2015 legislature to identify any legislative changes that may affect its oversight role. During the summer and fall of 2015, 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 2016 legislature that provides the status and findings of transportation authorities under its oversight.

APPENDIX A—LEGISLATIVE EXCERPTS

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.

2014 LEGISLATURE

HB 7175—An act relating to the Department of Transportation (Department); amends Section 20.23, Florida Statutes, providing for the Florida Transportation Commission to monitor certain aspects of the Mid-Bay Bridge Authority re-created pursuant to Chapter 2000-411, Laws of Florida; repeals provisions for the Florida Statewide Passenger Rail Commission; prohibits the Department from entering into any new lease-purchase agreements with expressway authorities, regional transportation authorities or any other entity; effective July 1, 2014.

SB 230—An act relating to the Orlando-Orange County Expressway Authority (OOCEA); renames OOCEA the Central Florida Expressway Authority (CFX); transfers governance and control, legal rights and powers, responsibilities, terms and obligations of the OOCEA System to CFX; expands the area served by CFX beyond Orange County to include Seminole, Lake, and Osceola Counties; defines the composition of the new nine-member CFX Board; enhances ethics and conflict of interest requirements; transfers governance and control of the Osceola County Expressway Authority (OCX), including all assets and liabilities, to CFX sometime after December 31, 2018, when the debt service coverage ratio on OCX's System reaches 1.5; provides that OCX can build the four projects identified in its May 8, 2012, Master Plan that are under construction by December 31, 2018; effective June 20, 2014.

SB 1632—An act relating to special districts; reorganizes, renumbers and makes technical and conforming changes to special district provisions in Chapter 189, Florida Statutes; specifies procedures for suspension and removal of a member of the governing body; requires Legislative Auditing Committee (LAC) to provide notice of failure to file certain required reports and authorizes LAC or reviewing entity to convene a public hearing on compliance and general oversight; requires special district to provide certain information prior to hearing; requires special districts to maintain an official Internet website by October 1, 2015, that contains information including contact information and the term and appointing authority for each member of the governing body, public purpose, fiscal year, the district's charter and statutes under which it operates, service area and services provided, fees and charges imposed and collected, adopted code of ethics, budget, and complete audit report; effective July 1, 2014.

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.

ENROLLED
2013 Legislature **CS for CS for SB 50**

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

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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

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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

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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

otherwise an agency as defined in this subsection.

Section 15. This act shall take effect July 1, 2013.

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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

7. Recommend to the Governor and the Legislature improvements to the department's organization in order to streamline and optimize the efficiency of the department. In reviewing the department's organization, the commission shall determine if the current district organizational structure is responsive to this state's ~~Florida's~~ changing economic and demographic development patterns. The initial report by the commission must be delivered to the Governor and the Legislature by December 15, 2000, and each year thereafter, as appropriate. The commission may retain ~~such~~ experts as ~~are reasonably~~ necessary to carry out ~~effectuate~~ this subparagraph, and the department shall pay the expenses of the ~~such~~ experts.

8. Monitor the efficiency, productivity, and management of the authorities created under chapters 348 and 349, including any authority formed using ~~the provisions of~~ part I of chapter 348; the Mid-Bay Bridge Authority re-created pursuant to chapter 2000-411, Laws of Florida; and any authority formed under chapter 343 ~~which is not monitored under subsection (3)~~. The commission shall also conduct periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and generally accepted accounting principles.

~~(3) There is created the Florida Statewide Passenger Rail Commission.~~

~~(a)1. The commission shall consist of nine voting members appointed as follows:~~

~~a. Three members shall be appointed by the Governor, one of whom must have a background in the area of environmental concerns, one of whom must have a legislative background, and one of whom must have a general business background.~~

~~b. Three members shall be appointed by the President of the Senate, one of whom must have a background in civil engineering, one of whom must have a background in transportation construction, and one of whom must have a general business background.~~

~~c. Three members shall be appointed by the Speaker of the House of Representatives, one of whom must have a legal background, one of whom must have a background in financial matters, and one of whom must have a general business background.~~

~~2. The initial term of each member appointed by the Governor shall be for 4 years. The initial term of each member appointed by the President of the Senate shall be for 3 years. The initial term of each member appointed by the Speaker of the House of Representatives shall be for 2 years. Succeeding terms for all members shall be for 4 years.~~

~~3. A vacancy occurring 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. An appointment to fill a vacancy shall be made within 60 days after the occurrence of the vacancy.~~

~~4. The commission shall elect one of its members as chair~~

~~of the commission. The chair shall hold office at the will of the commission. Five members of the commission shall constitute a quorum, and the vote of five members shall be necessary for any action taken by the commission. The commission may meet upon the constitution of a quorum. A vacancy in the commission does not impair the right of a quorum to exercise all rights and perform all duties of the commission.~~

~~5. The members of the commission are not entitled to compensation but are entitled to reimbursement for travel and other necessary expenses as provided in s. 112.061.~~

~~(b) The commission shall have the primary functions of:~~

~~1. Monitoring the efficiency, productivity, and management of all publicly funded passenger rail systems in the state, including, but not limited to, any authority created under chapter 343, chapter 349, or chapter 163 if the authority receives public funds for the provision of passenger rail service. The commission shall advise each monitored authority of its findings and recommendations. The commission shall also conduct periodic reviews of each monitored authority's passenger rail and associated transit operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and generally accepted accounting principles. The commission may seek the assistance of the Auditor General in conducting such reviews and shall report the findings of such reviews to the Legislature. This paragraph does not preclude the Florida Transportation Commission from~~

~~conducting its performance and work program monitoring responsibilities.~~

~~2. Advising the department on policies and strategies used in planning, designing, building, operating, financing, and maintaining a coordinated statewide system of passenger rail services.~~

~~3. Evaluating passenger rail policies and providing advice and recommendations to the Legislature on passenger rail operations in the state.~~

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

~~1. The awarding of contracts.~~

~~2. The selection of a consultant or contractor or the prequalification of any individual consultant or contractor. However, the commission may recommend to the secretary standards and policies governing the procedure for selection and prequalification of consultants and contractors.~~

~~3. The selection of a route for a specific project.~~

~~4. The specific location of a transportation facility.~~

~~5. The acquisition of rights-of-way.~~

~~6. The employment, promotion, demotion, suspension, transfer, or discharge of any department personnel.~~

~~7. The granting, denial, suspension, or revocation of any license or permit issued by the department.~~

~~(d) The commission is assigned to the Office of the Secretary of the Department of Transportation for administrative and fiscal accountability purposes, but it shall otherwise function independently of the control and direction of the department except that reasonable expenses of the commission shall be subject to approval by the Secretary of Transportation. The department shall provide administrative support and service to the commission.~~

Section 3. Subsection (3) of section 316.530, Florida Statutes, is amended to read:

316.530 Towing requirements.—

~~(3) Whenever a motor vehicle becomes disabled upon the highways of this state and a wrecker or tow truck is required to remove it to a repair shop or other appropriate location, if the combined weights of those two vehicles and the loads thereon exceed the maximum allowable weights as established by s. 316.535, no penalty shall be assessed either vehicle or driver. However, this exception shall not apply to the load limits for bridges and culverts established by the department as provided in s. 316.555.~~

Section 4. Subsection (3) of section 316.545, Florida Statutes, is amended to read:

316.545 Weight and load unlawful; special fuel and motor fuel tax enforcement; inspection; penalty; review.—

(3)(a) A ~~Any~~ person who violates the overloading provisions of this chapter is ~~shall be~~ conclusively presumed to

the penalties ~~as~~ provided in this section.~~; and~~

(d)~~(c)~~ A vehicle ~~Vehicles~~ operating on the highways of this state from nonmember International Registration Plan jurisdictions which is ~~are~~ not in compliance with ~~the provisions of~~ s. 316.605 is ~~shall be~~ subject to the penalties ~~as herein~~ provided in this section.

Section 5. Subsection (10) is added to section 332.007, Florida Statutes, to read:

332.007 Administration and financing of aviation and airport programs and projects; state plan.—

(10) The department may fund strategic airport investment projects at up to 100 percent of the project's cost if:

(a) Important access and on-airport capacity improvements are provided;

(b) Capital improvements that strategically position the state to maximize opportunities in international trade, logistics, and the aviation industry are provided;

(c) Goals of an integrated intermodal transportation system for the state are achieved; and

(d) Feasibility and availability of matching funds through federal, local, or private partners are demonstrated.

Section 6. Subsections (16) and (26) of section 334.044, Florida Statutes, are amended to read:

334.044 Department; powers and duties.—The department shall have the following general powers and duties:

(16)(a) To plan, acquire, lease, construct, maintain, and

operate toll facilities; to authorize the issuance and refunding of bonds; and to fix and collect tolls or other charges for travel on any such facilities.

(b) Notwithstanding any other provision of law, the department may not enter into a lease-purchase agreement with an expressway authority, regional transportation authority, or other entity. This paragraph does not invalidate a lease-purchase agreement authorized under chapter 348 or chapter 2000-411, Laws of Florida, existing as of July 1, 2013, and does not limit the department's authority under s. 334.30.

(26) To provide for the enhancement of environmental benefits, including air and water quality; to prevent roadside erosion; to conserve the natural roadside growth and scenery; and to provide for the implementation and maintenance of roadside conservation, enhancement, and stabilization programs. At least ~~No less than~~ 1.5 percent of the amount contracted for construction projects shall be allocated by the department on a statewide basis for the purchase of plant materials. Department districts may not expend funds for landscaping in connection with any project that is limited to resurfacing existing lanes unless the expenditure has been approved by the department's secretary or the secretary's designee. To the greatest extent practical, at least ~~a minimum of~~ 50 percent of the funds allocated under this subsection shall be allocated for large plant materials and the remaining funds for other plant materials. Except as prohibited by applicable federal law or

and corporate, an agency of the state, to be known as the Central Florida ~~Orlando-Orange County~~ Expressway Authority.~~,~~ ~~hereinafter referred to as "authority."~~

(2)(a) Immediately upon the effective date of this act, the Central Florida Expressway Authority shall assume the governance and control of the Orlando-Orange County Expressway Authority System, including its assets, personnel, contracts, obligations, liabilities, facilities, and tangible and intangible property. Any rights in such property, and other legal rights of the authority, are transferred to the Central Florida Expressway Authority. The Central Florida Expressway Authority shall immediately succeed to and assume the powers, responsibilities, and obligations of the Orlando-Orange County Expressway Authority.

(b) It is the intent of the Legislature that the Central Florida Expressway Authority, upon its formation, be the successor party to the Orlando-Orange County Expressway Authority under the land acquisition contract dated November 11, 2013, and be subject to all terms and provisions, including conditions precedent and rights of termination, stated in the contract.

(c) The transfer pursuant to this subsection is subject to the terms and covenants provided for the protection of the holders of the Orlando-Orange County Expressway Authority bonds in the lease-purchase agreement and the resolutions adopted in connection with the issuance of the bonds. Further, the transfer does not impair the terms of the contract between the Orlando-Orange County Expressway Authority and the bondholders, does not act to the detriment of the bondholders, and does not diminish

the security for the bonds. After the transfer, the Central Florida Expressway Authority shall operate and maintain the expressway system and any other facilities of the Orlando-Orange County Expressway Authority in accordance with the terms, conditions, and covenants contained in the bond resolutions and lease-purchase agreement securing the bonds of the authority. The Central Florida Expressway Authority shall collect toll revenues and apply them to the payment of debt service as provided in the bond resolution securing the bonds, and shall expressly assume all obligations relating to the bonds to ensure that the transfer will have no adverse impact on the security for the bonds. The transfer does not make the obligation to pay the principal and interest on the bonds a general liability of the Central Florida Expressway Authority or pledge additional expressway system revenues to payment of the bonds. Revenues that are generated by the expressway system and other facilities of the Central Florida Expressway Authority which were pledged by the Orlando-Orange County Expressway Authority to payment of the bonds will remain subject to the pledge for the benefit of the bondholders. The transfer does not modify or eliminate any prior obligation of the department to pay certain costs of the expressway system from sources other than revenues of the expressway system.

(3)~~(2)~~ The governing body of the authority shall consist of nine ~~five~~ members. The chairs of the boards of the county commissions of Seminole, Lake, and Osceola Counties shall each appoint one member, who may be a commission member or chair. The Mayor of Orange County shall appoint a member from the Orange County Commission. The Governor shall appoint three citizen

~~Three~~ members, each of whom must be a citizen of either Orange County, Seminole County, Lake County, or Osceola County ~~shall be citizens of Orange County, who shall be appointed by the Governor~~. The eighth ~~fourth~~ member must ~~shall~~ be~~, ex officio,~~ the Mayor of ~~chair of the County Commissioners of~~ Orange County. The ninth member must be the Mayor of the City of Orlando. The executive director of Florida Turnpike Enterprise shall serve as a nonvoting advisor to the governing body of the authority~~, and the fifth member shall be, ex officio, the district secretary of the Department of Transportation serving in the district that contains Orange County~~. ~~The term of~~ Each ~~appointed~~ member appointed by the Governor shall serve ~~be~~ for 4 years. Each county-appointed member shall serve for 2 years. The terms of standing board members expire upon the effective date of this act. Each appointed member shall hold office until his or her successor has been appointed and has qualified. A vacancy occurring during a term must ~~shall~~ be filled only for the balance of the unexpired term. Each appointed member of the authority shall be a person of outstanding reputation for integrity, responsibility, and business ability, but, except as provided in this subsection, a ~~no~~ person who is an officer or employee of a municipality or ~~any city or of Orange~~ county may not ~~in any other capacity shall~~ be an appointed member of the authority. Any member of the authority is ~~shall be~~ eligible for reappointment.

(4)~~(3)~~(a) The authority shall elect one of its members as chair of the authority. The authority shall also elect one of its members as vice chair, one of its members as ~~a~~ secretary, and one of its members as ~~a~~ treasurer ~~who may or may not be~~

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deems ~~shall deem~~ necessary to carry out the purposes of this part~~, subject always to the supervision and control of the authority. Members of the authority may be removed from their office by the Governor for misconduct, malfeasance, misfeasance, or nonfeasance in office~~.

~~(b) Members of the authority shall be entitled to receive from the authority their travel and other necessary expenses incurred in connection with the business of the authority as provided in s. 112.061, but they shall draw no salaries or other compensation.~~

(6) A member or the executive director of the authority may not:

(a) Personally represent another person or entity for compensation before the authority for a period of 2 years following vacation of his or her position.

(b) After retirement or termination, have an employment or contractual relationship with a business entity other than an agency as defined in s. 112.312, in connection with a contract in which the member or executive director personally and substantially participated in through decision, approval, disapproval, recommendation, rendering of advice, or investigation while he or she was a member or employee of the authority.

(7) The authority's general counsel shall serve as the authority's ethics officer.

(8) Authority board members, employees, and consultants who hold positions that may influence authority decisions shall refrain from engaging in any relationship that may adversely affect their judgment in carrying out authority business. To

prevent such conflicts of interest and preserve the integrity and transparency of the authority to the public, the following disclosures must be made annually on a disclosure form:

(a) Any relationship a board member, employee, or consultant has which affords a current or future financial benefit to such board member, employee, or consultant, or to a relative or business associate of such board member, employee, or consultant, and which a reasonable person would conclude has the potential to create a prohibited conflict of interest. As used in this subsection, the term "relative" has the same meaning as in s. 112.312.

(b) Whether a relative of a board member, employee, or consultant is a registered lobbyist, and if so, the names of the lobbyist's clients. Such names shall be provided in writing to the ethics officer.

(c) Any and all interests in real property that a board member, employee, or consultant has, or that a relative, principal, client, or business associate of such board member, employee, or consultant has, if such real property is located within, or within a one-half mile radius of, any actual or prospective authority roadway project. The executive director shall provide a corridor map and a property ownership list reflecting the ownership of all real property within the disclosure area, or an alignment map with a list of associated owners, to all board members, employees, and consultants.

(9) The disclosure forms required under subsection (8) must be reviewed by the ethics officer or, if a form is filed by the general counsel, by the executive director.

(10) The conflict of interest process shall be outlined in

the authority's code of ethics.

(11) Authority employees and consultants are prohibited from serving on the governing body of the authority while employed by or under contract with the authority.

(12) The code of ethics policy shall be reviewed and updated by the ethics officer and presented for board approval at a minimum of once every 2 years.

(13) Employees shall be adequately informed and trained on the code of ethics and shall continually participate in ongoing ethics education.

(14) The requirements in subsections (6) through (13) are in addition to the requirements that the members and the executive director of the authority are required to follow under chapter 112.

(15) Violations of subsections (6), (8), and (11) are punishable in accordance with s. 112.317.

Section 4. Section 348.754, Florida Statutes, is amended to read:

348.754 Purposes and powers.—

(1)(a) The authority created and established under ~~by the provisions of~~ this part is ~~hereby~~ granted and has ~~shall have~~ the right to acquire, hold, construct, improve, maintain, operate, own, and lease in the capacity of lessor~~,~~ the Central Florida ~~Orlando-Orange County~~ Expressway System, hereinafter referred to as "system." Except as otherwise specifically provided by law, including paragraph (2)(n), the area served by the authority shall be within the geographical boundaries of Orange, Seminole, Lake, and Osceola Counties.

(b) ~~It is the express intention of this part that said~~

~~authority,~~ In the construction of the Central Florida ~~said Orlando-Orange County~~ Expressway System, the authority may ~~shall be authorized to~~ construct any extensions, additions, or improvements to the ~~said~~ system or appurtenant facilities, including all necessary approaches, roads, bridges, ~~and~~ avenues of access, rapid transit, trams, fixed guideways, thoroughfares, and boulevards with any ~~such~~ changes, modifications, or revisions of the ~~said~~ project which are ~~as shall be~~ deemed desirable and proper.

(c) Notwithstanding any other provision of this section to the contrary, to ensure the continued financial feasibility of the portion of the Wekiva Parkway to be constructed by the department, the authority may not, without the prior consent of the secretary of the department, construct any extensions, additions, or improvements to the expressway system in Lake County.

(2) The authority ~~is hereby granted, and shall have and~~ may exercise all powers necessary, appurtenant, convenient, or incidental to the implementation ~~carrying out~~ of the stated ~~aforesaid~~ purposes, including, but not ~~without being~~ limited to, the following rights and powers:

(a) To sue and be sued, implead and be impleaded, complain and defend in all courts.

(b) To adopt, use, and alter at will a corporate seal.

(c) To acquire by donation or otherwise, purchase, hold, lease as lessee, and use any franchise or any~~,~~ property, real, personal, ~~or~~ mixed, or tangible or intangible, or any options ~~thereof~~ in its own name or in conjunction with others, or interest in those options ~~therein~~, necessary or desirable to

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carry ~~for carrying~~ out the purposes of the authority, and to sell, lease as lessor, transfer, and dispose of any property or interest in the property ~~therein~~ at any time acquired by it.

(d) To enter into and make leases for terms not exceeding 99 years, as ~~either~~ lessee or lessor, in order to carry out the right to lease as specified ~~set forth~~ in this part.

(e) To enter into and make lease-purchase agreements with the department for terms not exceeding 99 ~~40~~ years, or until any bonds secured by a pledge of rentals pursuant to the agreement ~~thereunder~~, and any refundings pursuant to the agreement ~~thereof~~, are fully paid as to both principal and interest, whichever is longer. The authority is a party to a 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. The authority may not enter into other lease-purchase agreements with the department and may not amend the existing agreement in a manner that expands or increases the department's obligations unless the department determines that the agreement or amendment is necessary to permit the refunding of bonds issued before July 1, 2013.

(f) To fix, alter, charge, establish, and collect rates, fees, rentals, and other charges for the services and facilities of the Central Florida ~~Orlando Orange County~~ Expressway System~~,~~ which must ~~rates, fees, rentals and other charges shall~~ always be sufficient to comply with any covenants made with the holders of any bonds issued pursuant to this part; ~~provided,~~ however, ~~that~~ such right and power may be assigned or delegated~~,~~ by the

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authority~~,~~ to the department. Toll revenues attributable to an increase in the toll rates charged on or after the effective date of this act for the use of a portion of the system may not be used to construct or expand a different portion of the system unless a two-thirds majority of the members of the authority votes to approve such use. This requirement does not apply if, and to the extent that:

1. Application of the requirement would violate any covenant established in a resolution or trust indenture under which bonds were issued by the Orlando-Orange County Expressway Authority on or before the effective date of this act; or

2. Application of the requirement would cause the authority to be unable to meet its obligations under the terms of the memorandum of understanding between the authority and the department as ratified by the Orlando-Orange County Expressway Authority board on February 22, 2012.

Notwithstanding s. 338.165, and except as otherwise prohibited by this part, to the extent revenues of the expressway system exceed amounts required to comply with any covenants made with the holders of bonds issued pursuant to this part, revenues may be used for purposes enumerated in subsection (6), provided the expenditures are consistent with the metropolitan planning organization's adopted long-range plan.

(g) To borrow money, make and issue negotiable notes, bonds, refunding bonds, and other evidences of indebtedness or obligations, either in temporary or definitive form, ~~hereinafter in this chapter sometimes called "bonds" of the authority,~~ for the purpose of financing all or part of the improvement or

~~acquisition of right-of-way for a project of the authority which is within the boundaries of any municipality in Orange County shall not be begun unless and until the route of said project within said municipality has been given prior approval by the governing body of said municipality.~~

(4)~~(5)~~ The authority has ~~shall have~~ no power other than by consent of an affected ~~Orange~~ county or any affected city, to enter into any agreement which would legally prohibit the construction of a ~~any~~ road by the respective county or city ~~Orange County or by any city within Orange County~~.

(5) The authority shall encourage the inclusion of local-, small-, minority-, and women-owned businesses in its procurement and contracting opportunities.

(6)~~(a)~~ The authority may, within the right-of-way of the expressway system, finance or refinance the planning, design, acquisition, construction, extension, rehabilitation, equipping, preservation, maintenance, or improvement of an intermodal facility or facilities, a multimodal corridor or corridors, or any programs or projects that will improve the levels of service on the expressway system ~~Notwithstanding s. 255.05, the Orlando-Orange County Expressway Authority may waive payment and performance bonds on construction contracts for the construction of a public building, for the prosecution and completion of a public work, or for repairs on a public building or public work that has a cost of $500,000 or less and when the project is awarded pursuant to an economic development program for the encouragement of local small businesses that has been adopted by the governing body of the Orlando-Orange County Expressway Authority pursuant to a resolution or policy~~.

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1. St. Johns River Management District.
2. Department of Economic Opportunity.
3. Department of Environmental Protection.
4. Department of Health.
5. Department of Agriculture and Consumer Services.
6. Fish and Wildlife Conservation Commission.
7. Department of Transportation.
8. MetroPlan Orlando.
9. Central Florida ~~Orlando-Orange County~~ Expressway Authority.
~~10. Seminole County Expressway Authority.~~

Section 20. (1) Effective upon this act becoming a law, the Osceola County Expressway Authority may only exercise its powers for the purpose of studying, planning, designing, financing, constructing, operating, and maintaining those projects identified in the Osceola County Expressway Authority May 8, 2012, Master Plan, as adopted on such date, and an additional extension of the Osceola Parkway Extension 2 miles to the east of its intersection with the Northeast Connector Expressway. Effective December 31, 2018, all powers, governance, and control of the Osceola County Expressway System, created pursuant to part V of chapter 348, Florida Statutes, are transferred to the Central Florida Expressway Authority, and the assets, liabilities, facilities, tangible and intangible property and any rights in the property, and any other legal rights of the Osceola County Expressway Authority are transferred to the Central Florida Expressway Authority. Upon transfer, the Osceola County Expressway System facilities shall each be a "non-system project" of the Central Florida Expressway Authority, as that

term is defined in the then-current master senior lien bond resolution of the Central Florida Expressway Authority. The effective date of such transfer shall be extended until the date on which the current and forecasted total debt service coverage ratio with respect to all bonds, notes, loans, and other debt obligations issued to finance such projects to be transferred can be and is calculated and certified by the financial advisor for the Central Florida Expressway Authority to be equal to or greater than 1.5 for each and every year during which such obligations are then scheduled to be outstanding, including scheduled reimbursement obligations to other governmental entities. The debt service coverage ratio shall be calculated in a manner consistent with the then-current master senior lien bond resolution of the Central Florida Expressway Authority. If the effective date of the transfer is extended, after December 31, 2018, the Osceola County Expressway Authority may only exercise its powers through a contract or contracts with another governmental entity and only for the purpose of operating and maintaining those projects which were completed before such date, in accordance with the requirements of any agreement, resolution, or indenture under which bonds or other debt obligations were issued to finance such projects, and completing construction of those projects for which financing of the full estimated costs of acquisition, design, and construction was obtained and construction began before December 31, 2018.

(2) Part V of chapter 348, Florida Statutes, consisting of ss. 348.9950, 348.9951, 348.9952, 348.9953, 348.9954, 348.9956, 348.9957, 348.9958, 348.9959, 348.9960, and 348.9961, is repealed on the same date that the Osceola County Expressway

System is transferred to the Central Florida Expressway Authority.

(3)(a) Following the repeal of part V of chapter 348, Florida Statutes, consisting of sections 348.9950-348.9961, and the transfer of the Osceola County Expressway System to the Central Florida Expressway Authority, the Central Florida Expressway Authority shall include the uncompleted elements of the Osceola County Expressway Authority May 8, 2012, Master Plan, as adopted on such date, and an additional extension of the Osceola Parkway Extension 2 miles to the east of its intersection with the Northeast Connector Expressway, in the equivalent Central Florida Expressway Authority master plan or long-range plan, each as a "non-system project" of the Central Florida Expressway Authority, as that term is defined in the then-current master senior lien bond resolution of the Central Florida Expressway Authority.

(b) The Department of Transportation shall also include elements of the Osceola County Expressway Authority May 8, 2012, Master Plan, as adopted on such date, and an additional extension of the Osceola Parkway Extension 2 miles to the east of its intersection with the Northeast Connector Expressway, in its work program in accordance with s. 339.135, Florida Statutes, as tolled facilities.

(4) The Central Florida Expressway Authority shall comply with any and all obligations of the Osceola County Expressway Authority to reimburse other governmental entities for costs incurred on behalf of the Osceola County Expressway System from revenues of the Osceola County Expressway System available after payment of all amounts required for operation and maintenance of

the Osceola County Expressway System and all amounts required to be paid under the terms of any resolution authorizing the issuance of bonds to fund the acquisition, design, or construction of any portion of the Osceola County Expressway System. This reimbursement obligation specifically includes, but is not limited to, any obligation of the Osceola County Expressway Authority to reimburse Osceola County and Polk County for costs incurred, or debt issued, to fund the acquisition, development, construction, operation, and maintenance of the Osceola County Expressway System. The transfer of any reimbursement obligation of the Osceola County Expressway Authority pursuant to this section does not alter the terms of any agreement between the Osceola County Expressway Authority and any other governmental entity, does not relieve any other governmental entity of its contractual obligations incurred on behalf of the Osceola County Expressway System, does not make any reimbursement obligation a general obligation of the Central Florida Expressway Authority, and does not constitute an independent pledge or lien on revenues of the Central Florida Expressway Authority for the benefit of any person or entity. To the extent that revenues generated by the Osceola County Expressway System are insufficient to pay a reimbursement obligation, the Central Florida Expressway Authority may, but is not required to, make any payment from other revenues of the Central Florida Expressway System available for such purpose after payment of all amounts required:

(a) Otherwise by law or contract;

(b) By the terms of any resolution authorizing the issuance of bonds by the Central Florida Expressway Authority or the

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Orlando-Orange County Expressway Authority; and

(c) By the terms of the memorandum of understanding between the Orlando-Orange County Expressway Authority and the department as ratified by the board of the Orlando-Orange County Expressway Authority on February 22, 2012.

(5) Revenues generated by the Osceola County Expressway System May 8, 2012, Master Plan facilities available after payment of all current operation, maintenance, and administrative expenses of the Osceola County Expressway System; payment of debt service on any bonds, notes, loans, or other obligations issued and used to finance the costs of design, acquisition, and construction of such facilities; and payment of all other amounts required by the terms of any trust agreement or indenture established with respect thereto shall be used:

(a) On a pro rata basis to repay or reimburse in full Osceola County or any other local agency any funds or amounts loaned to the Osceola County Expressway Authority to complete any such projects and to repay or reimburse in full the Central Florida Expressway Authority for any funds or amounts contributed to such projects; and

(b) Thereafter, to advance any other uncompleted elements of the Osceola County Expressway Authority May 8, 2012, Master Plan, and an additional extension of the Osceola Parkway Extension 2 miles to the east of its intersection with the Northeast Connector Expressway.

(6) The Central Florida Expressway Authority shall have no obligation to financially support any elements of the Osceola County Expressway Authority May 8, 2012, Master Plan, or the additional extension of the Osceola Parkway Extension 2 miles to

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the east of its intersection with the Northeast Connector Expressway, from revenues of the Central Florida Expressway Authority's Expressway System. To the extent the governing board of the Central Florida Expressway Authority, in its sole discretion, votes to financially support any elements of the Osceola County Expressway Authority May 8, 2012, Master Plan, or the additional extension of the Osceola Parkway Extension 2 miles to the east of its intersection with the Northeast Connector Expressway, it must treat any such element as a "non-system project" and shall only finance such element from revenues of the Central Florida Expressway Authority's Expressway System to the extent permitted by and in accordance with the terms of any resolution authorizing the issuance of bonds by the Central Florida Expressway Authority. For the purpose of advancing the design, acquisition, and construction of the elements of the Osceola County Expressway Authority May 8, 2012, Master Plan, and an additional extension of the Osceola Parkway Extension 2 miles to the east of its intersection with the Northeast Connector Expressway, the Central Florida Expressway Authority is specifically authorized to enter into new or amended lease-purchase agreements with Osceola County for the leasing, construction, operation, and maintenance of any facility described in the Osceola County Expressway Authority May 8, 2012, Master Plan, and an additional extension of the Osceola Parkway Extension 2 miles to the east of its intersection with the Northeast Connector Expressway.

(7) In recognition of the strategic economic importance of enhanced mobility in the region served by the Osceola County Expressway Authority, the Department of Transportation shall

cooperate with the Osceola County Expressway Authority, the Central Florida Expressway Authority, and Osceola County in working to identify solutions to potential barriers to implementation of the projects included in the Osceola County Expressway Authority May 8, 2012, Master Plan, and an additional extension of the Osceola Parkway Extension 2 miles to the east of its intersection with the Northeast Connector Expressway, including funding sources and revenues that may be available for implementation of those improvements.

Section 21. The Division of Law Revision and Information is directed to replace the phrase "the effective date of this act" wherever it occurs in this act with the date the act becomes a law.

Section 22. This act shall take effect upon becoming a law.

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website for certain purposes; requiring special districts to annually update and maintain certain information on the website; requiring special districts to submit the web address of their respective websites to the department; requiring that the department's online list of special districts include a link to the website of certain special districts; amending ss. 11.45, 100.011, 101.657, 112.061, 112.63, 112.665, 121.021, 121.051, 153.94, 163.08, 165.031, 165.0615, 171.202, 175.032, 190.011, 190.046, 190.049, 191.003, 191.005, 191.013, 191.014, 191.015, 200.001, 218.31, 218.32, 218.37, 255.20, 298.225, 343.922, 348.0004, 373.711, 403.0891, 582.32, and 1013.355, F.S.; conforming cross-references and provisions to changes made by the act; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Chapter 189, Florida Statutes, as amended by this act, is divided into the following parts:

(1) Part I, consisting of sections 189.01, 189.011, 189.012, 189.013, 189.014, 189.015, 189.016, 189.017, 189.018, and 189.019, Florida Statutes, as created by this act, and entitled "General Provisions."

(2) Part II, consisting of sections 189.02 and 189.021, Florida Statutes, as created by this act, and entitled "Dependent Special Districts."

(3) Part III, consisting of sections 189.03, 189.031,

189.0311, 189.033, 189.034, and 189.035, Florida Statutes, as created by this act, and entitled "Independent Special Districts."

(4) Part IV, consisting of sections 189.04, 189.041, and 189.042, Florida Statutes, as created by this act, and entitled "Elections."

(5) Part V, consisting of sections 189.05, 189.051, 189.052, 189.053, 189.054, and 189.055, Florida Statutes, as created by this act, and entitled "Finance."

(6) Part VI, consisting of sections 189.06, 189.061, 189.062, 189.063, 189.064, 189.065, 189.066, 189.067, 189.068, 189.069, and 189.0691, Florida Statutes, as created by this act, and entitled "Oversight and Accountability."

(7) Part VII, consisting of sections 189.07, 189.071, 189.072, 189.073, 189.074, 189.075, 189.076, and 189.0761, Florida Statutes, as created by this act, and entitled "Merger and Dissolution."

(8) Part VIII, consisting of sections 189.08, 189.081, and 189.082, Florida Statutes, as created by this act, and entitled "Comprehensive Planning."

Section 2. Paragraph (b) of subsection (2) of section 11.40, Florida Statutes, is amended to read:

11.40 Legislative Auditing Committee.—

(2) Following notification by the Auditor General, the Department of Financial Services, or the Division of Bond Finance of the State Board of Administration of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with the applicable provisions within s. 11.45(5)-(7), s. 218.32(1), ~~or~~

s. 218.38, or s. 218.503(3), the Legislative Auditing Committee may schedule a hearing to determine if the entity should be subject to further state action. If the committee determines that the entity should be subject to further state action, the committee shall:

(b) In the case of a special district created by:

1. A special act, notify the President of the Senate, the Speaker of the House of Representatives, the standing committees of the Senate and the House of Representatives charged with special district oversight as determined by the presiding officers of each respective chamber, the legislators who represent a portion of the geographical jurisdiction of the special district pursuant to s. 189.034(2) and the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the Department of Economic Opportunity shall proceed pursuant to s. 189.062 or s. 189.067. If the special district remains in noncompliance after the process set forth in s. 189.034(3), or if a public hearing is not held, the Legislative Auditing Committee may request the department to proceed pursuant to s. 189.067(3) ~~s. 189.4044 or s. 189.421~~.

2. A local ordinance, notify the chair or equivalent of the local general-purpose government pursuant to s. 189.035(2) and the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the department shall proceed pursuant to s. 189.062 or s. 189.067. If the special district remains in noncompliance after the process set forth in s. 189.034(3), or if a public hearing is not held, the Legislative Auditing Committee may request the

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department to proceed pursuant to s. 189.067(3).

3. Any manner other than a special act or local ordinance, notify the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the department shall proceed pursuant to s. 189.062 or s. 189.067(3).

Section 3. Subsection (2) of section 112.312, Florida Statutes, is amended to read:

112.312 Definitions.—As used in this part and for purposes of the provisions of s. 8, Art. II of the State Constitution, unless the context otherwise requires:

(2) "Agency" means any state, regional, county, local, or municipal government entity of this state, whether executive, judicial, or legislative; any department, division, bureau, commission, authority, or political subdivision of this state therein; ~~or~~ any public school, community college, or state university; or any special district as defined in s. 189.012.

Section 4. Section 112.511, Florida Statutes, is created to read:

112.511 Members of special district governing bodies; suspension; removal from office.—

(1) A member of the governing body of a special district, as defined in s. 189.012, who exercises the powers and duties of a state or a county officer, is subject to the Governor's power under s. 7(a), Art. IV of the State Constitution to suspend such officers.

(2) A member of the governing body of a special district, as defined in s. 189.012, who exercises powers and duties other than that of a state or county officer, is subject to the

facilities licensed under chapter 395, chapter 400, or chapter 429.

Section 49. Section 189.429, Florida Statutes, is transferred and renumbered as section 189.019, Florida Statutes, and subsection (1) of that section is amended, to read:

189.019 ~~189.429~~ Codification.—

(1) Each district, by December 1, 2004, shall submit to the Legislature a draft codified charter, at its expense, so that its special acts may be codified into a single act for reenactment by the Legislature, if there is more than one special act for the district. The Legislature may adopt a schedule for individual district codification. Any codified act relating to a district, which act is submitted to the Legislature for reenactment, shall provide for the repeal of all prior special acts of the Legislature relating to the district. The codified act shall be filed with the department pursuant to s. 189.016(2) ~~189.418(2)~~.

Section 50. Sections 189.430, 189.431, 189.432, 189.433, 189.434, 189.435, 189.436, 189.437, 189.438, 189.439, 189.440, 189.441, 189.442, 189.443, and 189.444, Florida Statutes, are repealed.

Section 51. Section 189.034, Florida Statutes, is created to read:

189.034 Oversight of special districts created by special act of the Legislature.—

(1) This section applies to any special district created by special act of the Legislature.

(2) If a special district fails to file required reports or requested information under ss. 11.45(7), 218.32, 218.39, or

218.503(3), with the appropriate state agency or office, the Legislative Auditing Committee or its designee shall provide written notice of the district's noncompliance to the President of the Senate, the Speaker of the House of Representatives, the standing committees of the Senate and the House of Representatives charged with special district oversight as determined by the presiding officers of each respective chamber, and the legislators who represent a portion of the geographical jurisdiction of the special district.

(3) The Legislative Auditing Committee may convene a public hearing on the issue of noncompliance, as well as general oversight of the special district as provided in s. 189.068, at the direction of the President of the Senate and the Speaker of the House of Representatives.

(4) Before the public hearing as provided in subsection (3), the special district shall provide the following information at the request of the Legislative Auditing Committee:

(a) The district's annual financial report for the prior fiscal year.

(b) The district's audit report for the previous fiscal year.

(c) An annual report for the previous fiscal year providing a detailed review of the performance of the special district, including the following information:

1. The purpose of the special district.

2. The sources of funding for the special district.

3. A description of the major activities, programs, and initiatives the special district undertook in the most recently

completed fiscal year and the benchmarks or criteria under which the success or failure of the district was determined by its governing body.

4. Any challenges or obstacles faced by the special district in fulfilling its purpose and related responsibilities.

5. Ways the special district believes it could better fulfill its purpose and related responsibilities and a description of the actions that it intends to take during the ensuing fiscal year.

6. Proposed changes to the special act that established the special district and justification for such changes.

7. Any other information reasonably required to provide the Legislative Auditing Committee with an accurate understanding of the purpose for which the special district exists and how it is fulfilling its responsibilities to accomplish that purpose.

8. Any reasons for the district's noncompliance.

9. Whether the district is currently in compliance.

10. Plans to correct any recurring issues of noncompliance.

11. Efforts to promote transparency, including maintenance of the district's website in accordance with s. 189.069.

Section 52. Section 189.035, Florida Statutes, is created to read:

189.035 Oversight of special districts created by local ordinance or resolution.—

(1) This section applies to any special district created by local ordinance or resolution.

(2) If a special district fails to file required reports or requested information under s. 11.45(7), s. 218.32, s. 218.39, or s. 218.503(3) with the appropriate state agency or office,

the Legislative Auditing Committee or its designee shall provide written notice of the district's noncompliance to the chair or equivalent of the local general-purpose government.

(3) The chair or equivalent of the local general-purpose government may convene a public hearing on the issue of noncompliance, as well as general oversight of the special district as provided in s. 189.068, within 3 months after receipt of notice of noncompliance from the Legislative Auditing Committee. Within 30 days after receiving written notice of noncompliance, the local general-purpose government shall notify the Legislative Auditing Committee as to whether a hearing under this section will be held and, if so, provide the date, time, and place of the hearing.

(4) Before the public hearing as provided in subsection (3), the special district shall provide the following information at the request of the local general-purpose government:

(a) The district's annual financial report for the previous fiscal year.

(b) The district's audit report for the previous fiscal year.

(c) An annual report for the previous fiscal year, which must provide a detailed review of the performance of the special district and include the following information:

1. The purpose of the special district.

2. The sources of funding for the special district.

3. A description of the major activities, programs, and initiatives the special district undertook in the most recently completed fiscal year and the benchmarks or criteria under which

the success or failure of the district was determined by its governing body.

4. Any challenges or obstacles faced by the special district in fulfilling its purpose and related responsibilities.

5. Ways in which the special district believes that it could better fulfill its purpose and related responsibilities and a description of the actions that it intends to take during the ensuing fiscal year.

6. Proposed changes to the ordinance or resolution that established the special district and justification for such changes.

7. Any other information reasonably required to provide the reviewing entity with an accurate understanding of the purpose for which the special district exists and how it is fulfilling its responsibilities to accomplish that purpose.

8. Any reasons for the district's noncompliance.

9. Whether the district is currently in compliance.

10. Plans to correct any recurring issues of noncompliance.

11. Efforts to promote transparency, including maintenance of the district's website in accordance with s. 189.069.

(5) If the local general-purpose government convenes a public hearing under this section, it shall provide the department and the Legislative Auditing Committee with a report containing its findings and conclusions within 60 days after completion of the public hearing.

Section 53. Section 189.055, Florida Statutes, is created to read:

189.055 Treatment of special districts.—For the purpose of s. 196.199(1), special districts shall be treated as

municipalities.

Section 54. Section 189.069, Florida Statutes, is created to read:

189.069 Special districts; required reporting of information; web-based public access.—

(1) Beginning on October 1, 2015, or by the end of the first full fiscal year after its creation, each special district shall maintain an official Internet website containing the information required by this section in accordance with s. 189.016. Special districts shall submit their official Internet website addresses to the department.

(a) Independent special districts shall maintain a separate Internet website.

(b) Dependent special districts shall be preeminently displayed on the home page of the Internet website of the local general-purpose government that created the special district with a hyperlink to such webpages as are necessary to provide the information required by this section. Dependent special districts may maintain a separate Internet website providing the information required by this section.

(2)(a) A special district shall post the following information, at a minimum, on the district's official website:

1. The full legal name of the special district.

2. The public purpose of the special district.

3. The name, address, e-mail address, and, if applicable, the term and appointing authority for each member of the governing body of the special district.

4. The fiscal year of the special district.

5. The full text of the special district's charter, the

date of establishment, the establishing entity, and the statute or statutes under which the special district operates, if different from the statute or statutes under which the special district was established. Community development districts may reference chapter 190, as the uniform charter, but must include information relating to any grant of special powers.

6. The mailing address, e-mail address, telephone number, and Internet website uniform resource locator of the special district.

7. A description of the boundaries or service area of, and the services provided by, the special district.

8. A listing of all taxes, fees, assessments, or charges imposed and collected by the special district, including the rates or amounts for the fiscal year and the statutory authority for the levy of the tax, fee, assessment, or charge. For purposes of this subparagraph, charges do not include patient charges by a hospital or other health care provider.

9. The primary contact information for the special district for purposes of communication from the department.

10. A code of ethics adopted by the special district, if applicable, and a hyperlink to generally applicable ethics provisions.

11. The budget of each special district, in addition to amendments in accordance with s. 189.418.

12. The final, complete audit report for the most recent completed fiscal year, and audit reports required by law or authorized by the governing body of the special district.

(b) The department's Internet website list of special districts in the state required under s. 189.061 shall include a

link for each special district that provides web-based access to the public for all information and documentation required for submission to the department pursuant to subsection (1).

Section 55. Paragraph (e) of subsection (1) and paragraph (c) of subsection (7) of section 11.45, Florida Statutes, are amended to read:

11.45 Definitions; duties; authorities; reports; rules.—

(1) DEFINITIONS.—As used in ss. 11.40-11.51, the term:

(e) "Local governmental entity" means a county agency, municipality, or special district as defined in s. 189.012 ~~189.403~~, but does not include any housing authority established under chapter 421.

(7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

(c) The Auditor General shall provide annually a list of those special districts which are not in compliance with s. 218.39 to the Special District Accountability ~~Information~~ Program of the Department of Economic Opportunity.

Section 56. Paragraph (c) of subsection (4) of section 100.011, Florida Statutes, is amended to read:

100.011 Opening and closing of polls, all elections; expenses.—

(4)

(c) The provisions of any special law to the contrary notwithstanding, all independent and dependent special district elections, with the exception of community development district elections, shall be conducted in accordance with the requirements of ss. 189.04 and 189.041 ~~189.405 and 189.4051~~.

Section 57. Paragraph (f) of subsection (1) of section 101.657, Florida Statutes, is amended to read:

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APPENDIX B—AUTHORITY DATA

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Growth in Value of Transportation Assets		$ 969,421,861	$ 1,092,757,958	$ 1,200,243,493	$ 1,287,972,802	$ 1,383,016,309
Land Acquisition		260,087,004	268,353,339	292,095,225	316,865,423	324,145,357
Infrastructure Assets		318,265,641	342,007,681	470,678,234	517,094,675	496,325,419
Construction in Progress		391,069,216	482,396,938	437,470,034	454,012,704	562,545,533
Preservation of Transportation Assets		$ 6,021,728	$ 6,577,417	$ 6,548,707	$ 5,887,349	$ 6,396,521
Renewal & Replacement of Infrastructure		-	-	-	-	-
Routine Maintenance of Infrastructure		6,021,728	6,577,417	6,548,707	5,887,349	6,396,521
SHS Maintenance Condition Rating	90	90.9	91.5	90.6	92.2	92.6
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	91.8%	91.4%	92.3%	91.4%	95.6%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	98.4%	97.6%	97.6%	97.6%	98.3%
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	75.8%	93.9%	95.9%	96.2%	97.9%
Revenue from Electronic Transactions		68.2%	81.3%	86.6%	85.3%	92.9%
Annual Revenue Growth						
Toll & Operating Revenue		-1.1%	8.9%	0.7%	9.7%	-4.0%
Revenue Variance						
Actual Revenue with "recovery of fines"		99.7%	98.3%	94.7%	98.1%	88.5%
Actual Revenue without "recovery of fines"	< 4% (96%)	97.5%	97.5%	94.5%	98.0%	88.3%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.48)	0.843	0.970	0.644	0.817	N/A
Customer Service						
Customers satisfied with level of service	> 90%	N/A	96.3%	N/A	95.0%	N/A

Operations & Budget:

	Objective	2010	2011	2012	2013	2014
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	2.1%	2.8%	1.1%	13.3%	N/A
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	100.0%	100.0%	100.0%	100.0%	N/A
Completed within 10% above original contract amount	≥ 90%	100.0%	100.0%	100.0%	100.0%	N/A
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.12	$0.07	$0.06	$0.03	$0.06
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		36.2%	37.1%	40.3%	29.6%	35.6%
Routine Maintenance Expense as a % of Operating Expense		11.2%	12.0%	10.8%	10.4%	9.7%
Administrative Expense as a % of Operating Expense		11.2%	10.2%	8.3%	9.1%	10.2%
Operating Expense as a % of Operating Revenue		47.6%	44.5%	49.0%	41.6%	50.9%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	94.6%	92.7%	96.4%	77.9%	91.6%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		22.6%	21.9%	25.1%	16.7%	23.0%

Applicable Laws:

	Objective	2010	2011	2012	2013	2014
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	21.4%	31.3%	16.8%	22.6%	13.6%

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.56	1.64	1.26	1.50	1.59
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.40	1.45	1.11	1.34	1.42
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	2010	2011	2012	2013	2014
Right-of-Way						
Agency Appraisals		$ 2,200,000	$ 653,400	$ -	$ -	$ -
Initial Offers		$ 1,868,483	$ 412,500	$ -	$ -	$ -
Owners Appraisals		$ 1,868,483	$ 2,180,000	$ -	$ -	$ -
Final Settlements		$ 1,868,483	$ 922,888	$ -	$ -	$ -

Performance Measures Florida Transportation Commission 2014

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: CENTRAL FLORIDA EXPRESSWAY AUTHORITY (CFX)

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2010	2011	2012	2013	2014
Growth in Value of Transportation Assets		$ 2,859,868,000	$ 3,029,657,000	$ 3,170,741,000	$ 3,304,344,000	$ 3,423,945,000
Land Acquisition		535,489,000	537,831,000	549,092,000	655,588,000	658,362,000
Infrastructure Assets		2,096,290,000	2,110,704,000	2,177,126,000	2,509,704,000	2,535,425,000
Construction in Progress		228,089,000	381,122,000	444,523,000	139,052,000	230,158,000
Preservation of Transportation Assets		$ 14,099,000	$ 15,371,000	$ 26,050,000	$ 14,476,000	$ 14,770,000
Renewal & Replacement of Infrastructure		522,000	1,694,000	13,679,000	880,000	468,000
Routine Maintenance of Infrastructure		13,577,000	13,677,000	12,371,000	13,596,000	14,302,000
SHS Maintenance Condition Rating	90	92.0	93.0	93.0	93.0	90.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	98.6%	100.0%	95.1%	97.7%	98.0%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	99.3%	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	73.3%	74.6%	76.0%	79.2%	80.3%
Revenue from Electronic Transactions		71.8%	73.1%	74.7%	75.6%	76.9%
Annual Revenue Growth						
Toll & Operating Revenue		22.7%	2.7%	1.7%	13.8%	7.2%
Revenue Variance						
Actual Revenue with "recovery of fines"		97.4%	98.0%	98.9%	99.0%	98.9%
Actual Revenue without "recovery of fines"	< 4% (96%)	97.2%	97.5%	98.2%	97.9%	97.6%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.48)	0.172	0.462	0.340	0.217	N/A
Customer Service						
Customers satisfied with level of service	> 90%	N/A	90.5%	N/A	95.5%	N/A

Operations & Budget:

	Objective	2010	2011	2012	2013	2014
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	-6.3%	-17.4%	-3.8%	0.5%	16.3%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	100.0%	100.0%	100.0%	88.2%	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	$0.11	$0.11	$0.11	$0.11	$0.10
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		44.0%	43.6%	36.8%	43.9%	46.3%
Routine Maintenance Expense as a % of Operating Expense		18.3%	17.8%	13.8%	17.5%	18.7%
Administrative Expense as a % of Operating Expense		7.0%	6.9%	6.3%	7.1%	6.6%
Operating Expense as a % of Operating Revenue		29.0%	29.3%	33.5%	25.6%	23.5%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	94.6%	96.8%	92.7%	95.6%	95.3%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		18.1%	18.0%	17.0%	15.7%	15.3%

Applicable Laws:

	Objective	2010	2011	2012	2013	2014
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	9.7%	13.5%	19.2%	25.0%	20.0%

Performance Measures Florida Transportation Commission 2014

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: CENTRAL FLORIDA EXPRESSWAY AUTHORITY (CFX)

Official Reporting Period: July 1 through June 30

Revenue Management & Bond Proceeds:

	Objective	2010	2011	2012	2013	2014
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.74	1.62	1.52	1.94	1.98
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.73	1.61	1.47	1.74	1.62
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	A2	A2	A2
Fitch Bond Rating		A	A	A	A	A

Property Acquisition:

	Objective	2010	2011	2012	2013	2014
Right-of-Way						
Agency Appraisals		$ 5,764,738	$ 5,220,800	$ 4,217,800	$ 9,838,600	$ 1,052,530
Initial Offers		$ 4,020,640	$ 3,377,800	$ 4,294,500	$ -	$ 1,046,730
Owners Appraisals		$ -	$ 11,644,750	$ 10,512,625	$ 13,530,000	$ 1,200,000
Final Settlements		$ 7,566,819	$ 9,534,609	$ 8,131,141	$ 7,234,646	$ 2,431,898

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Growth in Value of Transportation Assets[1]		$ 107,565,514	$ -	$ -	$ -	$ -
Land Acquisition[1]		-	-	-	-	-
Infrastructure Assets[1]		107,565,514	-	-	-	-
Construction in Progress[1]		-	-	-	-	-
Preservation of Transportation Assets		$ 135,305	$ 159,514	$ 195,817	$ 147,529	$ 159,215
Renewal & Replacement of Infrastructure		-	-	-	-	-
Routine Maintenance of Infrastructure		135,305	159,514	195,817	147,529	159,215
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	35.7%	36.2%	37.6%	38.5%	39.2%
Revenue from Electronic Transactions		33.0%	33.5%	34.0%	34.8%	36.1%
Annual Revenue Growth						
Toll & Operating Revenue		-3.8%	1.7%	7.4%	3.1%	10.3%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.9%	96.1%	98.3%	98.5%	98.5%
Actual Revenue without "recovery of fines"	< 4% (96%)	96.9%	96.1%	98.3%	98.5%	98.5%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.48)	0.0	0.0	0.0	0.0	N/A
Customer Service						
Customers satisfied with level of service	> 90%	N/A	96.3%	N/A	95.0%	N/A

Operations & Budget:

	Objective	2010	2011	2012	2013	2014
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	$0.62	$0.63	$0.65	$0.63	$0.58
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		84.4%	59.4%	78.3%	86.6%	85.2%
Routine Maintenance Expense as a % of Operating Expense		11.9%	9.8%	15.1%	12.9%	13.4%
Administrative Expense as a % of Operating Expense		0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expense as a % of Operating Revenue		26.9%	38.2%	28.3%	24.1%	22.8%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	99.4%	95.1%	103.2%	96.2%	98.5%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		26.0%	26.4%	26.4%	24.0%	22.5%

Applicable Laws:

	Objective	2010	2011	2012	2013	2014
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 2014

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	2010	2011	2012	2013	2014
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	0.47	0.43	0.44	0.44	0.46
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	0.47	0.43	0.44	0.44	0.46
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	D	D	D	D
Moody's Bond Rating		Caa3	Ca	Withdrawn	Withdrawn	Withdrawn
Fitch Bond Rating		C	D	D	Withdrawn	Withdrawn

Property Acquisition:

	Objective	2010	2011	2012	2013	2014
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 2014

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	2010	2011	2012	2013	2014
Growth in Value of Transportation Assets		$ 608,395,000	$ 616,032,754	$ 661,339,000	$ 721,525,797	$ 732,549,211
Land Acquisition		91,037,064	91,037,064	91,037,064	91,037,064	91,037,064
Infrastructure Assets		501,321,191	510,060,221	531,789,782	532,859,869	608,438,947
Construction in Progress		16,036,745	14,935,469	38,512,154	97,628,864	33,073,200
Preservation of Transportation Assets		$ 3,523,872	$ 3,264,976	$ 4,011,944	$ 4,176,449	$ 2,992,131
Renewal & Replacement of Infrastructure		49,037	-	581,568	1,552,155	224,878
Routine Maintenance of Infrastructure		3,474,835	3,264,976	3,430,376	2,624,294	2,767,253
SHS Maintenance Condition Rating	90	91.5	92.0	94.0	94.0	94.0
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%	96.9%	96.9%	96.9%	96.9%	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	74.3%	80.0%	100.0%	100.0%	100.0%
Revenue from Electronic Transactions		75.0%	79.1%	100.0%	100.0%	100.0%
Annual Revenue Growth						
Toll & Operating Revenue		-0.8%	1.1%	6.2%	-2.7%	7.9%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.8%	97.8%	97.5%	97.2%	96.5%
Actual Revenue without "recovery of fines"	< 4% (96%)	96.6%	97.7%	97.5%	97.2%	96.5%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.48)	0.000	0.000	0.000	0.355	N/A
Customer Service						
Customers satisfied with level of service	> 90%	N/A	96.3%	N/A	95.0%	N/A

Operations & Budget:

	Objective	2010	2011	2012	2013	2014
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	N/A	N/A	1.3%	-8.3%	-0.2%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	N/A	100.0%	100.0%	100.0%	100.0%
Completed within 10% above original contract amount	≥ 90%	N/A	100.0%	100.0%	100.0%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.16	$0.10	$0.11	$0.11	$0.08
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		36.6%	28.1%	31.5%	33.8%	34.4%
Routine Maintenance Expense as a % of Operating Expense		21.9%	22.9%	24.9%	20.5%	23.9%
Administrative Expense as a % of Operating Expense		13.6%	16.6%	19.7%	22.0%	27.5%
Operating Expense as a % of Operating Revenue		39.7%	35.2%	32.0%	30.6%	25.6%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	92.1%	75.4%	91.0%	84.1%	95.4%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		23.2%	18.0%	18.1%	16.6%	15.0%

Applicable Laws:

	Objective	2010	2011	2012	2013	2014
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	15.8%	8.8%	12.6%	12.0%	15.0%

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.16	2.00	2.00	1.93	1.94
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.11	1.38	1.41	1.55	1.76
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	2010	2011	2012	2013	2014
Right-of-Way						
Agency Appraisals		$ -	$ -	$ -	$ -	$ -
Initial Offers		$ -	$ -	$ -	$ -	$ -
Owners Appraisals		$ -	$ -	$ -	$ -	$ -
Final Settlements		$ -	$ -	$ -	$ -	$ -

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Growth in Value of Transportation Assets		$ 7,156,193,000	$ 7,447,539,000	$ 7,574,184,000	$ 7,947,248,000	$ 8,782,318,000
Land Acquisition		866,680,000	863,893,000	863,355,000	866,624,000	892,855,000
Buildings		-	-	-	48,981,000	60,367,000
Infrastructure Assets		5,641,690,000	5,958,776,000	6,311,641,000	6,432,812,000	6,878,491,000
Construction in Progress		647,823,000	624,870,000	399,188,000	598,831,000	950,605,000
Preservation of Transportation Assets		$ 88,914,000	$ 75,291,000	$ 84,342,000	$ 117,809,000	$ 98,925,000
Renewal & Replacement of Infrastructure		50,005,000	34,502,000	44,064,000	81,912,000	62,684,000
Routine Maintenance of Infrastructure		38,909,000	40,789,000	40,278,000	35,897,000	36,241,000
SHS Maintenance Condition Rating	90	91.0	91.0	91.0	88.0	89.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	96.4%	96.7%	98.3%	97.4%	99.9%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	100.0%	100.0%	100.0%	100.0%	98.6%
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	71.0%	75.6%	79.1%	80.9%	81.4%
Revenue from Electronic Transactions		66.3%	70.3%	72.9%	76.5%	78.4%
Annual Revenue Growth						
Toll & Operating Revenue		1.1%	0.1%	1.3%	23.8%	5.3%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.6%	95.0%	97.3%	95.5%	95.8%
Actual Revenue without "recovery of fines"	< 4% (96%)	96.4%	94.6%	95.4%	94.6%	95.3%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.48)	0.564	0.595	0.551	0.523	N/A
Customer Service						
Customers satisfied with level of service	> 90%	N/A	96.3%	N/A	95.0%	N/A

Operations & Budget:

	Objective	2010	2011	2012	2013	2014
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	194.8%	55.5%	40.6%	N/A	22.6%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	68.8%	73.3%	92.3%	100.0%	100.0%
Completed within 10% above original contract amount	≥ 90%	81.3%	73.3%	92.3%	100.0%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.159	$0.152	$0.141	$0.136	$0.129
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		56.2%	59.9%	53.6%	44.3%	47.4%
Routine Maintenance Expense as a % of Operating Expense		16.4%	17.5%	16.2%	13.1%	14.2%
Administrative Expense as a % of Operating Expense		0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expense as a % of Operating Revenue		38.9%	38.0%	40.1%	35.7%	31.6%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	94.5%	92.1%	96.6%	89.5%	92.6%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		28.2%	29.4%	28.0%	20.5%	19.5%

Applicable Laws:

	Objective	2010	2011	2012	2013	2014
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	6.7%	13.6%	11.3%	8.5%	8.7%

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	2.01	1.82	1.82	2.51	2.72
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.99	1.80	1.78	2.43	2.61
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		Aa3	Aa3	Aa3	Aa3	Aa3
Fitch Bond Rating		AA-	AA-	AA-	AA-	AA-

Property Acquisition:

	Objective	2010	2011	2012	2013	2014
Right-of-Way						
Agency Appraisals		$ 2,287,000	$ 1,218,000	$ -	$ 4,344,000	$ 2,530,000
Initial Offers		$ 2,324,000	$ 2,100,000	$ -	$ 2,500,000	$ 2,090,000
Owners Appraisals		$ -	$ 6,024,000	$ -	$ -	$ -
Final Settlements		$ 2,081,000	$ 3,301,000	$ -	$ 2,500,000	$ 2,176,000

Performance Measures Florida Transportation Commission 2014

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: MID-BAY BRIDGE AUTHORITY (MBBA)

Official Reporting Period: October 1 through September 30

Operations:

	Objective	2010	2011	2012	2013	2014
Growth in Value of Transportation Assets		$ 123,271,754	$ 173,551,747	$ 198,918,368	$ 220,944,529	$ 234,866,228
Land Acquisition		663,168	663,168	663,168	27,396,517	27,396,517
Infrastructure Assets		71,884,207	71,884,207	115,778,269	115,778,269	203,997,186
Construction in Progress		50,724,379	101,004,372	82,476,931	77,769,743	3,472,525
Preservation of Transportation Assets		$ 282,819	$ 163,439	$ 318,963	$ 858,240	$ 2,238,488
Renewal & Replacement of Infrastructure		103,019	1,749	83,970	562,144	1,868,725
Routine Maintenance of Infrastructure		179,800	161,690	234,993	296,096	369,763
SHS Maintenance Condition Rating	90	87.0	82.0	95.0	91.0	94.0
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%	80.0%	80.0%	92.3%
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	66.4%	64.8%	63.4%	64.8%	64.1%
Revenue from Electronic Transactions		57.3%	56.9%	55.1%	56.7%	61.6%
Annual Revenue Growth						
Toll & Operating Revenue		5.7%	16.6%	0.6%	0.5%	14.3%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.2%	98.5%	99.0%	99.2%	98.3%
Actual Revenue without "recovery of fines"	< 4% (96%)	96.2%	98.5%	99.0%	99.1%	98.2%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.48)	0.000	0.000	0.000	0.000	N/A
Customer Service						
Customers satisfied with level of service	> 90%	N/A	96.3%	N/A	95.0%	N/A

Operations & Budget:

	Objective	2010	2011	2012	2013	2014
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	-0.5%	-30.3%	-13.1%	N/A	-2.0%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	N/A	100.0%	N/A	N/A	100.0%
Completed within 10% above original contract amount	≥ 90%	N/A	100.0%	N/A	N/A	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.26	$0.29	$0.27	$0.28	$0.24
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		69.1%	70.7%	69.6%	58.2%	43.2%
Routine Maintenance Expense as a % of Operating Expense		6.3%	5.4%	7.9%	7.9%	6.8%
Administrative Expense as a % of Operating Expense		20.6%	23.5%	19.2%	18.5%	12.8%
Operating Expense as a % of Operating Revenue		21.1%	19.1%	18.8%	23.5%	30.0%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	89.4%	90.9%	90.0%	95.5%	101.0%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		15.9%	14.5%	14.5%	15.5%	15.0%

Applicable Laws:

	Objective	2010	2011	2012	2013	2014
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 2014

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: MID-BAY BRIDGE AUTHORITY (MBBA)

Official Reporting Period: October 1 through September 30

Revenue Management & Bond Proceeds:

	Objective	2010	2011	2012	2013	2014
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.33	1.50	1.41	1.39	1.16
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.33	1.50	1.41	1.39	1.16
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-	BBB+	BBB+	BBB+	BBB+
Moody's Bond Rating		Not Rated	Not Rated	Not Rated	Not Rated	Not Rated
Fitch Bond Rating		BBB+	BBB+	BBB+	BBB+	BBB+

Property Acquisition:

	Objective	2010	2011	2012	2013	2014
Right-of-Way						
Agency Appraisals		$ 655,000	$ 17,000,000	$ -	$ -	$ -
Initial Offers		$ 655,000	$ 19,500,000	$ -	$ -	$ -
Owners Appraisals		$ -	$ -	$ -	$ -	$ -
Final Settlements		$ 663,000	$ 20,190,000	$ -	$ -	$ -

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Average Headway (minutes)						
Average time for vehicle to complete its portion of total route miles one time	<30 Minutes	28.3	25.7	24.6	25.5	27.3
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$5.30	$ 5.78	$ 5.85	$ 6.06	$ 6.40	$ 6.67
Operating Expense Per Revenue Hour						
Operating expense divided by revenue hours	<$75	$ 82.01	$ 83.59	$ 84.75	$ 88.05	$ 91.07
Operating Revenue Per Operating Expense						
Revenue generated through operation of the transit authority divided by operating expense	>30%	39.9%	43.3%	41.4%	42.2%	42.8%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$3	$ 3.41	$ 3.19	$ 3.15	$ 3.22	$ 3.34
Operating Expense Per Passenger Mile						
Operating expenses divided by passenger miles	<$0.47	$ 0.63	$ 0.61	$ 0.58	$ 0.58	$ 0.60
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents	>5% above 2009 (124,513)	131,642	108,997	143,619	140,473	131,498
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	9,620	14,041	15,071	9,770	8,912
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.88	0.89	0.89	0.90	0.90
Customer Service						
Average time from complaint to response	14 days	8	11	10	20	16
Customer complaints divided by boardings	<1 per 5,000 boardings	0.6	0.7	0.7	0.5	0.6
On-time Performance						
% trips end to end on time < 5 minutes late	>80%	83%	82%	79.7%	78.4%	78.1%

Reportable Indicators

	2010	2011	2012	2013	2014
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 46.78	$ 46.84	$ 47.23	$ 48.42	$ 49.22
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	24.9%	28.7%	29.3%	29.9%	28.3%
Service Area Population					
Approximation of overall market size	1,805,921	1,837,359	1,878,762	1,913,779	1,960,634
Service Area Population Density					
Persons per square mile based on the service area population and size	711.5	723.9	740.0	754.1	772.5
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 84,482,228	$ 86,069,842	$ 88,727,930	$ 92,663,107	$ 96,499,805
Operating Revenue					
Revenue generated through the operation of the transit authority	$ 33,730,496	$ 37,238,587	$ 36,771,242	$ 39,143,688	$ 41,301,500
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	14,612,279	14,714,555	14,649,104	14,468,719	14,464,800
Total Annual Revenue Hours					
Vehicle hours operated in active service	1,030,195	1,029,656	1,046,880	1,052,451	1,059,575
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	267	270	273	290	296
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	223	225	225	232	248

Performance Measures Florida Transportation Commission 2014

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

	2010	2011	2012	2013	2014
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	16.5%	16.7%	17.6%	20.0%	16.2%
Annual Passenger Trips					
Passenger boardings on transit vehicles	24,780,704	26,996,158	28,184,740	28,801,893	28,868,418
Average Trip Length					
Average length of passenger trip, generally derived through sampling	5.4	5.2	5.4	5.5	5.6
Annual Passenger Miles					
Passenger trips multiplied by average trip length	133,815,802	140,380,022	152,197,596	158,410,412	161,663,141
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	23.0	23.0
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.85	$ 0.91	$ 0.92	$ 0.96	$ 0.95
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.70	1.83	1.92	1.99	2.00
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	24.1	26.2	26.9	27.4	27.2
Passenger Trips Per Capita					
Passenger trips divided by service area population	13.7	14.7	15.0	15.0	14.7
Average Age of Fleet in Years					
Average age of fleet in years	4.1	4.4	5.7	5.9	5.9
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 23,476,890	$ 25,402,118	$ 29,110,185	$ 22,530,314	$ 35,228,849
Weekday Ridership					
Average ridership on weekdays	79,035	85,473	92,319	91,587	92,049
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	100%	73%	46%	67%	51%
% of capital spent on system expansion	0%	27%	54%	33%	49%
Intermodal Connectivity					
Number of intermodal transfer points available	5	5	5	6	6

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Average Headway (minutes)						
Average time for vehicle to complete its portion of total route miles one time	<30 Minutes	17.7	21.3	18.8	32.7	29.2
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$6.50	$ 6.39	$ 6.92	$ 7.67	$ 7.16	$ 7.48
Operating Expense Per Revenue Hour						
Operating expense divided by revenue hours	<$91.00	$ 95.40	$ 92.79	$ 111.48	$ 105.23	$ 107.20
Operating Revenue Per Operating Expense						
All revenue generated through operation of the transit authority divided by operating expense	>20%	16.8%	17.8%	20.4%	19.9%	18.5%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$5.30	$ 5.11	$ 4.82	$ 5.36	$ 5.59	$ 5.92
Operating Expense Per Passenger Mile						
Operating expense divided by passenger miles	<$1.00	$ 0.89	$ 0.83	$ 0.87	$ 0.85	$ 0.87
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents for bus	>5% above 2009 (227,975)	231,844	204,422	129,296	94,216	124,812
Revenue Miles Between Failures						
Revenue miles divided by revenue vehicle system failures. A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system	>10,500	12,292	14,124	26,488	21,851	14,370
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.95	0.96	0.96	0.94	0.94
Customer Service						
Average time from complaint to response	14 Days	7	8	18	24	10
Customer complaints divided by boardings	<1 per 5,000 boardings	0.9	1.0	2.1	2.6	2.7
On-time Performance						
% trips end to end on time < 5 minutes late	>80%	81.1%	82.2%	66.0%	72.1%	73.1%

Reportable Indicators

	2010	2011	2012	2013	2014
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 62.55	$ 50.43	$ 69.73	$ 75.81	$ 66.34
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	15.6%	16.6%	18.9%	18.5%	17.1%
Service Area Population					
Approximation of overall market size	853,300	1,065,219	838,815	827,481	985,050
Service Area Population Density					
Persons per square mile based on the service area population and size	3,080.5	1,160.4	1,893.5	1,915.5	1,231.3
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 53,369,946	$ 53,722,193	$ 58,491,284	$ 62,734,021	$ 65,350,740
Operating Revenue					
Revenues generated through the operation of the transit authority	$ 8,951,023	$ 9,572,856	$ 11,919,156	$ 12,509,246	$ 12,078,657
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	8,346,395	7,768,038	7,628,436	8,762,085	8,736,870
Total Annual Revenue Hours					
Vehicle hours operated in active service	559,406	578,955	524,666	596,161	609,595
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	154	153	147	172	171
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	135	125	118	138	158

Performance Measures Florida Transportation Commission 2014

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

	2010	2011	2012	2013	2014
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	12.3%	18.3%	19.7%	19.8%	7.6%
Annual Passenger Trips					
Passenger boardings on transit vehicles	10,443,111	11,138,076	10,906,226	11,220,230	11,037,817
Average Trip Length					
Average length of passenger trip, generally derived through sampling	5.8	5.8	6.2	6.6	6.8
Annual Passenger Miles					
Passenger trips multiplied by average trip length	60,297,003	64,600,841	67,442,423	74,165,720	75,053,198
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	21.9	21.3	21.0	21.5	22.5
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.80	$ 0.80	$ 1.01	$ 1.03	$ 1.01
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.25	1.43	1.43	1.28	1.26
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	18.7	19.2	20.8	18.8	18.1
Passenger Trips Per Capita					
Passenger trips divided by service area population	12.2	10.5	13.0	13.6	11.2
Average Age of Fleet in Years					
Average age of fleet in years	6.6	7.4	6.8	6.5	7.3
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 1,890,958	$ 4,966,717	$ 7,555,815	$ 4,895,237	$ 8,300,473
Weekday Ridership					
Average ridership on weekdays	35,484	37,457	36,839	38,050	37,015
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 2014

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	2010	2011	2012	2013	2014
Average Headway (minutes)						
Average time for train to complete its portion of total route miles one time	<6 Minutes	3.4	3.5	5.6	5.7	5.9
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$23.00	$ 30.40	$ 31.95	$ 31.85	$ 31.45	$ 32.75
Operating Expense per Revenue Hour						
Operating expense divided by revenue hours	<$310.00	$ 408.05	$ 426.77	$ 368.13	$ 357.30	$ 357.98
Operating Revenue Per Operating Expense						
All revenue generated through operation of the transit authority divided by operating expense	>15%	6.9%	5.4%	3.8%	3.4%	3.5%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$11.00	$ 10.68	$ 10.61	$ 6.95	$ 5.34	$ 4.75
Operating Expense Per Passenger Mile						
Operating expense divided by passenger miles	<$27.50	$ 26.29	$ 25.08	$ 15.16	$ 11.61	$ 6.68
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents for bus	>5% above 2009 (41,348)	55,113	55,659	29,733	61,066	43,032
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	9,726	27,830	8,495	16,654	8,196
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	8	10	9	5
Customer complaints divided by boardings	<1 per 5,000 boardings	0.0	0.2	0.1	0.1	0.1
On-time Performance						
Successful cycles divided by scheduled cycles	>80%	98.2%	99.2%	99.3%	99.1%	99.0%

Reportable Indicators

	2010	2011	2012	2013	2014
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 5.89	$ 6.10	$ 6.77	$ 6.96	$ 5.72
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	4.5%	3.5%	1.2%	0.0%	0.0%
Service Area Population					
Approximation of overall market size	853,300	874,673	838,815	827,481	985,050
Service Area Population Density					
Persons per square mile based on the service area population and size	3,080.5	1,796.0	1,893.5	1,915.5	1,231.3
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 5,026,013	$ 5,335,075	$ 5,682,422	$ 5,761,791	$ 5,637,497
Operating Revenue					
Revenues generated through the operation of the transit authority	$ 345,453	$ 289,978	$ 216,360	$ 195,469	$ 195,511
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	165,338	166,977	178,399	183,197	172,126
Total Annual Revenue Hours					
Vehicle hours operated in active service	12,317	12,501	15,436	16,126	15,748
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	5	5	5

Performance Measures Florida Transportation Commission 2014

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

	2010	2011	2012	2013	2014
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%	50.0%	50.0%	50.0%
Annual Passenger Trips					
Passenger boardings on transit vehicles	470,389	502,941	817,153	1,079,179	1,188,007
Average Trip Length					
Average length of passenger trip, generally derived through sampling	0.4	0.4	0.5	0.5	0.7
Annual Passenger Miles					
Passenger trips multiplied by average trip length	191,209	212,744	374,940	496,422	843,485
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	15.0	15.0	15.0	15.0	15.0
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.48	$ 0.37	$ 0.08	$ -	$ -
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	2.85	3.01	4.58	5.89	6.90
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	38.2	40.2	52.9	66.9	75.4
Passenger Trips Per Capita					
Passenger trips divided by service area population	0.6	0.6	1.0	1.3	1.2
Average Age of Fleet in Years					
Average age of fleet in years	11.6	12.6	13.6	14.6	15.6
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ -	$ 133,402	$ -	$ 355,086	$ 112,325
Weekday Ridership					
Average ridership on weekdays	1,674	1,965	3,167	4,086	4,459
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 2014

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	2010	2011	2012	2013	2014
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	-5.2%	-11.1%	-0.4%	0.0%	N/A
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	100.0%	100.0%	100.0%	100.0%	N/A
Completed within 10% above original contract amount	≥ 90%	100.0%	100.0%	100.0%	100.0%	N/A

Applicable Laws:

	Objective	2010	2011	2012	2013	2014
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	14.3%	14.6%	14.6%	14.3%	22.3%

Property Acquisition:

	Objective	2010	2011	2012	2013	2014
Right-of-Way						
Agency Appraisals		$ 4,863,525	$ 54,900	$ 88,100	$ 1,339,050	$ -
Initial Offers		$ 4,863,525	$ 54,900	$ 88,100	$ 1,339,050	$ -
Owners Appraisals		$ 19,975,000	$ -	$ -	$ 2,647,811	$ -
Final Settlements		$ 7,888,325	$ 65,900	$ 88,100	$ 1,750,000	$ -

Performance Measures Florida Transportation Commission 2014

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	2010	2011	2012	2013	2014
Average Headway (minutes)						
Average time for train to complete its portion of total route miles one time	<30 Minutes	30.6	28.7	27.6	27.9	28.3
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$18	$ 15.56	$ 16.96	$ 17.51	$ 17.25	$ 17.88
Operating Revenue Per Operating Expense						
Revenue generated through operation of the transit authority divided by operating expenses	>25%	23.3%	23.0%	23.8%	23.0%	21.4%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$15	$ 12.48	$ 12.82	$ 12.87	$ 12.99	$ 13.91
Operating Expense Per Passenger Mile						
Operating expenses divided by passenger miles	<$0.45	$ 0.43	$ 0.43	$ 0.46	$ 0.48	$ 0.51
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	96,413	68,570	117,762	87,902	106,964
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.93	0.97	0.97	0.96	0.97	0.97
Customer Service						
Average time from complaint to response	14 days	29	14	12	10	14
Customer complaints divided by boardings	<1 per 5,000 boardings	0.9	2.0	2.6	2.2	1.6
On-time Performance						
% trips end to end on time < 6 minutes late	>80%	86.3%	89.7%	86.5%	82.6%	86.2%

Reportable Indicators

	2010	2011	2012	2013	2014
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 8.19	$ 8.88	$ 9.37	$ 9.92	$ 11.13
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	22.9%	22.3%	23.2%	22.1%	20.9%
Service Area Population					
Approximation of overall market size	5,497,997	5,497,997	5,502,379	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	1,084	1,238	1,238
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 45,007,680	$ 48,842,085	$ 51,557,460	$ 54,580,897	$ 61,213,969
Operating Revenue					
Revenue generated through the operation of the transit authority	$ 10,507,019	$ 11,231,078	$ 12,272,397	$ 12,575,652	$ 13,100,115
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	2,892,398	2,879,940	2,944,042	3,164,457	3,422,858
Total Annual Revenue Hours					
Vehicle hours operated in active service	96,240	96,960	97,198	102,501	113,915
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	47	45	50	50	50
Operating Expense Per Revenue Hour					
Cost of operating an hour of revenue service	$ 467.66	$ 503.73	$ 530.44	$ 532.49	$ 537.37
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	34	38	40	40	42

Performance Measures Florida Transportation Commission 2014

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

	2010	2011	2012	2013	2014
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%	15.6%	20.0%	20.0%	16.0%
Annual Passenger Trips					
Passenger boardings on transit vehicles	3,606,055	3,810,823	4,005,967	4,201,040	4,400,977
Average Trip Length					
Average length of passenger trip, generally derived through sampling	29.0	29.5	28.1	27.2	27.2
Annual Passenger Miles					
Passenger trips multiplied by average trip length	104,575,595	112,381,170	112,727,911	114,100,246	119,706,574
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	19.5	19.5
Average Fare					
Passenger fare revenues divided by passenger trips	$ 2.85	$ 2.86	$ 2.98	$ 2.87	$ 2.91
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.25	1.32	1.36	1.33	1.29
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	37.5	39.3	41.2	41.0	38.6
Passenger Trips Per Capita					
Passenger trips divided by service area population	0.66	0.69	0.73	0.76	0.80
Average Years Since Last Rebuild					
Locomotives (9)	8.2	9.2	10.2	11.2	12.2
Coaches (12)	9.2	10.2	11.2	12.2	13.2
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 16,534,534	$ 19,444,152	$ 20,152,899	$ 20,989,164	$ 18,870,967
Weekday Ridership					
Average ridership on weekdays	12,139	12,900	13,587	14,292	14,609
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	0%	0%	0%	0%	100%
% of capital spent on system expansion	100%	100%	100%	100%	0%
Intermodal Connectivity					
Intermodal transfer points available through Tri-Rail	18	18	18	18	18

APPENDIX C—CFX 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
2014 Maintenance & Safety Plan Audit

Central Florida Expressway Authority

Prior Audit Recommendations Follow-Up
September 15, 2014

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Executive Summary

As part of the Fiscal Year 2015 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
- 2014 Maintenance and Safety Plan Audit

Internal Audit last reviewed the status of open audit recommendations in January 2014. Results were reported to the Audit Committee at that time.

This review was completed on September 15, 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 January 24, 2014, 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 January 24, 2014	New Recommendations	Completed Since January 24, 2014	In Progress / Not Done as of September 15, 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	1	0	0	1	1
2013 Contracts Audit	1	0	0	1	1
2013 Toll Revenue Audit	1	0	0	1	0
2014 Contracts Audit	1	0	1	0	0
2014 Maintenance & Safety Plan	0	5	3	2	0
Total	**7**	**5**	**4**	**8**	**5**

*8 recommendations are classified as "In Progress." 5 of these recommendations are considered "Past Due."

Ethics Audit
June 2010 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 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 Laura Kelley, Deputy Executive Director, the ethics recommendation is expected to be addressed in the master plan update, but the update has been postponed. The Florida Legislature created the Central Florida Expressway Authority, which took over the Orlando Orange County Expressway Authority and expanded the Authority into two additional counties. The consolidation also expanded the Board of Directors to an 11 member board. Three board members have not been appointed and are not expected to be appointed until after the governor elections in November, 2014; therefore, the development of the master plan has been postponed until the remaining three board members are elected.	Original: 8/31/10 Revised: 7/31/12 Revised: 12/31/13 Revised: 12/31/14 Revised: 12/31/15	Concur

Contracts Audit
January 2011 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 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 Chalett, 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 David Wynne, the CCSS project is currently in the procurement stage but has been delayed. Currently, the CCSS project is expected to go live by January 2017. 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 Revised: 01/31/2017	Concur

Right of Way Audit
February 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 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.	(A) Open - Per discussion with Joe Passiatore, General Counsel, the Right of Way committee approved the changes to the Authority's Property Acquisitions & Disposition Procedures Manual regarding parcel files on 12/6/2013. 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 counsel (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 the Authority 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 the Authority staff on a regular basis to maintain complete parcel records. Per discussion with external Right of Way counsel (Winderweedle, Haines, Ward & Woodman, P.A. and Shutts & Bowen LLP), the checklists have not been implemented. General Counsel and Management believe the checklists should be implemented by external Right of Way Counsel as a documentation tool and the completed checklist for each parcel should be included in the parcel file provided to the Authority. Notations should be made if items on the checklist do not apply. The Authority will communicate this requirement to external Right of Way counsel. (B) Complete - Included in the updated manual is a timeline for the provision of the parcel documentation by the external counsel. Per the manual, the Right of Way Legal Counsel shall deliver the complete parcel file to the Authority's 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. (C) Open - Per discussion with Joe Passiatore, General Counsel, a complete master listing of all parcels is created by external Right of Way counsel at the beginning of a new construction project. The status of each parcel is updated by external Right of Way counsel based on progress and is provided to the Authority for review and discussion every two weeks. Internal Audit obtained the master parcel listings from each Right of Way Counsel for the Wekiva Parkway Project and determined through inspection that the lists include parcel details, attributes that provide a detailed status for each parcel, and notes. Per discussion with Winderweedle, any parcels that are removed from the master listing are tracked in a separate listing. Internal Audit obtained the dropped parcels listing for the Wekiva Parkway Project from Malinda Creager (Winderweedle) and determined through inspection that the listing did not include the date the parcel was excluded and a reason for exclusion for each parcel. Per discussion with Shutts & Bowen, any parcels that are removed from the master listing are not currently tracked in a separate listing; however, email documentation is retained by the firm to support the date of exclusion and reason for exclusion. General Counsel and Management believe that dropped parcels should be documented as part of the master listing for each project and the date of exclusion and reason for exclusion should be documented. The Authority will communicate this requirement to external Right of Way counsel.	Original: 6/30/12 Revised: 1/1/13 Revised: 6/30/13 Revised: 1/1/14 Revised: 1/1/15	Concur

Toll Violations Audit
March 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
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, 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 January 2017 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 Revised: 1/31/2017	Concur

Contracts Audit
November 2012 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 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 to RS&H of $9,625.87. Audit determined through inspection of subsequent invoices for contract 747 with RS&H that the overpayment was resolved between the parties as of invoice #17R. The Authority is still investigating the option of determining wage rates based on job classification. The implementation is pending a new design/engineering project. The standard contract will be updated to include a change in the Method of Compensation section (Exhibit B) and Internal Audit will be provided a draft of the revised section for review.	Original: 1/31/2013 Revised: 3/31/2014 Revised: 6/30/2015	Concur

Toll Revenue Audit
March 2013 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
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 integrating 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 previously prepared by the Authority only received one bid; therefore another RFP is being prepared. Currently, the TSR project is expected to go live in at least one toll plaza by April 2016.	Original: 7/1/2015 Revised: 4/30/2016	Concur

Contracts Audit
October 2013 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
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 to periodically request underlying support for the billings from the vendors.	Concur	Complete	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 billing errors identified by Internal Audit were extrapolated for a total potential error of $9,400. FTS agreed to refund the Authority for the extrapolated amount identified. Audit determined through inspection of subsequent invoices for contract 154 with FTS that a credit was provided to the Authority on the March 2014 invoice. Additionally, the Authority plans to periodically review FTS billings per the recommendation by reconciling the invoices to supporting documentation. Per discussion with Lisa Lumbard, Interim CFO, the quarterly review process has been assigned to Aneth Williams, Manager of Contract Compliance. Per discussion with Aneth Williams, she has gained an understanding of the FTS billing process through meetings with FTS personnel in May 2014. On a quarterly basis, she will select a sample of employees from the billing support provided by FTS and will request detailed support from FTS for each employee selected. To detect inaccuracies, Aneth Williams will reperform the billing calculations for each employee selected. The first review procedure will be conducted in September 2014 for the August 2014 FTS billing.	6/30/14	Concur

Maintenance and Safety Plan Compliance
April 2014 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
1. Audit recommends that the Authority develop written "desktop" procedures that clearly document key aspects of the Authority's maintenance and inspection program, including: internal procedures for managing and maintaining the Authority's roadways and bridges, Asset tracking, Role of third party maintenance & inspections agreements (scheduling of inspections, repairs, and replacements); outputs of preventative maintenance), Maintenance contract performance monitoring, Work order, maintenance request, and deficiency response deadlines, Incidence and Emergency Response process, and the GEC Annual Inspection process.	Concur	In Progress	The Authority will develop written procedures to document the pertinent aspects of the Authority's maintenance and inspections operations in regards to bridges, overhead structures, and roadways.	Per discussion with Ben Dreiling, Director of Construction & Maintenance, he has developed an outline for the written procedure document and is currently drafting the bridge inspection component of the document. The written procedures will be completed on or before the scheduled due date.	12/31/14	Concur
2. Due to the natural delay in the issuance of the GEC's Annual Inspection Report, the Authority should request that the GEC inspector formally communicate deficiencies rated 1-3 to the Authority. In a separate document the Authority should address, prior to the issuance of the report, the status of the deficiency. This process improvement would allow the Authority to provide resolution/ responses to high priority deficiencies. The GEC would report on the current status of the deficiencies within the Annual Inspection Report at the time of publication.	Concur	Complete	The Authority will meet with the GEC to develop procedures requiring the GEC to formally communicate deficiencies rated 1-3 to the Authority. Based on this additional process, the Authority will request that the GEC report on the resolution for management responses to the deficiencies identified within the Annual Inspection Report	Per discussion with Ben Dreiling, Director of Construction & Maintenance, a Pre-Inspection meeting was held with the GEC (Atkins) to discuss the audit recommendation. Audit obtained the meeting invite for the Authority's Annual Inspection Kick-Off meeting dated July 9, 2014 and noted the following in attendance: Atkins: Jeanette Maldonado, Steve Franklin, and Nathan Silva, Nathan; The Authority: Ben Dreiling, Robert Glasemann, and Steven Geiss. Audit confirmed through inquiry with Ben Dreiling that procedures were developed during the meeting that requires the GEC to formally communicate deficiencies rated 1-3 to the Authority during the inspection. The Authority's Senior Roadway Inspector creates a work order for the applicable maintenance contractor and/or advises the maintenance contractor of the need for repair by email. Once repairs are completed by the maintenance contractor, the Authority forwards completion notification from the maintenance contractor to the GEC. The procedures established will allow the GEC to document the Authority's response and the status of the deficiencies rated 1-3 in the next Annual Inspection Report, which is expected to be issued in February/March 2015. Audit obtained an example email from the GEC inspector (Steve Franklin) notifying Steve Geiss, Senior Roadway Inspector, of a deficiency rated 1-3 and noted the email included pictures and a location of the deficiency (SR 417 Lee Vista ST On). Audit obtained and reviewed a work order created by Steve Geiss in the JAMMS system (work order #1530841) to notify the maintenance contractor (JCS) of the deficiency. Audit further obtained emails from JCS notifying Steve Geiss that the deficiency was repaired and noted the email also included pictures of the repair. Audit obtained evidence that the email from JCS was forwarded to the GEC inspector (Steve Franklin) to evidence the status of the deficiency for reporting purposes.	7/1/14	Concur
3. The Authority should implement procedures to conduct a quality control review of final inspection reports with all appropriate signatures. As the responsible party for roadway safety, the Authority should perform independent reviews of final inspection reports to obtain additional assurance that inspections were completed in accordance with all applicable regulations and that the work of the inspection consultants has been reviewed for quality and accuracy. Additionally the Authority should retain all final inspection reports as submitted to the FDOT by the inspection consultants for documentation purposes. In addition, the Authority's IT department should prioritize resolution of the limitations impacting the Maintenance Department's access to FDOT's EDMS system.	Concur	Complete	The Maintenance Department will work with the IT Department to ensure EDMS access issues are resolved. The Authority has refined its process and will no longer accept draft reports from the inspection consultants as evidence of inspection completion.	Per discussion with Ben Dreiling and Steve Geiss, EDMS access issues have been resolved and the Maintenance Department has informed the inspection consultants that the Authority only accepts final inspection reports as evidence of inspection completion. Audit observed Steve Geiss log into FDOT's EDMS system and observed the retrieval of a sign structure final inspection report (structure # 759720) with all signatures and seals from the EDMS system. Audit additionally obtained and reviewed an inspection report received from the inspection consultants the week of 8/11/2014 for bridge # 750724. Audit determined through inspection that the report provided to the Authority was signed and sealed (final version).	12/31/14	Concur
4. The Authority should implement a consistent, defined, periodic monitoring procedure over official inspection records within FDOT's Pontis system. Monthly, the Authority should generate the Pontis Delinquent Reporting schedule from FDOT's Pontis system and review the report for delinquent inspections. Appropriate follow-up should be conducted on any delinquent inspection reports. Documentation of the review should be retained and signed as evidence of review of this monitoring control.	Concur	Complete	The Authority will implement the monthly review procedure utilizing the reporting capabilities of FDOT's Pontis system to monitor regulatory inspection compliance. The Authority will retain evidence of the review procedure in accordance with the recommendation.	Per discussion with Ben Dreiling and Steve Geiss, the Authority has implemented and documented the monthly monitoring of inspection records process. Audit obtained the September 2014 Pontis Inspection Delinquency Report noting the report was reviewed and signed by Steve Geiss on 9/2/14. There were six inspections report identified as being delinquent. However, Audit noted that the inspections were completed as of 8/27/14, but there is a lag between the inspection completion date and the date the inspections are uploaded into the FDOT Pontis system. Audit also noted Steve Geiss made notes on the Inspection Delinquency Report as to the inspection completion dates and concluded that the inspections were not delinquent.	7/1/2014 **Revised:** 9/1/2014	Concur

Maintenance and Safety Plan Compliance
April 2014 Recommendations
Status of Recommendations

Internal Audit Recommendation	Management Response	Management Status at August 15, 2014	Management Verification / Explanation	Testing Results	Due Date	IA Evaluation of Management's Status
5. Maintenance contracts should accurately reflect actual FDOT requirements for FDOT-issued work orders. Due to the associated contractual risk and opportunity for non-compliance with FDOT regulations, the Authority should consider amending the contract language in the vendor contracts to include the FDOT District 5 work order completion requirements.	Concur	In Progress	The Authority will coordinate maintenance contract updates to require completion of FDOT work orders in accordance with FDOT District 5 deadlines.	Per discussion with Ben Dreiling, this recommendation remains open pending the expiration of current maintenance contracts.	Upon Contract Renewal (July 2015 & July 2016)	Concur

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