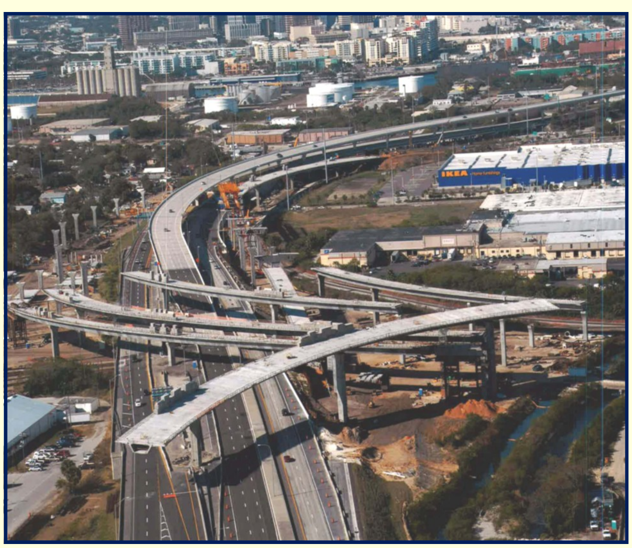
Transportation Authority Monitoring and Oversight

FISCAL YEAR 2011 REPORT

A Report by the
Florida Transportation
Commission



FLORIDA TRANSPORTATION COMMISSION

Rick Scott
Governor

June 1, 2012

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 2011 Report*, which was adopted at our public meeting on May 9, 2012. This annual report is produced in fulfillment of the Commission's expanded oversight role, which resulted from the passage of HB 985 in 2007 and HB 1213 in 2009. That oversight encompasses the monitoring and oversight of 10 transportation authorities created under Chapters 343, 348 and 349, Florida Statutes. During the course of this review, we have found that many of the authorities have instituted "best practices" and have realized significant cost savings since being placed under FTC oversight.

As a result of the legislative mandates, the FTC, in concert with the statutorily designated authorities, adopted performance measures and objectives, operating indicators and governance criteria to assess the overall responsiveness of each authority in meeting their responsibilities to their customers. The performance measures and operating indicators remained unchanged from Fiscal Year (FY) 2010, though one objective was updated to assure continued relevance.

To varying degrees, each authority was successful in meeting the performance measures established by the FTC. High standards were set for the authorities with the expectation that long-term improvements would be implemented. Performance results presented herein are based on FY 2011 financial and operational data. We believe the authorities will continue to utilize the findings within this report to more efficiently and effectively operate their respective expressway, toll and transit systems.

In addition to gathering, analyzing and reporting performance and operating data, FTC staff members conducted reviews of 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 to gain firsthand knowledge of the workings and cultures of the individual authorities. With few exceptions or minor deviations, all of the authorities are operating in accordance with Florida Statutes and policies regarding ethics, conflicts of interest, open meetings and public records. With only one exception, authorities complied with the requirement to prepare audited financial statements and debt service requirements contained in bond covenants.

Significant governance, compliance and financial issues continue to be noted for the Santa Rosa Bay Bridge Authority (SRBBA). That Authority entered into a lease-purchase agreement with the Florida Department of Transportation (Department) in 1996, whereby the Department maintains and operates the Garcon Point Bridge and remits tolls collected to the SRBBA as lease payments. SRBBA is currently 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 the required debt service payments on July 1, 2011, and January 1, 2012. The Trustee retained legal counsel and a financial advisor to assist in developing restructuring alternatives for the SRBBA bonds. The bonds are not backed by the Department or the State of Florida and no instances of Department noncompliance were noted during the review.

For the purposes of this report, the authorities are organized into three main sections for clarity; Established Toll Authorities, Transit Authorities, and Emerging Authorities. Background and a detailed analysis of actual performance assessed relative to adopted objectives, operating statistics and trends, and compliance with governance requirements are reported in each respective authority's individual chapter. An Executive Summary provides an overview and summary of results. The Introduction section describes the history pertaining to the legislation, included transportation authorities and development of the reporting criteria. A Summary of FY 2011 Findings and the Plan for FY 2012 that describes activities related to production of next year's (FY 2012) report are also included. Finally, Appendices are provided for legislative excerpts, five-year trend data for each authority and Orlando-Orange County Expressway Authority audit findings.

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

With regards,

Ronald Howse, Chairman
Florida Transportation Commission

cc: Honorable Mike Haridopolos, President of the Florida Senate
Honorable Dean Cannon, Speaker of the Florida House of Representatives
Honorable Don Gaetz, President Designate of the Florida Senate
Honorable William Weatherford, Speaker Designate of the Florida House of Representatives
Honorable Jack Latvala, Chairman, Senate Transportation Committee and Members
Honorable Lizbeth Benacquisto, Chairman, Senate Transportation, Tourism and Economic Development Appropriations Subcommittee and Members
Honorable J.D. Alexander, Chairman, Senate Budget Committee and Members
Honorable Mike Horner, Chairman, House Transportation and Economic Development Appropriations Subcommittee and Members
Honorable Denise Grimsley, Chairman, House Appropriations Committee and Members
Honorable Brad Drake, Chairman, House Transportation and Highway Safety Subcommittee and Members
Mr. Ananth Prasad, Secretary, Florida Department of Transportation
Mr. Jerry McDaniel, Director, Office of Policy and Budget, Executive Office

Florida Transportation Commission

Transportation Authority Monitoring and Oversight

Fiscal Year 2011 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 220 lane-miles of roadway in Miami-Dade County. The five toll facilities include: Dolphin Expressway (SR 836); Airport Expressway (SR 112); Don Shula Expressway (SR 874); Gratigny Parkway (SR 924); and, Snapper Creek Expressway (SR 878).

Orlando-Orange County Expressway Authority (OOCEA) owns and operates 105 centerline-miles of roadway in Orange County. The toll facilities include: 22 miles of the Spessard Holland East-West Expressway (SR 408); 23 miles of the Martin Andersen Beachline Expressway (SR 528); 33 miles of the Central Florida GreeneWay (SR 417); 22 miles of the Daniel Webster Western Beltway (SR 429); and, 5 miles of the John Land Apopka Expressway (SR 414).

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

Tampa-Hillsborough County Expressway Authority (THEA) owns the Selmon Expressway, a 15-mile limited access toll road. The original 14-mile, four-lane, at-grade facility crosses Hillsborough County from east to west through the City of Tampa and connects the Gandy Bridge with I-75. Elevated and at-grade reversible express lanes within the existing facility between Meridian Street and I-75 and the 1-mile extension from I-75 to Town Center Boulevard opened in 2006.

Transit Authorities

Central Florida Regional Transportation Authority (CFRTA, dba LYNX) provides public transportation services to the general public in the Orlando metropolitan area and throughout Orange, Seminole, and Osceola Counties in the form of fixed route bus service, paratransit service, flex service and carpools/vanpools.

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

South Florida Regional Transportation Authority (SFRTA, Tri-Rail) coordinates, develops, and implements a regional transportation system in South Florida that provides commuter rail service (Tri-Rail) and offers a shuttle bus system in Broward County for residents and visitors. Bus connections to Tri-Rail stations in Palm Beach, Miami-Dade and Broward counties are provided by Palm Tran, Miami-Dade Transit and Broward County Transit through fixed route service.

Emerging Authorities

Northwest Florida Transportation Corridor Authority (NFTCA) is not currently operating any facilities but has updated a 2011 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 operating any facilities. The OCX Board met for the first time on June 21, 2011, and the authority has no funding or staff. Osceola County is providing staff assistance and other support. OCX has developed a draft 2040 Master Plan that includes construction of four proposed tolled expressways within Osceola County.

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 2011 Regional Transportation Master Plan.

Figure 1: Authorities under Florida Transportation Commission Oversight.

Executive Summary

Background

The Florida Transportation Commission (Commission) was charged with an expanded oversight role as a result of provisions contained in House Bill (HB) 985 that was passed by the 2007 legislature. This legislation amended Section 20.23, Florida Statutes, requiring the Commission to monitor the transportation authorities established in Chapters 343 and 348, Florida Statutes. HB 1213, passed by the 2009 legislature, further expanded Commission oversight responsibilities to include the Jacksonville Transportation Authority, established in Chapter 349, Florida Statutes. In addition, HB 1271, passed by the 2010 legislature, created the Osceola County Expressway Authority under a new Part of Chapter 348, Florida Statutes.

The organization of each of the 10 transportation authorities subject to Commission monitoring and oversight, as presented in this fiscal year (FY) 2011 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 2010; 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 2011, 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" and have realized significant cost savings 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 the continuing disclosure and debt service coverage requirements contained in bond covenants. Detailed results for applicable performance measures, operating indicators and governance criteria for each of the 10 transportation authorities are presented as individual chapters in this report.

Miami-Dade Expressway Authority (MDX) implemented cashless Open Road Tolling (ORT) on SR 924 in June 2010 (FY 2010) and SR 874 and SR 878 in July 2010 (FY 2011). Prior to ORT, SR 878 (Snapper Creek Expressway) was not tolled. MDX plans to implement ORT on the remaining two MDX facilities by FY 2015. Tampa-Hillsborough County Expressway Authority (THEA) implemented All Electronic Tolling (AET) on the entire Selmon Expressway in September 2010.

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 the required debt service payments on July 1, 2011 and January 1, 2012. In September 2011, the Trustee agreed to pay for directors and officers liability insurance for SRBBA Board members and the Board was reformed in December 2011. Prior to being reformed, the SRBBA Board had not met for one year due to a lack of quorum necessary to conduct business. 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. The SRBBA bonds are not backed by the Florida Department of Transportation (Department) or the State of Florida.

THEA and the Department entered into a Memorandum of Agreement (MOA) in October 2010 that revised the Lease-Purchase Agreement (LPA). Material terms of the MOA set a THEA repayment schedule for all long-term debt and allow THEA to: refund State Board of Administration (SBA) issued bonds; issue junior lien bonds; retain the Expressway System asset on final payment of SBA bonds and termination of the LPA; and, receive 20 percent of the “S” movement toll on the I-4 Connector.

Several authorities engaged in bonding activity. In November 2010, Orlando-Orange County Expressway Authority (OOCEA) issued $284 million in fixed rate Revenue Bonds, Series 2010C, to fund a portion of the projects in its Five-Year Work Plan. MDX issued $413 million in fixed rate Revenue and Refunding Revenue Bonds (Series 2010A and Series 2010B) in August 2010. Proceeds will primarily be used to partially fund Work Program projects and refund and defease Series 2000 and 2004A Bonds. In FY 2009, THEA recovered $75 million from a mediation settlement from claims that arose from design errors that became evident during construction of the Reversible Express Lanes project. In January 2011, THEA used $60 million from the settlement to partially defease outstanding THEA Revenue Bonds. By defeasing bonds, THEA significantly improved its debt service coverage levels.

In February 2012 (FY 2012), OOCEA and the Department entered into a Memorandum of Understanding (MOU) to build the Wekiva Parkway. The MOU outlines the general understanding for project finance, design, construction, ownership, operations and maintenance.

Jacksonville Transportation Authority implemented a new fare structure in January 2012 (FY 2012). Among other fare increases, the base bus fare increased from $1.00 to $1.50, the 31 day bus pass increased from $40 to $50, and the weekly bus pass increased from $12 to $16. JTA also implemented a new electronic payment system in

January 2012 to replace the old farebox system. South Florida Regional Transportation Authority (SFRTA) also implemented a new automated fare collection system for Tri-Rail in February 2011. In January 2011, SRBBA implemented a toll rate increase of $0.25 on the Garcon Point Bridge, whereby the two-axle toll increased from $3.50 to $3.75.

House Bill 1B, signed into law in December 2009, amended Section 20.23, Florida Statutes, and created the Florida Statewide Passenger Rail Commission (Rail Commission). The legislation also provides SFRTA with new dedicated funding for Tri-Rail beginning in FY 2011. The Rail Commission is responsible for monitoring and oversight of all publicly funded passenger rail systems in the state, including authorities created under Chapters 343, 349 or 163, if the authority receives public funds for the provision of passenger rail service. As such, SFRTA falls under the purview of the Rail Commission. However, the legislation does not preclude the Florida Transportation Commission from conducting its performance and work program monitoring responsibilities. Moving forward, the Florida Transportation Commission will work with the Rail Commission in defining oversight roles and responsibilities.

House Bill 1271, approved by Governor Crist on June 4, 2010, created the Osceola County Expressway Authority, effective July 1, 2010. The OCX Board met for the first time on June 21, 2011. This is the first year that OCX is included in the Transportation Authority Monitoring and Oversight Report. OCX has no funding or staff and Osceola County has provided staff assistance and other support to OCX including a planning consultant to assist in developing the draft OCX 2040 Master Plan.

Conclusion

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

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

We believe the authorities will continue to utilize the findings within this report to more efficiently and effectively operate their respective expressway, toll and transit systems.

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INTRODUCTION

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Introduction

Background

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

Some level of autonomy is required to insulate authorities from political forces sometimes associated with general purpose government, and that autonomy can and has led to policy questions of public accountability. In an effort to ensure public accountability of the authorities, the 2007 Florida Legislature amended Section 20.23, Florida Statutes, expanding the role of the Florida Transportation Commission (Commission) to monitor the efficiency, productivity and management of the authorities created under Chapters 343 and 348, including any authority formed using the provisions of Part 1 of Chapter 348. In 2009, that responsibility was expanded to include Chapter 349 as well.

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 for FY's 2008, 2009 and 2010, with this FY 2011 Transportation Authority Monitoring and Oversight Report being the most recent.

Authorities under Commission Oversight

Table 1 shows the ten authorities created under Chapters 343, 348 and 349, Florida Statutes, that are subject to Commission monitoring and oversight, effective July 1, 2011.

Table 1
Authorities under Commission Oversight

Miami-Dade Expressway Authority
Orlando-Orange County Expressway Authority
Santa Rosa Bay Bridge Authority
Tampa-Hillsborough County Expressway Authority
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

Five authorities were considered by the Commission as "inactive" in the FY 2010 oversight report because they had never met, operated no facilities, disbanded, or were active at one time and transferred their facilities. However, as noted in the Legislative Update that follows, SB 2152 repealed these authorities from Chapter 348, Florida Statutes (Brevard County Expressway Authority, Broward County Expressway Authority, Pasco County Expressway Authority, St. Lucie County Expressway Authority, and Seminole County Expressway Authority).

The Southwest Florida Expressway Authority (SWFEA) was included as an "active" authority in the FY 2010 oversight report but is not included in the FY 2011 oversight report. As previously reported, in June 2010, the Board voted that SWFEA does not have a viable project and to start the authority dissolution process. In March 2011, the SWFEA Board approved a dissolution resolution and approved numerous motions to finalize all Board actions required to dissolve the Authority. As a result, no future Board meetings were held. SB 2152 also repealed SWFEA from Chapter 348, Florida Statues.

On July 1, 2010, pursuant to HB 1271, the newly created Osceola County Expressway Authority (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 the Authority. Various "start-up" challenges relating to funding, policies and procedures, administrative issues, and statutory compliance were discussed. The OCX Board met for the first time on June 21, 2011. As such, OCX was considered an "inactive" authority in the FY 2010 oversight report, but is included as an "active" authority in the emerging authorities section of the FY 2011 oversight report.

Legislative Update

2010 Legislature

During the 2010 legislative session, the omnibus transportation bill, HB 1271, was approved by Governor Crist on June 4, 2010, and became effective on July 1, 2010. Several provisions in the bill impacted, or may impact, operations and reporting responsibilities of toll and transit authorities in Florida. HB 1271 amended Section

212.055, Florida Statutes, authorizing counties within or under an Interlocal Agreement with a regional transportation or transit authority created under Chapters 343 or 349, Florida Statutes, to levy a discretionary sales surtax for transportation systems under certain conditions. The legislation also amended Sections 341.051 and 341.3025, Florida Statutes, requiring the use of universally accepted contactless fare media on new or upgraded public rail transit systems or public transit systems connecting to such rail systems and allows users to purchase fares at a single point of sale with coin, cash or credit cards. Section 343.64, Florida Statutes, was also amended authorizing the Central Florida Regional Transportation Authority (LYNX) to borrow up to $10 million in any calendar year to refinance all or part of the costs or obligations of the Authority. HB 1271 further amended various sections of the Tampa-Hillsborough County Expressway Authority Law (Sections 348.50 through 348.70, Florida Statutes), and clarified the Authority's power to make and to issue bonds. In addition, HB 1271 created the Osceola County Expressway Authority under a new part of Chapter 348, Florida Statutes. The purposes and powers of the Authority are the same as those identified in the Florida Expressway Authority Act. Because the Authority is created under Chapter 348, Florida Statutes, it falls under the oversight of the Commission. (The relevant language from HB 1271 is detailed in Appendix A.)

In addition, Senate Bill (SB) 2470 was approved by Governor Crist on June 4, 2010, and became effective on July 1, 2010. SB 2470 created the Northeast Florida Regional Transportation Study Commission (NFRTSC). The Chairman of the Board of JTA serves as Chair of the NFRTSC and JTA provides staff support and other assistance to NFRTSC. By December 31, 2012, NFRTSC must submit a report to the Legislature making specific legislative recommendations for a regional transportation plan. (The relevant language from SB 2470 is detailed in Appendix A.)

2011 Legislature

During the 2011 legislative session, SB 2152 was approved by Governor Scott on May 26, 2011, and became effective on July 1, 2011. The bill repealed the Brevard County Expressway Authority, Broward County Expressway Authority, Pasco County Expressway Authority, St. Lucie County Expressway Authority, Seminole County Expressway Authority, and Southwest Florida Expressway Authority. SB 2152 also repealed various sections of law relating to and authorizing lease purchase agreements between certain authorities (Northwest Florida Transportation Corridor Authority, Tampa Bay Area Regional Transportation Authority, Osceola County Expressway Authority, and Jacksonville Transportation Authority) and the Department. (The relevant language from SB 2152 is detailed in Appendix A.)

In addition, the General Appropriations Act, SB 2000 (Chapter 2011-69 Laws of Florida) that provides for state appropriations and funding for FY 2012 was approved by Governor Scott, with vetoes, on May 26, 2011. The Governor vetoed approximately $11.2 million in payments to expressway authorities from the State Transportation Trust Fund. The three authorities impacted were Orlando-Orange County Expressway Authority, Tampa-Hillsborough County Expressway Authority, and Osceola County Expressway Authority. The appropriation to Tampa Bay Area Regional Transportation Authority for the unexpended balance of funds previously appropriated was also vetoed. (The relevant vetoes from SB 2000 are detailed in Appendix A.)

Performance Measures and Operating Indicators

The Commission adopted the following revisions to FY 2011 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 2011 Changes to Performance Measures and Operating Indicators – "Established" Toll Authorities

Safety – The five-year moving average performance objective was recomputed.

FY 2011 Changes to Performance Measures and Operating Indicators – Transit Authorities

No changes were made to transit authority performance measures or operating indicators for FY 2011.

Governance

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

Ethics

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

Conflict of Interest

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

Audit

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

Public Records and Open Meetings

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

Procurement

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

Consultant Contract Reporting

- Provide a list of all "General Consulting" contracts for functions such as General Engineering Consultant (GEC), Traffic and Revenue, General Construction Management, and Maintenance Management

- For General Consultant sub-contracts that in aggregate or in total exceed $25 thousand provide:

  ◊ Identity of sub-contractor

  ◊ Brief description of service

  ◊ Cost of sub-contract

Compliance with Bond Covenants

- Provide the Commission with annual financial information and operating data that have been submitted pursuant to Rule 15c2-12 of the Securities and Exchange Commission

- Submit evidence of compliance with other requirements, e.g., annual facility inspections

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

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

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ESTABLISHED TOLL AUTHORITIES

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Established Toll Authorities

Introduction

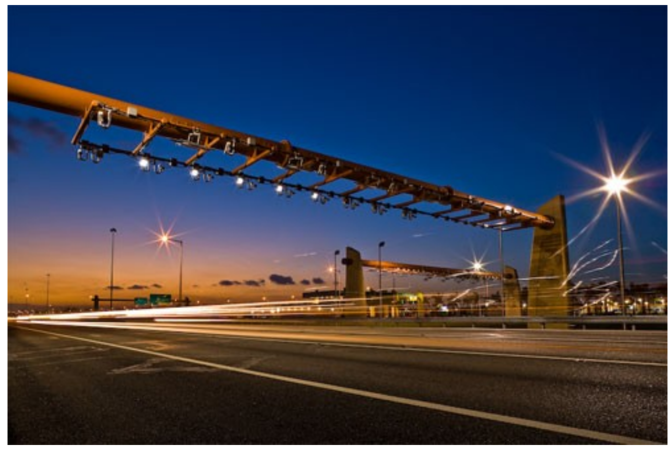
There are numerous authorities in Florida that operate toll facilities and collect and reinvest toll revenues. Aside from Florida's Turnpike Enterprise (Enterprise), which is a part of the Florida Department of Transportation (Department), most, but not all, are established under Chapter 348, Florida Statutes (Expressway and Bridge Authorities). Part I of Chapter 348 details the authority for any county or counties to establish an expressway authority and prescribes the conditions under which these entities will be governed. Parts II through V authorize specific authorities and designate the powers, duties and requirements applicable to each individual authority.

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

Of the ten active transportation authorities that statutorily fall under Florida Transportation Commission (Commission) oversight, the Commission has designated four as "Established Toll Authorities," three as "Transit Authorities" and three as "Emerging Authorities." This section of the report pertains to Established Toll Authorities that include:

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

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 four Established Toll Authorities, all



Open Road Tolling Gantry - MDX.

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 four authorities is presented in the following format that includes:

- Background on the authority
- Performance measure results for fiscal year (FY) 2011
- Operating indicators for FY 2009 through FY 2011
- Governance assessment
- Summary

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

Table 2
Florida Transportation Commission
Toll Authority Performance Measures
FY 2011

Performance Measure	*Detail*	*Objective*
Operations		
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%
Bridge Condition - Weight Restrictions	% SHS bridge structures with posted limit	0%
Electronic Toll Collection (ETC) - Transactions	Number of ETC transactions as % of total transactions	> 75% by 06/30/12
Revenue Variance	Variance from indicated revenue (without fines)	< 4%
Safety	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)
Customer Service	% customers satisfied with level of service	> 90%
Operations and Budget		
Consultant Contract Management	Final cost % increase above original award	< 5%
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	≥ 80%
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	≥ 90%
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%
Applicable Laws		
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%
Revenue Management and Bond Proceeds		
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2
Debt Service Coverage - Compliance with Bond Covenants	Debt service coverage meets or exceeds minimum Bond Covenant requirements	Yes

In addition to the performance measures, the Commission established a set of operating indicators reported by each authority for the last five fiscal years. As with the performance measures, a summary is included in each authority's section of the report, with a full five-year accounting included in Appendix B. The 21 operating indicators adopted by the Commission are presented in Table 3. The indicators are grouped by the various areas for which the statute requires monitoring (e.g., operations, budget, property acquisition, revenue management and bond proceeds).

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

The individual reports for the four Established Toll Authorities are presented in the following pages, beginning with the Miami-Dade Expressway Authority (MDX).

Table 3
Florida Transportation Commission
Toll Authority Operating Indicators
FY 2011

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

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Miami-Dade Expressway Authority (MDX)

Background

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

The governing body of MDX consists of 13 voting members. Seven members are appointed by the Miami-Dade County Commission, five members are appointed by the Governor, and the District Six Secretary of the Florida Department of Transportation (Department) is the *ex-officio* member of the Board. Except for the District Six Secretary, all members must be residents of Miami-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 220 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

Table 4
Miami-Dade Expressway Authority
Current Board Members

Name	*Affiliation*	*Position*
Felix Lasarte, Esq.	The Lasarte Law Firm	Chair
Shelly Smith-Fano	Miami Dade College	Vice-Chair
Gonzalo Sanabria	Southern Business Brokers, LLC	Treasurer
Carlos R. Fernandez-Guzman	Pacific National Bank	Board Member
Maurice A. Ferre´	Office of Maurice A. Ferre´	Board Member
Maritza Gutierrez	Creative Ideas Advertising, Inc.	Board Member
Jose M. Hevia	Aligned Properties	Board Member
Robert W. Holland, Esq.	Law Office of Robert W. Holland	Board Member
Al Maloof, Ph.D.	GJB Consulting, LLC	Board Member
Louis V. Martinez, Esq.	Louis V. Martinez, P.A.	Board Member
Yvonne Soler-McKinley	City of Doral Manager	Board Member
Norman Wartman	Miami-Dade County Citizens Transportation Advisory Committee	Board Member
Gus Pego, P.E.	District Six Secretary	Ex-Officio

Highlights

- MDX implemented cashless ORT on SR 924 in June 2010 and SR 874 and SR 878 in July 2010. Prior to ORT, SR 878 (Snapper Creek Expressway) was not tolled. MDX plans to implement ORT on the remaining two MDX facilities by FY 2015.
- MDX met 15 of 17 performance measure objectives. The measures not met were Safety and Minority Participation.
- FY 2011 operating revenue increased 8.9 percent over FY 2010 due to the conversion of conventional tolling to ORT on SR 924 and SR 874, and first ever tolling on SR 878.
- In August 2010 (FY 2011), MDX issued approximately $413 million in Revenue and Refunding Revenue Bonds. Proceeds will primarily be used to partially fund Work Program projects and refund and defease Series 2000 and 2004A bonds.
- The FY 2011 independent financial statement audit reflected an unqualified opinion.

and fee revenue of $121.9 million (net of $2.8 million of allowance) in Fiscal Year (FY) 2011 based on 220 million transactions.

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

Open Road Tolling Mainline Gantry.

MDX has competitively competed for loans from the Department's Toll Facility Revolving Trust Fund (TFRTF) and State Infrastructure Bank (SIB) to fund various projects. The following table indicates that approximately $45.5 million in outstanding debt is due to the Department as of June 30, 2011.

Table 5
Miami-Dade Expressway Authority
Long-Term Debt Payable to the Department
Year Ended June 30, 2011

Transaction	*(millions)*
Loans from Toll Facilities Revolving Trust Fund[1]	$6.0
Loans from State Infrastructure Bank[2]	$39.5
Total Due Department	$45.5

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 2011 results, as reported by MDX, are provided in Table 6. Results for the last five fiscal years are included in Appendix B.

MDX met or exceeded 15 of the 17 performance measure objectives. The two performance measure objectives the Authority did not meet are

Table 6
Miami-Dade Expressway Authority
Summary of Performance Measures
FY 2011

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	91.5	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	91.4%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	97.6%	✓
Bridge Condition - Weight Restrictions	% SHS bridge structures with posted limit	0%	0.0%	✓
Electronic Toll Collection (ETC) - Transactions	Number of ETC transactions as % of total transactions	> 75% by 6/30/12	93.9%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.5%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.84	X
Customer Service	% customers satisfied with level of service	> 90%	96.3%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	2.8%	✓
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	$0.07	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	92.7%	✓
Applicable Laws				
Minority Participation[2]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	50.4%	X
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.64	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.45	✓
Debt Service Coverage - Compliance with Bond Covenants	Debt service coverage meets or exceeds minimum Bond Covenant requirements	Yes	Yes	✓

[1] Safety objective based on five year average of fatalities per 100 million VMT for the four established Authorities. Actual results based on CY 2010 data.

[2] Multiple goals established - see narrative in performance measure section. MDX has a 25 percent goal for MBE/DBE and reported achieving 12.6 percent, or 50.4 percent of the goal. MDX also has an SBE goal of 10 percent and reported achieving 17.9 percent, significantly exceeding the goal.

described below and include trend data, explanations and any action plans that MDX has developed to assist in meeting the measures. Explanations are based on input from MDX management.

Safety

The Florida Department of Highway Safety and Motor Vehicles reports official fatalities based on a Calendar Year (CY). As such, the fatalities per 100 million vehicle miles traveled (VMT) measure is based on CY 2010 data. Although accident fatalities on MDX facilities decreased for the previous three years, accident fatalities increased from six in CY 2009 to nine in CY 2010. MDX actual performance of 0.84 fatalities per 100 million VMT exceeded the established objective of 0.53.

Roadway conditions and high crash locations continue to be assessed for safety improvements and are part of a systematic annual review. MDX further indicated that a number of safety improvement projects have been completed and more are planned at locations or segments experiencing higher numbers of crashes. System-wide striping, reflective pavement marker replacement, signage upgrades, resurfacing that includes high friction surface treatment in areas having higher numbers of crashes as well as guardrail improvements to protect all median openings have been completed or are currently underway.

MDX completed the installation of an Intelligent Transportation System (ITS) network on its five expressways that includes fiber communications and surveillance equipment that provides for improved accident detection times and reduced incident clearance times. Planned system-wide implementation of Dynamic Message Signs (DMS) that display traffic conditions will also improve traffic operations. Additionally, the Rapid Incident Scene Clearance (RISC) Program, that complements the 24 hours per day/seven days per week Road Ranger Program, continues to aid in avoidance of serious secondary accidents by reducing clearance times.

Besides implementing a number of improvements to the roadway system, MDX has continued to take steps to improve driver safety education. MDX successfully launched its “Text the Last Word” campaign to encourage drivers to take “the pledge” to not text while driving, while highlighting the dangers of distracted driving. In this campaign, MDX partnered with several local organizations, agencies and academic institutions. Additional information related to distracted driving, seat belt usage, impaired driving and speeding/aggressive driving can be found on the MDX website www.mdxsafety.com.

Minority Participation

Although not a requirement, MDX Procurement Policy establishes a 25 percent goal for Minority and Disadvantaged Business Enterprise (MBE/DBE) participation. The 25 percent MBE/DBE participation goal established by MDX is not enforceable in Miami-Dade County due to a Court Ruling. Therefore, MDX focuses on its Small Business Enterprise (SBE) participation as vendors are no longer seeking to certify their minority status but rather their SBE status. For FY 2011, MDX reported achieving 12.6 percent, or $14.4 million, MBE/DBE participation based on contract expenditures, or 50 percent of MDX’s goal of 25 percent. This falls short of the FTC objective of greater than 90 percent of the Authority’s goal.

MDX has adopted an SBE Participation Policy (certification based on a firm’s annual revenues), which requires that not less than 10 percent of the Authority’s total annual contract dollars awarded be committed to SBE’s. In order to meet this requirement, the Authority evaluates individual projects and identifies those projects most applicable for SBE participation based on available qualified and certified small businesses. These contracts are then competitively procured through various methods (such as request for proposal (RFP), invitation to bid (ITB), etc.), as may be applicable. For FY 2011, MDX reported achieving 24.7 percent, or $28.3 million, SBE participation based on annual contract expenditures and 17.9 percent, or $22.3 million, based on contracts awarded (committed), thereby exceeding the 10 percent SBE participation commitment goal.

MDX continues to excel, achieving well above the required percentage of SBE participation due to its aggressive outreach program. The program incorporates a series of free technical and business training opportunities for small businesses as well as community outreach through partnership with other sister agencies and non-profit organizations. MDX also hosts an annual Procurement Workshop for SBE/Minority/Local Businesses attended by over 250 firms, both prime and subcontractors. This workshop provides a forum for networking and includes an educational/informational panel for the benefit of SBE/Minority/Local firms.

Although not part of the Commission's minority participation performance measure, the MDX Board adopted a Local Business Preference in Procurement Policy that allows a defined preference in a competitive procurement process to Local Businesses (LB) that meet the certification criteria. Similar to the SBE requirement, MDX evaluates individual projects and identifies those projects most applicable for LB participation based on available qualified and certified local businesses. The contracts are then competitively procured through various methods. In FY 2011, LB participation commitment in the contracts awarded was 12.1 percent, or $15.0 million. Actual LB payments totaled 17.3 percent, or $19.8 million.

SR 836 Extension.

Even though MDX did not meet the Commission's performance measure for MBE, MDX far exceeded its 10 percent policy requirement for SBE by achieving 24.7 percent participation based on contract expenditures, and 17.9 percent based on contract awards. Overall, MDX achieved a combined 37.3 percent, or $42.7 million, MBE/SBE participation based upon total contracts paid during FY 2011.

Presented below are examples of some of the notable performance measures where MDX met the objective. Explanations are provided to either clarify the source of the data, the methodology utilized by the Authority, or 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 approximately 76 percent in FY 2010 to 94 percent in FY 2011, far exceeding the goal of greater than 75 percent ETC participation by June 30, 2012. Total toll transactions in FY 2011 increased 87 percent over FY 2010 levels. Cash transactions decreased 53 percent while ETC transactions increased 132 percent. The significant increase in total toll transactions and ETC transactions in FY 2011 is attributed to the implementation of cashless ORT and closing up free movements on MDX facilities. ORT was implemented on the Snapper Creek Expressway (SR 878) on July 17, 2010 (FY 2011); this facility was not previously tolled. In addition, the number of tolling points increased on two of MDX facilities in FY 2011; from one to three on the Don Shula Expressway (SR 874), and from one to two on the Gratigny Parkway (SR 924).

Revenue Variance

FY 2011 is the first full year of ORT on three of the five MDX expressways. ORT is cashless tolling, providing only two methods of payment; SunPass or Toll-by-Plate. The Toll-by-Plate program provides an invoice to users without SunPass accounts. Cash is still collected on two of MDX Expressways. MDX recognizes SunPass and Cash revenue at “lane exit date.” Toll-by-Plate revenue is recognized based on “billed date” as the information is more accurate and conservative. FY 2011 actual toll revenue, without recovery of fines, represents a 2.5 percent variance from indicated revenue, exceeding the established objective of less than 4.0 percent. This compares to a 2.5 percent revenue variance reported in FY 2010.

Customer Service

MDX exceeded the Customer Service objective with 96.3 percent of customers satisfied with the level of service. Results from the Enterprise Customer Satisfaction Survey were used to report MDX Customer Service performance. Although MDX oversees, operates and maintains its own toll facilities and equipment and provides for its own video toll collection and violation enforcement, the Enterprise maintains SunPass accounts and processes SunPass payments to the Authority. The Enterprise e-mailed approximately 1.1 million surveys to active SunPass account holders statewide, and approximately 53 thousand surveys were completed.

FY 2011 toll transactions increased 87 percent over FY 2010. Cash transactions decreased 53 percent while ETC transactions increased 132 percent as a result of implementing cashless ORT on three of five MDX facilities.

Despite an 87 percent increase in FY 2011 toll transactions, toll collection costs only increased 3.7 percent, or $572 thousand over FY 2010. The relatively flat toll collection costs are due to a decrease in the more costly cash transactions.

Cost to Collect a Toll Transaction

The FY 2011 cost to collect a toll transaction of $0.07 decreased from $0.12 reported in FY 2010. Despite an increase of 87 percent in FY 2011 toll transactions, toll collection costs (net of exclusions) only increased by 3.7 percent, or $522 thousand. FY 2011 toll collection costs remained relatively flat due to a decrease in the more costly cash transactions, a relatively modest increase in SunPass processing costs assessed to MDX by Turnpike Enterprise, and the “lump sum” and “performance based” contract for MDX Toll-by-Plate and violation enforcement.

Debt Service Coverage

Debt service coverage ratios, as standardized in the Commission’s performance measure calculations, may differ significantly from the debt service coverage calculations required in MDX bond resolutions and related documents. For example, the calculation of the ratio of net revenue to debt service for all bonds outstanding, as defined by MDX bond resolutions, is reported as 1.70 in the Supplementary Schedules section of the FY 2011 audited financial statements. This compares to 1.64 as reported in the performance measures table. This difference is primarily attributed to investment income, contributions for capital projects and administrative expenses that are included in the MDX calculation, but are excluded in the performance measure calculation. Even with the different methodology used to calculate debt service coverage, MDX met all debt service coverage performance measure objectives.

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 2011 operating indicators, as reported by MDX, are provided in Table 7. Also, to assist in trend analysis, FY 2009 and FY 2010 operating results are provided. Results for the last five fiscal years are included in Appendix B. It is important to note FY 2011 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 2011, infrastructure assets increased approximately $24 million primarily due to completion of hardware and software development for full ORT toll system conversion, infrastructure improvements for ORT on SR 874, SR 878, and SR 924, and system-wide landscaping improvements.

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

The current approved FY 2012-2016 Work Program includes significant system capacity and operational improvements such as the reconstruction of the SR 874/Killian Parkway interchange; widening of the northern half of SR 874; reconstruction of the SR 874/SR 826 interchange; construction of auxiliary lanes on SR 836 and reconstruction of the SR 836/SR 826 interchange. Through Joint Participation Agreements (JPAs), MDX has partnered with the Department to fund Section 2 of SR 826 for $60 million and the SR 836/SR 826 interchange for $207.5 million. In addition, MDX provides the local match on the Central Boulevard Project, a reconstruction of the entrance to the Miami International Airport. MDX has also initiated several planning efforts to evaluate the feasibility of expanding the existing System by extending SR 874 to the south, SR 836 to the southwest and SR 924 to the east and west. In addition, MDX has initiated studies 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, and the construction of a new facility from the western end of SR 112 north to connect to SR 924 and SR 836.

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

Table 7
Miami-Dade Expressway Authority
Summary of Operating Indicators (in millions)
FY 2009 through FY 2011

Indicator	*Detail*	*Actual 09 Results (millions)*	*Actual 10 Results (millions)*	*Actual 11 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$250.6	$260.1	$268.4
	Infrastructure Assets	$324.3	$318.3	$342.0
	Construction in Progress	$280.1	$391.1	$482.4
	Total Value of Transportation Assets	$855.0	$969.4	$1,092.8
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.0	$0.0	$0.0
	Routine Maintenance of Infrastructure	$4.6	$6.0	$6.6
	Total Preservation Costs	$4.6	$6.0	$6.6
Toll Collection Transactions	Revenue from Electronic Transactions	65.7%	68.2%	76.0%
Annual Revenue Growth	Toll and Operating Revenue	-2.5%	-1.1%	8.9%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	40.5%	36.2%	37.1%
	Routine Maintenance Expense as % of Operating Expense	8.3%	11.2%	12.0%
	Administrative Expense as % of Operating Expense	13.4%	11.2%	10.2%
	Operating Expense as % of Operating Revenue	48.9%	47.6%	44.5%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	23.8%	22.6%	21.9%
Property Acquisition				
Right-of-Way	Agency Appraisals	$0.4	$2.2	$0.7
	Initial Offers	$0.5	$1.9	$0.4
	Owners Appraisals	$2.5	$1.9	$2.2
	Final Settlements	$1.3	$1.9	$0.9
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.

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 2010 routine maintenance expenses increased by $1.4 million, or 30.9 percent, over FY 2009 levels due to increases in roadway and plaza maintenance, ITS maintenance and structural inspections. FY 2011 routine maintenance expenses increased by $0.6 million, or 9.2 percent, over FY 2010. This increase is primarily due to periodic maintenance expenses related to the installation of anti-theft devices on certain street lighting and signing overlays, and increases in roadway and plaza maintenance, consultant maintenance support, ITS maintenance and right of way maintenance.

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 75.8 percent in FY 2010 to 93.9 percent in FY 2011. ETC revenue increased from 68.2 percent of total revenue in FY 2010 to 76.0 percent in FY 2011. There is a direct correlation between electronic transactions and revenue. Even though the electronic toll rate is less than the cash rate, MDX overall operating revenue increased due to tolling previously free movements.

Annual Revenue Growth (Toll and Operating Revenue)

FY 2011 revenue increased 8.9 percent over FY 2010 levels. MDX attributed the increase to the conversion of conventional tolling to ORT on SR 924 and SR 874, and first ever tolling on SR 878. The revenue decrease in FY 2010 is primarily attributed to economic conditions adversely impacted by the housing market and rising unemployment.

Operating Efficiency and Rating Agency Performance

FY 2011 results for operating indicators trended within one percent of FY 2010 results, except for one operating efficiency indicator. For this indicator, operating expense as a percent of operating revenue for FY 2011 was 44.5 percent, compared to 47.6 percent reported in FY 2010. As previously noted, FY 2011 operating revenue increased 8.9 percent over FY 2010 levels while FY 2011 operating expense increased by only 1.8 percent.

Right-of-Way

In FY 2011, MDX acquired parcels, totaling approximately $0.9 million through the Right-of-Way Program. MDX policy requires total purchase costs to be within 25 percent of MDX appraised values (without litigation) for MDX Operations Committee endorsement to the Board. Any parcel settlements that exceed the 25 percent threshold must go to the MDX Governing Board for approval. Because MDX does not require the owner to conduct an appraisal, beginning with the MDX 2008 data submission, both written and oral offers and counter offers are being included in the reporting fields for Initial Offers and Owner Appraisals, respectively. If the owner does not make a counter offer but accepts an offer from MDX, MDX will enter the amount of the settlement in the Owner Appraisals field. This ensures that only the most accurate and meaningful data are provided and corrects any previous wrong impressions that MDX settled parcels for amounts significantly above Owner Appraisals.

Governance

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

Ethics and Conflicts of Interest

MDX provided a copy of its Code of Ethics policy that was last amended on December 11, 2011. The policy is applicable to Board Members, employees and consultants retained by MDX. Board Members and employees are also subject to compliance with Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees). In the event of conflict between the Authority's policy and the provisions of Chapter 112, Florida Statutes, the more restrictive provisions shall control. The policy appears to be comprehensive and includes areas such as conflicts of interest, doing business, misuse of public position, gifts, post-service contact with MDX, Ethics Officer, ethics training and compliance hotline.

According to MDX, no ethics or conflict of interest violations or investigations were reported during FY 2011. 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 included in the Board monthly meeting minutes summary. Commission staff also noted that in May 2011, MDX General Counsel finished conducting one hour of annual ethics training, as required by the Authority's Code of Ethics, to MDX Board Members. Staff training was conducted twice during FY 2011. Training addressed MDX Bylaws related to accountability, transparency and responsibility, anti-discrimination/anti-harassment policy, Government in the Sunshine, Whistle-blower Act, public records, voting conflicts and financial disclosure.

In connection with the financial statement audit, Board Members and staff are also required to complete a questionnaire for related party transactions and fraud risk that is sent directly to the audit firm for evaluation. Commission staff reviewed the questionnaires provided by MDX and noted a reported instance of actual code of ethics violation and/or suspected fraud regarding related party transactions and invoice processing from a former employee. In March 2011, MDX General Counsel informed the Board that the same employee filed a whistle-blower lawsuit against MDX. MDX indicated that the employee voluntarily dismissed the lawsuit after counsel for MDX filed a Motion to Dismiss the matter due to its statutory insufficiencies. The employee later re-filed the action and a subsequent MDX Motion to Dismiss, resulted in the action being dismissed with prejudice.

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 2011, 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, 2011 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance and Internal Control over Compliance for Each Major State Project indicated no issues related to compliance, internal control, findings or questioned costs required to be reported under applicable standards.

In the Independent Auditor's Management Letter, the auditors provided recommendations for two prior year audit findings and one current year audit finding. The auditors again recommended that an audit of the Account Management Toll Enforcement Center (AMTEC) be performed to identify any control deficiencies in the third party service organization. Also, MDX and the service organization should continue to progress in refining the toll-by-plate data to ensure that controls are implemented, which will ensure that transactions can be completely verified. MDX indicated that it recognizes the need for the audit and will continue to pursue delivery of the full functionality of the system. Although MDX is subject to compliance with Sections 112.3187 through 112.31895, Florida Statutes (Whistle-blowers Act), the auditors again recommended that the Authority more effectively communicate the policy to employees. MDX indicated that it is compliant with the Statutes, yet has elected to enhance the communication process by instituting an anonymous reporting mechanism. The current year finding is for information technology (IT) issues related to both the MDX IT Department as well as the third party service provided (AMTEC location). Findings were related to the following IT issues: physical security controls, end-user and application security controls, antivirus/malware controls, various policy and procedure documentation, data backup, business continuity/ disaster recovery program, and network security controls. The auditors recommended that the IT Department and management evaluate each of the issues previously noted and consider the most efficient and effective way to address them. MDX indicated that it has already initiated changes as recommended by the auditors and will need to do further analysis of the cost, benefit and risks on the remaining recommendations. Findings related to the third party vendor (ETCC) are/will be addressed to ensure adherence to the auditors' recommendations and best practices.

MDX General Counsel conducted one hour of ethics training for the MDX Board and staff in FY 2011.

In March 2011, MDX started publishing notice of its Board meetings in the newspaper as statutorily required.

Public Records and Open Meetings

MDX is operating under Chapter 119, Florida Statutes, relating to public records and has adopted procedures to process public records requests. MDX has a designated records custodian whose responsibility is to receive, track, review and coordinate responses to public records requests. The records custodian work is augmented by the assistance of the Authority's Public Information Officer and General Counsel who provide technical and legal assistance in determining whether exemption issues are presented by the request.

The Authority is also subject to the provisions of Section 189.417, Florida Statutes and Chapter 286, Florida Statutes, for open meetings. A review of MDX meeting minutes, provided by the

Authority, showed that the minutes appear to be in compliance with statute. Beginning in 2010, a video of MDX Board meetings is provided on the Authority's website. MDX meeting notices and agendas are also posted on the Authority's website.

As noted in the FY 2010 Transportation Authority Monitoring and Oversight Report, MDX complied with the public meeting notice requirements of Chapter 286, but failed to comply with the requirement in Section 189.417 that its regular Board meetings also be published in a newspaper of general paid circulation. As soon as MDX recognized this omission, it was corrected in March 2011. A process is now in place to assure on-going compliance with this publication requirement. The Authority provided ethics training to Board Members and staff that included modules related to public records and public meetings law requirements and processes.

Procurement

The MDX Procurement Policy (amended June 23, 2009) is comprehensive but the focus of this review is on delegated procurement authority. With prior written approval from the Executive Director, the Procurement Manager, as the delegated Chief Purchasing Officer, may in writing delegate his/her authority regarding procurements to any of the MDX Directors for purchases not to exceed $25 thousand (Small Purchases). The Procurement Manager is authorized to approve Small Purchases not to exceed $25 thousand in the aggregate in any fiscal year without Board approval (subject to Board approved budget and following the established competitive procurement process).

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

- All procurements and resulting contracts valued up to $199,999.
- All procurements and resulting contracts for services pursuant to the Consultants Competitive Negotiation Act (CCNA) up to $50 thousand.
- Supplemental Agreements for: (1) amounts for a single contract which are cumulatively less than or equal to 20 percent of the original contract amount or $2 million, whichever is less; (2) contract time that does not involve changes to the original contract amount above the Executive Director's delegated authority; and, (3) other administrative changes to contract that do not relate to changes in scope and/or contract amount and contract time. Changes to scope are not permitted by the Authority.

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

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

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

Similar to last year, Commission staff again noted that the MDX Executive Director "could" potentially approve a supplemental agreement for a single contract up to $2 million, and extend contract time without limits for those contracts with amounts not exceeding the Executive Directors delegated authority, without prior approval of a Standing Committee or the MDX Board. Monthly reports of all executed supplemental agreements, whether approved by the Board, Standing Committee or Executive Director during the previous month, are provided to the appropriate Awards Committee and MDX Board. However, this delegated authority is significantly higher than other transportation authorities under the Commission's oversight. As such, the Commission again encourages the MDX Board to reconsider established thresholds for contract amendment approval authority to ensure adequate oversight prior to contract execution.

Consultant Contract Reporting

MDX provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2011. As indicated in Table 8, 33 sub consultants were used by the general consulting firms for a total cost of $10.0 million in FY 2011.

Compliance with Bond Covenants

In September 2006, MDX issued $304 million in Revenue Bonds, Series 2006. Bonds are payable from and secured by a pledge of net revenues from the operation of the System. Bond proceeds are primarily being used to partially fund Work Program projects. In August 2010 (FY 2011), MDX issued approximately $413 million in Revenue and Refunding Revenue Bonds (Series 2010A and Series 2010B). Bond proceeds will be used to: partially fund Work Program projects; refund and defease Series 2000 and 2004A bonds; partially fund the debt service reserve fund; pay termination costs for the Swap agreement relating to the Refunded 2004A bonds; and pay expenses related to bond issuance costs. As of June 30, 2011, total bonds in the principal amount of approximately $1.26 billion million remained outstanding.

The following areas were noted to be in compliance with bond covenants:

- Annual financial information and operating data were filed with the Securities and Exchange Commission (SEC) pursuant to Rule 15c2-12.
- An annual financial statement audit was performed.
- MDX utilizes a General Engineering Consultant (HNTB).
- An independent inspection and report concerning the condition of the Expressway

Table 8
Miami-Dade Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2011

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
EAC	**General Construction Management Consultant**	
AECOM U.S.A., Inc.	Transportation Management	$675
Clary Consulting, LLC	Alternative Delivery Methods/P3 Advisory	$58
Gamax Consulting, Inc.	Project/Program Controls	$285
HOLT Communications, Inc.	Public Involvement/Information	$152
HR Engineering, Inc.	Geotechnical Support	$208
Integrated Project System, LLC	Scheduling & Cost Estimates	$282
Janus Research, Inc.	Archaeology/Cultural Resources Management	$53
MACTEC Engineering & Consulting, Inc.	Materials Testing Oversight	$124
Manual G. Vera & Associates, Inc.	Surveying/Mapping	$304
Pinnacle Consulting Enterprises, Inc.	Construction Engineering & Inspection/Surveying	$493
Reynolds, Smith and Hills, Inc.	Planning/PD&E Oversight/Geotechnical/Contract Administration	$436
Tamayo Engineering, LLC	Document Controls and Traffic Management Center Operations Support	$253
VE Alvarez & Partners, LLC	Electrical Plans Review/Document Controls	$216
HNTB	**General Engineering Consultant**	
BCC Engineering, Inc.	Roadway/Structures	$933
Bermello, Ajamil & Partners, Inc.	Public Involvement/Public Information	$548
Botas Engineering, Inc.	Design Services	$66
CH Perez & Associates Consulting Engineers, Inc.	Roadway/Traffic Studies/Signs & Paving/Surveying	$943
EV Services, Inc.	Public Involvement/Public Information	$168
Fernandez-Beraud, Inc.	Landscaping	$67
Glass Land Acquisition Service Specialists, Inc.	Right-of-Way Acquisition	$84
KPMG, LLP	Financial Analysis	$129
MCO Construction and Services, Inc.	Construction Management/Program Controls	$222
Ribbeck Engineering, Inc.	Design Services	$239
Terry Couture Communications Corp.	Public Involvement/Public Information	$215
VMS, Inc.	**Maintenance Management Consultant**	
American Lighting & Signalization, Inc.	Highway Lighting Maintenance	$374
AmRoad, LLC	Concrete Repairs, Striping, RPM's	$478
Eco Team, LLC	Facilities Janitorial	$70
In & Out Projects Corporation	Pressure Washing and Painting	$77
Remington Steel & Sign Corp.	Guardrail, Sign and Attenuator Repairs	$323
Star Cleaning U.S.A., Inc.	Roadway Sweeping	$149
Techno Services, Inc	Guardrail and Concrete Repairs	$53
Tenusa, Inc.	Landscaping	$1,265
TSI Lavajet, Corp	Guardrail, Fence and Sign Repairs	$48
Wilbur Smith Associates	**Traffic and Revenue Consultant**	
Total Sub consultants > $25 K		$9,990

System is required at least annually. An annual inspection report, dated May 2011, was provided by the Authority.

- Section 5.01(c) of the Bond Trust Indenture requires MDX to review its financial condition and determine whether net revenues for the year are sufficient to enable the Authority to comply with bond covenants specified in Section 5.01(b). The Determination resolutions were properly filed with the Trustee (Bank of New York).

- MDX utilizes a nationally recognized Traffic and Revenue Consultant (Wilbur Smith Associates).
- Debt service coverage ratio for FY 2011 exceeds bond requirements.
- Section 5.08 (vi) of the Bond Trust Indenture requires AAA ratings for surety policies from Bond insurers to partially fund the Debt Service Reserve. Due to the subprime mortgage crisis and the effect on the financial condition of these companies, some of the insurer's credit ratings were downgraded by the rating agencies. In FY 2009, the ratings downgrade required MDX to either cash-fund the deficiency in the Debt Service Reserve or replace the policies in order to satisfy the Trust Indenture requirement. Although the surety policies are still in place, MDX elected to fully cash fund the Debt Service Reserve in FY 2009 and is in compliance with the Trust Indenture as of June 30, 2011. As a result of the Series 2010A Bond issue in FY 2011, MDX further cash funded the Debt Service Reserve to required levels and properly disclosed an insurer's credit rating downgrade to the SEC.

Summary

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

MDX met or exceeded 15 of the 17 management objectives established for performance measures. The two performance measure objectives not met include safety and minority participation. Even though MDX did not meet the performance measure for MBE, MDX far exceeded its 10 percent policy requirement for SBE by achieving 17.9 percent SBE participation, based on contacts awarded. Overall, MDX achieved a combined 37.3 percent, or $42.7 million, MBE/SBE participation based upon total contracts paid during FY 2011.

Operating indicator trend analysis showed that FY 2011 infrastructure assets increased $24 million over FY 2010 due to completion of hardware and software development for full ORT toll system conversion, infrastructure improvements for ORT on SR 874, SR 878, and SR 924, and system-wide landscaping improvements. FY 2011 operating revenue increased 8.9 percent over FY 2010 levels. This increase is attributed to the conversion of conventional tolling to ORT on SR 924, SR 874, and SR 878. Routine maintenance costs for FY 2011 increased $0.6 million, or 9.2 percent, primarily due to periodic maintenance expenses related to the installation of anti-theft devices on certain street lighting and signing overlays, and increases in roadway and plaza maintenance, consultant maintenance support, ITS maintenance and right of way maintenance. Despite an increase of 87.5 percent in FY 2011 toll transactions, toll collection costs (net of exclusions) only increased 3.7 percent, or $522 thousand. The increase in toll transactions is attributed to the implementation of ORT and closing up free movements on three of the five MDX facilities. ORT was implemented on the Snapper Creek Expressway (SR 878) in July 2010 (FY 2011); this facility was not previously tolled. FY 2011 toll collection costs remained relatively flat due to a decrease in the more costly cash transactions, a relatively modest increase in SunPass processing costs assessed to MDX by Turnpike Enterprise, and the "lump sum" and "performance based" contract for MDX toll-by plate and violation enforcement.

In the area of governance, the FY 2011 independent financial statement audit reflected an unqualified opinion. Three recommendations for improvement were provided in the Auditor's Management Letter relating to an audit of the Account Management Toll Enforcement Center's third party service provider, improved communication of the MDX Whistleblower policy, and various information technology issues. For procurement, Commission staff noted that the Executive Director is authorized to approve a Supplemental Agreement for a single contract up to $2 million, and extend contract time without limits for those contracts with amounts not exceeding the Executive Director's delegated authority, without prior approval of a Standing Committee or the MDX Board. All Supplemental Agreements approved by the Executive Director are included as part of the monthly reporting to the Standing Committee and Board. Although Board meeting notices are posted on the Authority's website, for part of FY 2011 MDX failed to advertise the meetings pursuant to Section 189.417, Florida Statutes. As soon as MDX recognized this omission, it was corrected in March 2011. A process is now in place to assure on-going compliance with this publication requirement.

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 public meeting advertising as noted above.

The Commission recognizes the positive performance results by MDX 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.

MDX®
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April 26, 2012

Ronald Howse, Chairman
Florida Transportation Commission
605 Suwannee Street
Mail Station 09
Tallahassee, Florida 32399-0450

Dear Chairman Howse,

I would like to take the opportunity to thank the Commission and your staff in the evaluation and completion of Fiscal Year 2011 Performance Report. The Authority was able to meet or exceed 15 of the 17 performance measures.

The two measures not met were safety and minority participation. Safety has been and continues to be, a priority of the Authority. We have completed, and have on-going projects that enhance safety such as guardrail improvements, dynamic message signs, as well as, developing an intelligent transportation system network. In addition, we have launched several community outreach efforts to educate the public on driver safety.

In the area of minority participation, the Authority has a Small Business Enterprise (SBE) Policy which requires that not less than 10 percent of total annual contracts awarded be committed to SBE's. The Authority was able to exceed its SBE requirement for FY 2011 at 25 percent for a total of $28.3 million towards SBE's. For the previous three (3) fiscal years, the Authority has exceeded this policy requirement; FY10 - 29% or $30 million, FY 09 - 26% or $17 million and FY 08 - 29% or $18.5 million. In addition, the Authority has a minority participation goal in its policy but due to a previous court ruling in Miami Dade County, minority participation requirements are unenforceable in this county. We understand that the performance measure is based upon minority participation, and we were able to achieve the measure in the past. However, it appears that due to the fact there are no business advantages in Miami Dade County, firms are no longer seeking certification as minority businesses. Rather SBE certification is sought by businesses because such certification affords them a contracting preference in the county. We therefore, would suggest that this measure be revised for future FTC reporting.

Overall, the Authority concurs with the Commission's Transportation Authority Monitoring and Oversight Report dated April 2012. We will continue to strive to meet all of the performance measures in the upcoming year and to partner with the Commission to identify the most effective measures against which to evaluate the performance of

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Authorities under the Commission's jurisdiction. MDX continues to ensure that the Authority maintains the highest operational standards; delivers the highest level of service; manages public resources in a transparent and professional manner; and more importantly maintains the public's trust.

Thank you for the opportunity to comment of the report and its findings. I look forward to working with the Commission. Please do not hesitate to contact me for any additional information.

Sincerely,

Javier Rodriguez

Javier Rodriguez, P.E.
Executive Director

cc: FTC Commissioners
Tom DiGiacomo, Executive Director

Orlando-Orange County Expressway Authority (OOCEA)

Background

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

The governing body of OOCEA consists of five members. Three of the members are citizens of Orange County appointed by the Governor. These members serve four year terms and may be reappointed. The Mayor of Orange County and District Five Secretary of the Florida Department of

Table 9
Orlando-Orange County Expressway Authority
Current Board Members

Name	*Affiliation*	*Position*
Walter A. Ketcham, Jr.	Grower, Ketcham, Rutherford, Bronson, Eide & Telan, P.A.	Chairman
Scott Batterson	IBI Group	Vice-Chairman
Teresa Jacobs	Orange County Mayor	Secretary-Treasurer
Tanya J. Wilder	Teco Energy, Inc.	Board Member
Noranne B. Downs, P.E.	District Five Secretary	Board Member

Highlights

- Construction and right-of-way acquisition continued for phase two of the John Land Apopka Expressway (SR 414).
- OOCEA met all 17 performance measure objectives. One measure not met last year (Minority Participation) was met in FY 2011.
- FY 2011 operating revenue increased $7.0 million, or 2.7 percent, over FY 2010 and operating expenses increased $2.9 million, or 4.0 percent.
- In November 2010 (FY 2011), OOCEA issued $284 million in fixed rate Revenue Bonds, Series 2010C, to fund a portion of the projects in the Five-Year Work Plan.
- The FY 2011 independent financial statement audit reflected an unqualified opinion.
- OOCEA successfully implemented recommendations resulting from numerous audits and reviews. Audits/reviews issued during, and subsequent to, FY 2011 include an Information Technology Audit, TransCore Contract Review, 2010 Contracts Audit, Vendor Billing Audits, Accounting System Access and Segregation of Duties Review, Limited Procurement Compliance Audit, IT Strategic Alignment Benchmark, 2011 Fraud Risk Assessment and Human Resources Process Review.
- In December 2010, the OOCEA Board approved the final alignment for the 26-mile Wekiva Parkway PD&E Study. In February 2012, OOCEA and the Department entered into a Memorandum of Understanding (MOU) to build the Wekiva Parkway. The MOU outlines the general understanding for project finance, design, construction, ownership, operations and maintenance.
- In July 2010, OOCEA significantly amended its Code of Ethics policy to include recommendations contained in the Ethics Policy Compliance Review.

Transportation (Department) are the two ex-officio members of the Board. At the January 2012 Board meeting, a recently appointed Board member, Scott Batterson, was elected Vice Chairman, succeeding Tanya Wilder.

The OOCEA Executive Director, Michael Snyder, retired effective December 29, 2011. The OOCEA Board hired an Interim Executive Director, Max Crumit and contracted with an executive recruitment firm to conduct the search for a new Executive Director.

OOCEA currently owns and operates 105 center-line miles of roadway in Orange County. The roadways include 22 miles of the Spessard L. Holland East-West Expressway (SR 408), 23 miles of the Martin Andersen Beachline Expressway (SR 528), 33 miles of the Central Florida GreeneWay (SR 417), 22 miles of the Daniel Webster Western Beltway (SR 429) and 5 miles of the John Land Apopka Expressway (SR 414). The Authority reported toll revenue of $260 million in FY 2011 based on 296 million transactions.

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

SR 429 / SR 414 Interchange.

The Wekiva Parkway (SR 429) is a proposed 26-mile toll road that would traverse Orange, Seminole and Lake Counties and complete the beltway around northwest metropolitan Orlando. OOCEA entered into Interlocal Agreements with Seminole and Lake Counties in August 2010 and October 2010, respectively that allows OOCEA to build, operate, maintain and collect tolls on the Wekiva Parkway. Seminole and Lake Counties subsequently approved the final road alignment within the respective county. On December 14, 2010, the OOCEA Board held a public hearing and approved the final alignment for the Wekiva Parkway Project Development and Environmental (PD&E) Study. The Federal Highway Administration is expected to approve the Finding of No Significant Impact (FONSI) in the spring of 2012, so that project design can begin. In February 2012, OOCEA and the Department entered into a Memorandum of Understanding (MOU) that delineates the plan to fund, design, construct, own, operate and maintain the Wekiva Parkway. OOCEA will independently finance, build, own and manage Sections 1A, 1B, 2A, 2B and 2C (see Figure 2), which will constitute part of the OOCEA system.

Major projects in the Authority's $1.4 billion Five-Year Work Plan (FY 2011 through FY 2015) include: right-of-way and interchange for John Land

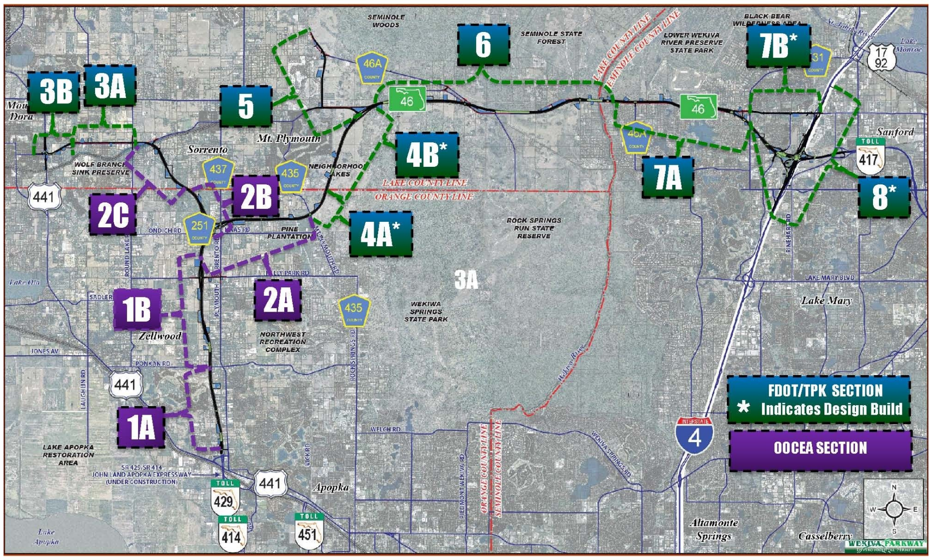

Figure 2: Map of Wekiva Parkway depicting OOCEA and Department segments.

Apopka Expressway (phase two); partial design and right-of-way for Wekiva Parkway; partial widening of SR 408 and SR 417; resurfacing of SR 429 (part A); new interchanges; conversion of SR 528 Beachline Airport toll plaza to Open Road Tolling (ORT); a new express lane toll plaza on SR 528 at Dallas Boulevard; and, toll collection system upgrades.

In November 2010, OOCEA issued $284 million in fixed rate Revenue Bonds, Series 2010C, to fund a portion of the projects in the Five-Year Work Plan. The Authority elected to use bond proceeds to cash fund the debt service reserve instead of obtaining insurance for these bonds.

Under the requirements of a Lease-Purchase Agreement between OOCEA and the Department, the Authority is reimbursed by the Department for a portion of the operating and maintenance costs of the Martin Andersen Beachline Expressway and the Spessard L. Holland East-West Expressway. The Authority records these reimbursements as advances because amounts are to be repaid to the Department from future toll revenues after all bonds are retired and all other financial obligations have been met. In addition, the Authority utilized funds from a State Infrastructure Bank (SIB) loan to acquire right-of-way for construction of the John Land Apopka Expressway. Table 10 indicates that, as of June 30, 2011, approximately $270 million in long-term debt is owed to the Department for these operating and maintenance expense advances and other Department advances and loans.

Table 10
Orlando-Orange County Expressway Authority
Long-Term Debt Payable to the Department (in millions)
Year Ended June 30, 2011

Transaction	*(millions)*
Advances for Operating and Maintenance Expenses[1]	$221.6
Advances for Completion of East-West Expressway[1]	$14.0
Loans from State Infrastructure Bank[2]	$34.8
Total Due Department	$270.4

Source: OOCEA Notes to Audited Financial Statements and OOCEA Management.
[1] July 1, 2042 is the earliest date that System payments are anticipated to begin based on the requirements of the Lease-Purchase Agreement and current Bond Official Statement.
[2] To be repaid by FY 2018.

Subsequent to approval of the State's FY 2012 budget by the Legislature, Governor Rick Scott exercised his line item veto authority to remove funds from the State Transportation Trust Fund that were intended to fund the Department's obligation to pay OOCEA $5.6 million for certain FY 2012 operating and maintenance costs identified in the Lease-Purchase Agreement. (The relevant language from Chapter 2011-69, Laws of Florida is detailed in Appendix A.) In the February 2012 MOU between OOCEA and the Department to build the Wekiva Parkway, OOCEA has agreed to repay these advances by paying the Department $10 million in July, 2012 and $20 million each year thereafter until the long-term advances are eliminated.

The Department reimburses the Authority for certain operating and maintenance costs of the Beachline Expressway and East-West Expressway, pursuant to a Lease-Purchase Agreement (LPA). In FY 2012, Governor Rick Scott vetoed $5.6 million in STTF funds that were intended to fund the Department's obligation under the LPA.

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 2011 results, as reported by OOCEA, are provided in Table 11. Results for the last five fiscal years are included in Appendix B.

OOCEA met or exceeded all 17 performance measure objectives. Presented below are examples of some of the notable performance measures where OOCEA met the objective. Explanations are provided to clarify the source of the data, the methodology utilized by the Authority, differences between adopted performance measure objectives and those required in bond documents or to identify those objectives that were met in FY 2011 but not met in FY 2010.

Electronic Toll Collection - Transactions

Electronic Toll Collection (ETC) transactions for OOCEA constituted 74.6 percent of total transactions during FY 2011, compared to 73.3 percent reported during FY 2010. OOCEA exceeded 75 percent ETC participation in January 2011, significantly ahead of the June 30, 2012 goal.

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 2010 data. The 3 fatalities in CY 2010 is the lowest number of fatalities reported by OOCEA in the last 10 year period. The actual fatality rate of 0.17 is significantly lower than Safety objective of less than 0.53 fatalities per 100 million VMT. Crashes on the OOCEA system are studied, analyzed and published in a Quarterly Crash Summary Report. Crash characteristics, areas of significant crash occurrence, traffic volume, construction, and other factors are studied to determine when and where safety adjustments can be made. System enhancements such as interchange reconfigurations that improve

Table 11
Orlando-Orange County Expressway Authority
Summary of Performance Measures
FY 2011

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	93.0	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	100.0%	✓
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	74.6%	✓ On Track
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.5%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.17	✓
Customer Service	% customers satisfied with level of service	> 90%	90.5%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	-17.4%	✓
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	≥ 80%	100.0%	✓
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	≥ 90%	100.0%	✓
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16	$0.11	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	96.8%	✓
Applicable Laws				
Minority Participation[2]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	90.0%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.62	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.61	✓
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 four established Authorities. Actual results based on CY 2010 data.

[2] The Authority has a 15 percent goal for RFP's and ITN's and reported achieving 13.507 percent, or 90.047 percent of the goal.

traffic flow, widening projects that ease congestion during peak hours and cross-over guard rail at strategic locations continue to improve the overall safety of the Orlando-Orange County Expressway System.

Customer Service

Because of the size of the organization and the cost of conducting a survey, OOCEA indicated that it conducts customer service surveys every two years. The 2008 and 2011 Customer Opinion Surveys were developed and conducted by JRD & Associates, Inc. OOCEA management states that they are committed to providing a state of the art transportation system in Central Florida that customers choose for its safety, time savings and value. In the 2008 Customer Opinion Survey, new benchmarks were established for the bi-annual independently administered surveys. Management looks to these benchmarks to assist in the decision making process as it relates to customer opinions and satisfaction. In the 2011 survey, JRD & Associates, Inc. asked E-PASS customers their opinion about expressway maintenance, safety, and time savings to ascertain the level of overall customer service satisfaction. Of the customers who responded to the survey, 90.5 percent indicated that the Expressway system saves time, is well maintained and makes their travel safer. Based on the level of service received by E-PASS customers, 92 percent would recommend E-PASS to family and friends.

Construction Contract Adjustments - Time and Cost

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

Minority Participation

OOCEA indicated that Invitations to Bid (ITB) and Requests for Proposal (RFP) documents reflect a 15 percent participation objective. If the Prime Contractor (Prime) indicates minority participation at 15 percent or more in the bid, it is considered in compliance with OOCEA Business Development policy objectives. If the Prime indicates participation below the 15 percent objective in the bid, the Authority will determine if the Prime applied good faith efforts, as outlined in the bid documents, to include minority participation on the project. OOCEA staff will then meet with the Prime to discuss the Authority's determination and secure a commitment for participation at a percentage agreed to by both the Prime and OOCEA. For FY 2011, OOCEA reported 13.507 percent minority participation, or 90.047 percent of the Authority's goal of 15 percent. This exceeds the FTC objective of greater than 90 percent of the Authority's goal. FY 2011 minority participation significantly exceeded FY 2010 levels. OOCEA management indicated that actual minority participation for the first eight months of FY 2012 exceeds 17 percent, indicating a positive trend through next fiscal year.

Debt Service Coverage - (Bonded/ Commercial Debt)

OOCEA debt service coverage was in compliance with bond covenants and the performance measure objectives for Debt Service Coverage. Debt service coverage ratios, as standardized in the Commission performance measure calculations, may differ significantly from the debt service coverage calculations required in the OOCEA bond resolutions and related documents. For example, the calculation of the composite debt service ratio, as defined by OOCEA bond resolutions, is reported as 1.66 in the Other Supplementary Information section of the FY 2011 audited financial statements. This compares to 1.62 as reported in Table 11.

On February 26, 2009, the OOCEA Board approved the first toll rate increase in 19 years. Effective April 5, 2009, tolls increased by $0.25 at mainline plazas and most ramps (approximately 75 percent of toll collection sites were impacted). Additionally, a forward looking toll structure was approved that indexes 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. Primarily as a result of the April 2009 toll rate increase, debt service coverage increased from 1.47 in FY 2009 to 1.74 in FY 2010. As previously noted, OOCEA debt service coverage of 1.62 in FY 2011 exceeded the performance measure objective of greater than 1.50.

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 2011 operating indicators, as reported by OOCEA, are provided in the Table 12. Also, to assist in trend analysis, FY 2009 and FY 2010 operating results are provided. Results for the last five fiscal years are included in Appendix B.

It is important to note FY 2011 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. Total transportation assets increased in FY 2011 primarily due to an increase of $153 million in construction in progress. In FY 2011, work continued on the SR 414/SR 429 interchange and construction started on the widening of 1.3 miles of SR 408, improvements to the SR 408/SR 417 interchange, and the Dallas Boulevard Plaza on SR 528.

Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)

Costs for FY 2011 are reported at $1.7 million. As reported by OOCEA, this increase of $1.2 million over FY 2010 represents planned expenditures in OOCEA’s five year Work Plan. The decrease in FY 2010 is primarily due to projects starting later than anticipated and bids coming in lower than expected.

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 73.3 percent in FY 2010 to 74.6 percent in FY 2011. There is a direct correlation between electronic transactions and revenue associated with these transactions.

Annual Revenue Growth (Toll and Operating Revenue)

FY 2011 revenue grew by 2.7 percent over FY 2010 levels and toll transactions grew by 2.6

Table 12
Orlando-Orange County Expressway Authority
Summary of Operating Indicators (in millions)
FY 2009 through FY 2011

Indicator	*Detail*	*Actual 09 Results (millions)*	*Actual 10 Results (millions)*	*Actual 11 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$529.4	$535.5	$537.8
	Infrastructure Assets	$1,798.5	$2,096.3	$2,110.7
	Construction in Progress	$492.2	$228.1	$381.1
	Total Value of Transportation Assets	$2,820.1	$2,859.9	$3,029.7
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$1.3	$0.5	$1.7
	Routine Maintenance of Infrastructure	$13.7	$13.6	$13.7
	Total Preservation Costs	$15.0	$14.1	$15.4
Toll Collection Transactions	Revenue from Electronic Transactions	69.0%	71.8%	73.1%
Annual Revenue Growth	Toll and Operating Revenue	0.2%	22.7%	2.7%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	45.8%	44.0%	43.6%
	Routine Maintenance Expense as % of Operating Expense	19.5%	18.3%	17.8%
	Administrative Expense as % of Operating Expense	7.5%	7.0%	6.9%
	Operating Expense as % of Operating Revenue	33.8%	29.0%	29.3%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Total Operating Revenue	22.1%	18.1%	18.0%
Property Acquisition				
Right-of-Way	Agency Appraisals	$15.0	$5.8	$5.2
	Initial Offers	$7.6	$4.0	$3.4
	Owners Appraisals	$13.6	N/A	$11.6
	Final Settlements	$20.6	$7.6	$9.5
Revenue Management and Bond Proceeds				
Underlying Bond Ratings (Uninsured)	Standard & Poor's Bond Rating	A	A	A
	Moody's Bond Rating	A1	A1	A1
	Fitch Bond Rating	A	A	A

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

percent. FY 2010 revenue grew by 22.7 percent over FY 2009 levels despite a decrease of 1.5 percent in toll transactions. This is a result of the April 5, 2009 toll rate increase previously noted. The toll rate increase impacted approximately 3 months of FY 2009, whereas all 12 months of FY 2010 were impacted.

FY 2011 Operating, Maintenance and Administration (OM&A) expenses increased by 3.0 percent, 0.7 percent and 3.0 percent, respectively, over FY 2010 levels.

FY 2011 Renewal and Replacement expenses increased $1.2 million as planned in OOCEA's five year Work Plan.

Total Operating Expenses increased $2.9 million, or 4.0 percent, over FY 2010 while total operating revenues increased $7.0 million, or 2.7 percent.

Moody's Investor Services, Inc. downgraded OOCEA's bond rating from A1 to A2 in October 2011 (FY 2012)

Operating Efficiency

FY 2011 results for operating indicators trended very closely to FY 2010 results. FY 2011 total operating expenses increased by $2.9 million, or 4.0 percent, over FY 2010 while total operating revenues increased by $7.0 million, or 2.7 percent. This resulted in a slight overall increase in the ratio of operating expenses to operating revenues in FY 2011. The significant decrease in this ratio in FY 2010 is attributed to the April 2009 toll rate increase. Operations, Maintenance and Administration (OM&A) expenses for FY 2011 increased by 3.0 percent, 0.7 percent and 3.0 percent, respectively, over FY 2010 levels. As previously noted, renewal and replacement expenses increased $1.2 million in FY 2011.

In lieu of reporting depreciation on infrastructure (roads, bridges and other highway improvements), OOCEA reports costs associated with maintaining the existing roadway system as preservation expense. However, depreciation is charged on furniture and equipment, toll equipment, toll facilities and buildings. FY 2011 depreciation expenses decreased by $0.4 million, or 2.3 percent, over FY 2010 primarily due to assets taken out of service during FY 2011.

Right-of-Way

The methodology employed by OOCEA in right-of-way acquisition does not necessarily involve all four prescribed operating indicators for each acquisition. OOCEA preferred methodology is to negotiate an agreement without tendering a first offer. In addition, agreement/settlement amounts as reported may include items other than land, such as non-business damages, attorney fees and costs, expert fees and costs, business damages, business loss relocation and fixtures that may not be in the appraised amount. The right-of-way acquisitions completed during FY 2011 for the John Land Apopka Expressway were impacted by costs not included in the appraisal, such as attorneys' fees and costs, relocation costs and expert costs. The details of these impacts are included in a Right-of-Way (ROW) Acquisition Report, prepared by OOCEA's ROW Counsel.

Because the Wekiva Parkway final alignment was not approved until December 2010, limited right-of-way acquisition has occurred to date for this project. The right-of-way that has been acquired predominately involves the acquisition of the proposed conservation land associated with the Wekiva Protection Act. Those parcels include Pine Plantation, Neighborhood Lakes, and New Garden Coal. The Stanton Ridge subdivision was also acquired for use as future right-of-way. This parcel of property is located near the southern end of the

Preferred Alignment Alternative in the City of Apopka. The parcel was being developed as a new residential subdivision containing in excess of 70 finished residential lots. The parcel could not be avoided because of its proximity to the intersection of the John Land Apopka Expressway and US Highway 441. All interested parties determined that it was in the public's best interest to acquire this parcel before the owner began selling new residences.

Underlying Bond Ratings

During the five year reporting period, the underlying ratings assigned to OOCEA bonds from the three major bond rating agencies did not change. However, in October 2011 (FY 2012) Moody's Investor Services, Inc. downgraded the underlying ratings of OOCEA bonds from A1 to A2 with a negative outlook. The downgrade was attributable to lower than forecasted traffic and revenue growth combined with reduced operating revenue support from the Department. Additional pressures included potential opposition to planned toll increases, a complex and increasingly back-loaded debt structure with substantial exposure to variable rate debt and swaps, and large as yet unfunded capital needs over the next three years.

Governance

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

Ethics and Conflicts of Interest

OOCEA provided a copy of its Code of Ethics policy that was adopted by the Board on June 25, 2004 and amended on March 25, 2009, July 28, 2010 and February 22, 2012. The policy is applicable to Board members, employees and consultants retained by OOCEA. Board Members are also subject to compliance with Chapter 112, Part III, Florida Statutes. The policy appears to be comprehensive and includes areas such as statement of intent and declaration of OOCEA policy, conflicts of interest, prohibited conduct or activity, use of property and personnel, financial disclosure, political activity and ethics education and enforcement.

On March 25, 2009, the Board approved the formation of a Citizens' Advisory Committee (CAC) to provide recommendations on issues related to additional cost controls or sources of revenue, additional audits required and staffing of the Authority. Pursuant to a recommendation contained in the CAC report, the OOCEA Audit Committee requested that an ethics audit be conducted to evaluate the current Code of Ethics policy against best practices and to review the Authority's compliance with the existing ethics policy. On July 28, 2010, the OOCEA Board accepted the 2010 Ethics Policy Compliance Review and amended the Code of Ethics policy to include recommendations contained in the report.

The amended Code of Ethics Policy now includes a new section entitled Ethics Education and Enforcement that formally designates the Authority's General Counsel as the OOCEA Ethics Officer responsible for the administration and enforcement of the ethics policy and procedures. The policy requires that all employees receive mandatory ethics training at least annually. Ethics training for all employees was completed in May

2010 and again in August 2011. OOCEA's General Counsel also conducted ethics training for Board members in July 2011. The Ethics Policy also requires that each new Board member be provided with an orientation on all relevant OOCEA matters, including a detailed briefing on the Code of Ethics, within three months of becoming a member of the Board.

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

In February 2012 (FY 2012), OOCEA further amended its ethics policy by requiring Board members to provide additional disclosure of business associates. When a Board member knowingly is a business associate with any person bringing a matter before the OOCEA Board or when a matter before the Board will benefit any person with whom the Board member knowingly was a business associate in the previous two-year period, the Board member must disclose the existence of the business associate prior to voting. The policy also provides that the Board member may abstain from voting. Pursuant to this policy, Vice-Chairman Batterson abstained from voting on the Wekiva Parkway MOU at the February 22, 2012 OOCEA Board meeting and a Commission on Ethics Form 8B "Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers" was submitted.

Commission staff reviewed the Authority's Board minutes and did not find any recorded instances of conflicts of interest or violations or investigations. During the 2011 Fraud Risk Assessment, Internal Audit informed OOCEA management of certain questionable purchases made by one employee. As a result, management investigated the purchases and filed an ethics complaint with the OOCEA Ethics Officer. Disciplinary action was taken by management specific to the employee in question for violation of personnel policies. The meeting minutes disclosed two instances where Board members abstained from voting due to a voting conflict.

Audits

OOCEA previously established an Audit Committee whose primary function is to assist the Authority Board in fulfilling its oversight responsibilities by reviewing financial information, systems of internal controls, the audit process and the process for monitoring compliance with laws and regulations and the Code of Ethics. The committee is comprised of five voting members: two members of the Board, a representative from the City of Orlando, a representative from Orange County, and a member of the community. On July 24, 2009, the Board adopted the Audit Committee Charter as a permanent rule and amended the internal audit section to require that all internal audits be placed as a separate item on the Consent Agenda for formal acceptance at a regularly scheduled Board meeting (rather than just distributed to Board members).

An annual independent audit of OOCEA financial statements for the fiscal years ended June 30, 2011 and 2010 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance with Bond Covenants indicated that, in connection with the audit, nothing came to the auditor's attention that caused them to believe that the Authority failed to comply with the terms, covenants, provisions, or conditions of Sections 5.2, 5.5 to 5.7, 5.9, 5.10, 5.12 and 5.17 of the bond resolutions as they relate to accounting matters. The Independent Auditor's Report on Compliance and Internal Control over Compliance in Accordance with OMB Circular A-133 for major federal awards indicated no issues related to compliance, internal control, findings or questioned costs. In the Independent Auditor's Management Letter, the auditors had no recommendations for improvement.

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

The following narrative provides a brief summary of various audits/reviews issued during, and subsequent to, FY 2011.

- Information Technology Audit (July 2010) - Internal Audit performed an audit from April to May 2010 to compare OOCEA's practices and procedures to the Payment Card Industry (PCI) Data Security Standard (DSS). OOCEA's General Counsel determined that the report issued as a result of the audit is exempt from public records disclosure pursuant to Section 282.318, Florida Statues. On July 9, 2010 the OOCEA Audit Committee approved the report.

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

	Implementation Status of Recommendations		
Audit/Review	***Completed***	***In Process/ Not Completed [1]***	***Total***
Report of Citizens' Advisory Committee (July 2009)	22	2	24
Ethics Policy Compliance Review (June 2010)	12	1	13
2010 Contracts Audit (January 2011)	7	2	9
IT Strategic Alignment Benchmark (July 2011)	1	1	2
2011 Fraud Risk Assessment (September 2011)	6	1	7
Human Resources Process Review (September 2011)	3	6	9
Total Number of Recommendations	51	13	64

[1] The status of recommendations in process/not completed by OOCEA as of January 5, 2012 is provided in Appendix C.

- TransCore Contract Review (November 2010) - Carolyn Binder, CPA, LLC performed agreed-upon procedures to validate costs incurred under the TransCore software maintenance contract from April 1, 2010 through July 31, 2010. Three findings related to TransCore invoice preparation and processing were reported. The first finding and recommendation requests that Weekly Employee Status Reports are completed and submitted with the TransCore invoice. The second recommendation requests further documentation to resolve questioned time charged by a TransCore employee. The last recommendation required TransCore to correct an invoice error. All recommendations for improvement have been implemented by OOCEA.
- 2010 Contracts Audit (January 2011) - Internal Audit was asked to audit contracts for a sample of large engineering, maintenance, operations, and/or construction projects. Internal Audit was also asked to perform a review of potential fraud risk areas associated with vendor performance for selected contracts. The objectives of the audit were: to audit the accuracy of items billed to the Authority in accordance with contract terms and conditions; to identify and test key processes and controls around contract bidding and execution, budgeting, billing, project oversight, reporting, and supplemental agreement management; and, to perform data analytics and review the control environment around potential fraud scenarios specific to electronic toll collections and operations, E-PASS account management, and violation enforcement under the ACS contract. The audit resulted in nine recommendations for improvement. One recommendation was high in relative priority, one was medium in relative priority and seven were low in relative priority. As described in Appendix C, seven recommendations have been completed and the remaining two recommendations are in process.
- Vendor Billing Audit (February 2011) - Internal Audit performed a review of selected vendor invoicing procedures with a focus on how the vendors develop and support invoices sent to OOCEA for work completed under their respective contracts. The four vendors selected for testing included two landscaping contractors and two engineering contractors. The audit identified two recommendations related to landscaping contractors in the areas of vendor Change Proposal Request (CPR) communication and approval, and lack of vendor invoicing procedures. All recommendations for improvement have been implemented by OOCEA.
- Accounting System Access and Segregation of Duties Review (March 2011) – The overall objectives of this Internal Audit were to review the accounting and financial processes within OOCEA for appropriate segregation of duties among Authority personnel and to verify that supporting system access restrictions and change controls were in place to limit individuals according to their job responsibilities. The audit identified five recommendations for improvement in the areas of segregation of duties for journal entries, limiting the Procurement Director access to EDEN, timely termination of EDEN access for terminated users, and the change control process for EDEN access. All recommendations for improvement have been implemented by OOCEA.
- Limited Procurement Compliance Audit (May 2011) - Internal Audit performed a review of OOCEA procurement policies and procedures to identify and select specific areas of focus for compliance auditing in the following areas: non -competitively bid single and sole source

purchase awards; cooperative purchases (piggybacking); purchase orders and contracts less than $50 thousand for which approval is not required by the Board; supplemental agreements and renewals; and contracts $50 thousand and greater to verify approval by the Board. The review identified three recommendations for improvement in the areas of contract Board approval, justification memo for single and sole source purchases, and cooperative purchases parent contracts. All recommendations for improvement have been implemented by OOCEA.

- IT Strategic Alignment Benchmark (July 2011) - The IT Process Institute (ITPI) is an independent research organization formed by IT practitioners and academics to support IT audit, security, and operations professionals. By participating in ITPI's IT Strategic Alignment research study, OOCEA was benchmarked against 269 IT organizations in order to identify IT areas that do not align with strategic business requirements and to identify changes that need to take place in order to drive higher performance. The report identified two recommendations for improvement in the areas of strategy and communication, and business linked metrics. As described in Appendix C, one recommendation has been completed and the remaining recommendation is in process.

- 2011 Fraud Risk Assessment (September 2011) - Pursuant to the Institute of Internal Auditors standards, Internal Audit must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk. In conjunction with the FY 2012 Internal Audit planning process, Internal Audit executed a fraud risk assessment. Of the 14 fraud scenarios identified by the auditors, only the risk of "Unauthorized/improper use of corporate credit cards/misuse of company funds" was selected for further testing. Seven findings were identified specific to the P-Card process. Two recommendations were high in relative priority, three were medium in relative priority and two were low in relative priority. During the assessment, Internal Audit informed OOCEA management of certain questionable purchases made by one employee. As a result, management investigated the purchases and filed an ethics complaint with the OOCEA Ethics Officer. Disciplinary action was taken by management specific to the employee in question for violation of personnel policies. As described in Appendix C, six recommendations have been completed and the remaining recommendation is in process.

- Human Resources Process Review (September 2011) - Internal Audit performed a review of Human Resources (HR), with a focus on the policies, procedures and related internal controls around key HR processes. In addition, Internal Audit gained an understanding of the succession planning strategy and compared it to leading practices to identify opportunities for improvement. The audit resulted in nine recommendations for improvement. Two recommendations were high in relative priority, four were medium in relative priority and three were low in relative priority. As described in Appendix C, three recommendations have been completed and the remaining six recommendations are in process.

The OOCEA Board and Management have instituted many reforms, both on their own and as a result of various audits and reviews, to improve operations, transparency and culture of the Authority. In fact, the increase in internal audits as described above is a direct result of the Authority's actions to identify areas for improvement.

Public Records and Open Meetings

OOCEA is operating under Chapter 119, Florida Statutes, relating to public records. To increase transparency, in February 2012, OOCEA began posting all non-payroll checks on its website. The Authority is subject to the provisions of Section 189.417, Florida Statutes and Chapter 286, Florida Statutes, for open meetings. In addition, OOCEA has adopted their own procedures for Board Meetings and Informal Proceedings. On January 27, 2010, the OOCEA Board approved updates to the Rules of Procedure for Board Meetings (Permanent Rule 1-1). A review of OOCEA agendas and Board meeting minutes, as posted on the Authority's website www.expresswayauthority.com, showed that the agendas and minutes appear to be in compliance with statute and policy. Commission staff also reviewed a Board Meeting Schedule published in the Orlando Sentinel newspaper and public meeting notices posted on the Authority's website. OOCEA policy also requires public meeting notices to be posted at OOCEA Headquarters, the Orange County Administration Building and the City of Orlando Administration Building. Based on the review, it appears that required notice of public meetings is in compliance with OOCEA policy and Florida Statutes.

Procurement

On September 23, 2009, the OOCEA Board adopted a revised Procurement Policy that strengthens the purpose of the policy, establishes five levels of procurement, establishes an owner direct purchase option, authorizes the Procurement Director as the approved signatory on all contracts, amendments and renewals and requires annual review of the Procedures Manual. The Procurement Policy was further revised on February 23, 2011 to provide a limited exemption from the competitive procurement processes for the Micro-Contracts Program. Prior Board approval is required for:

- All contracts, supplemental agreements, amendments, purchase orders and contract renewals obligating the Authority to an amount of $50 thousand or more
- 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

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.

As previously noted in the audit section of this chapter, Internal Audit released a Limited Procurement Compliance Audit in May 2011 that contained a recommendation for improvement in Board contract approval. The audit identified a minor difference in the threshold required for Board approval as described in the Procurement Procedures Manual. One section of the procedures manual requires Board approval for all purchases $50 thousand and up, whereas another section of the manual requires approval for all purchases exceeding $50 thousand. OOCEA indicated that it has revised the procedures manual to be consistent with the Procurement Policy and anticipates implementing the revised procedures in March 2012, upon approval of the Interim Executive Director.

Table 14
Orlando-Orange County Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2011

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
Atkins	**Toll System Replacement Consultant**	
Hofsteller Consulting Service	Software Development-IT	$74
HNTB Corporation	**Traffic and Revenue Consultant**	
Stantec Consulting, Inc.	Bond Issue Support/Traffic Survey	$55
GMB	Transportation Engineering Services	$44
Atkins	**General Engineering Consultant**	
Wilbur Smith	**CEI Services**	
Foundation & Geotechnical	Geotechnical Services	$105
MATEC	Offsite Structural Steel/Coatings Inspection	$73
GeoTech Consultants	CEI Support	$73
Page One Consultants	CEI Support/Material Lab Testing	$143
Metric Engineering	**Systemwide CEI Services**	
Page One	Geotechnical Services	$147
C&M Environmental Services	Geotechnical Services	$104
PB Americas, Inc.	CEI Inspection	$275
Bowyer Singleton & Assc.	**Design Consultant**	
Aerial Cartographics	Aerial Photos	$60
Bentley Architects & Engineering	Engineering Services	$210
Nadic Engineering	Engineering Services	$87
The Balmoral Group	Engineering Services	$95
Comprehensive Engineering Service	Engineering Services	$43
Protean Design Group, Inc.	**Design Consultant**	
DRMP	Engineering Services	$34
Target Engineering Group	**Systemwide CEI Services**	
KCCS, Inc.	Toll Plaza Inspection	$403
Metric Engineering	CEI Inspection	$185
H. W. Lochner	ITS Inspection	$114
JBS Engineering	Engineering Services	$134
Mehta & Associates	ITS Inspection	$384
GCI, Inc.	Engineering Services	$114
HNTB Corporation	Engineering Services	$234
PB Americas, Inc.	CEI Inspection	$166
Metric Engineering	**Professional Design Services**	
Lighting Control Consultant	Electrical Design	$27
DRMP	**Design Consultant Services - ITS Components**	
EPG Engineering	Electrical Design	$33
Pegasus Engineering	**Design Consultant Services**	
GTC Engineering	Drainage & Design	$46
Nadic Engineering	Sign Structures	$52
Traffic Engineering Data	Signalization, Lighting, ITS Design	$41
Infrastructure Corp. of America	**Roadway and Bridge Maintenance Service**	
Infrastructure Corp. of America	**Facility Maintenance Service**	
Total Sub consultants > $25 K		$3,555

Consultant Contract Reporting

OOCEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2011. As indicated in Table 14, 29 sub consultants were used by the general consulting firms for a total cost of $3.6 million in FY 2011.

Compliance with Bond Covenants

In November 2010 (FY 2011), OOCEA issued $284 million in fixed rate Revenue Bonds, Series 2010C, to fund some of its Work Plan projects. Bonds are payable from and secured by a pledge of net revenue from the operation of the Expressway System. OOCEA elected to use bond proceeds to fund debt service reserve requirements instead of insurance for the Series 2010C Bonds. As of June 30, 2011, bonds in the principal amount of approximately $2.7 billion remain outstanding. The following areas were noted to be in compliance with bond covenants:

- Annual financial information and operating data were filed with the Securities and Exchange Commission (SEC) pursuant to Rule 15c2-12.
- An annual financial statement audit was performed.
- OOCEA utilizes a nationally recognized General Engineering Consultant (Atkins).
- OOCEA utilizes a nationally recognized Traffic and Revenue Consultant (HNTB). HNTB prepared a FY 2010 Traffic and Earnings Consultant's Annual Report for the Authority's Series 2010C Revenue Bonds. In June 2011, HNTB issued a system revenue forecast for OOCEA that was revised downward due to higher fuel costs and the revenue growth trend observed over the preceding months.
- Debt service coverage ratios exceed bond requirements.

Summary

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

OOCEA met or exceeded all 17 management objectives established for performance measures. Improvement was noted for the minority participation objective. This objective was not met in FY 2010 but was met in FY 2011.

Operating indicator trend analysis showed that transportation assets increased in FY 2011 primarily due to an increase of $153 million in construction in progress. In FY 2011, work continued on the SR 414/SR 429 interchange and construction started on the widening of 1.3 miles of SR 408, improvements to the SR 408/SR 417 interchange and the Dallas Boulevard Plaza on SR 528. Renewal and replacement costs for FY 2011 are reported at $1.7 million. This increase of $1.2 million over FY 2010 represents planned expenditures in OOCEA's five year Work Plan. FY 2011 operating revenue increased by $7.0 million, or 2.7 percent, over FY 2010 and total operating expenses increased by $2.9 million, or 4.0 percent. Although the underlying bond ratings for OOCEA bonds remained unchanged during FY 2011, Moody's Investor Services, Inc. downgraded the rating from A1 to A2 in October 2011 (FY 2012). The downgrade was primarily attributed to lower than forecasted traffic and revenue growth combined with reduced operating revenue support from the Department.

In the area of governance, the OOCEA Board amended the Code of Ethics policy based on recommendations contained in the 2010 Ethics Policy Compliance Review conducted by Internal Audit. The Ethics policy was further amended in February 2012 requiring additional disclosure of business associates by Board members. The FY

2011 independent financial statement audit reflected an unqualified opinion.

OOCEA significantly increased the number of internal audits and reviews and has instituted many reforms based on recommendations contained therein. An outside consulting firm provides Internal Audit support services to OOCEA's Audit Committee and Board and independently verifies and reports the status of all audit/review recommendations. The status of all recommendations for OOCEA improvements that have not yet been implemented is provided in Appendix C. The following list identifies audits and reviews that were issued during, or subsequent to, FY 2011.

- Information Technology Audit (July 2010) - Compared OOCEA's practices and procedures to the Payment Card Industry (PCI) Data Security Standard (DSS) - report is exempt from public records disclosure.

- TransCore Contract Review (November 2010) - Validated costs incurred under the TransCore software maintenance contract.

- 2010 Contracts Audit (January 2011) - Audited contracts for a sample of large engineering, maintenance, operations, and/or construction projects and performed a review of potential fraud risk areas associated with vendor performance for selected contracts.

- Vendor Billing Audits (February 2011) - Reviewed selected vendor invoicing procedures with a focus on how the vendors develop and support invoices sent to OOCEA for work completed under their respective contracts.

- Accounting System Access and Segregation of Duties (March 2011) - Reviewed accounting and financial processes within OOCEA for appropriate segregation of duties among OOCEA personnel and verified that supporting system access controls were in place to limit individuals according to their job responsibilities.

- Limited Procurement Compliance Audit (May 2011) - Audited OOCEA's compliance with Procurement policies and procedures in five specific areas.

- IT Strategic Alignment Benchmark (July 2011) - Benchmarked OOCEA against other Information Technology (IT) organizations to identify IT areas that do not align with strategic business requirements and to identify changes that need to take place in order to drive higher performance.

- 2011 Fraud Risk Assessment (September 2011) - In conjunction with the FY 2012 Internal Audit planning process, Internal Audit executed a fraud risk assessment. Of the 14 fraud scenarios identified, only one area was selected for further testing (Unauthorized/ improper use of corporate credit cards/misuse of company funds).

- Human Resources Process Review (September 2011) - Reviewed Human Resources with a focus on policies, procedures and related internal controls around key processes. Also, OOCEA's succession strategies were compared to leading practices to identify opportunities for improvement.

Based on the Commission's review of Board meeting minutes, OOCEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission. One instance was noted where an ethics complaint was filed with the OOCEA Ethics Officer whereby disciplinary action was taken by management specific to the employee in question for violation of personnel policies.

The Commission recognizes OOCEA for its ongoing efforts to address operational findings and recommendations contained in the numerous audits and reviews of the Authority. The increase in internal audits is a direct result of OOCEA's actions to identify areas for improvement. The Commission recognizes the positive performance results and acknowledges, with appreciation, the assistance of the OOCEA Board and staff in providing the resources necessary to conduct this review and to complete this report.

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Santa Rosa Bay Bridge Authority (SRBBA)

Background

The Santa Rosa Bay Bridge Authority (SRBBA) is an agency of the state of Florida, created in 1984 under Chapter 348, Part IV, Florida Statutes for the purposes of and having the power to acquire, hold, construct, improve, maintain, operate, own and lease the Santa Rosa Bay Bridge System. The Authority may also fix, alter, change, establish and collect tolls, rates, fees, rentals and other charges for the services and facilities of such system and is further authorized to issue bonds. SRBBA is reported as an Independent Special District of the state of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989) and other applicable Florida Statutes. Although the Authority's fiscal year (FY) is October 1 through September 30, the FY for SRBBA, as reported herein, runs from July 1 to June 30, corresponding to the Florida Department of Transportation's (Department) FY and the Authority's bond year for debt service payments.

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

SRBBA owns the Garcon Point Bridge, a 3.5-mile bridge that spans Pensacola/East Bay between

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 the required debt service payments on July 1, 2011, and January 1, 2012.
- SRBBA bonds are considered "non-investment grade." All three rating agencies further downgraded SRBBA bonds in FY 2011.
- In November 2011, the Trustee retained legal counsel and a financial advisor to assist in developing restructuring alternatives for the SRBBA bonds.
- In November 2010, the Securities and Exchange Commission (SEC) requested numerous SRBBA documents and testimony from the Chairman, Vice Chairman, General Counsel and FDOT's Administrative Assistant.
- The SRBBA Board met in December 2010 and did not meet again until December 2011 due to a lack of quorum necessary to conduct business. From 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. Necessary appointments were made to reform an active SRBBA Board in December 2011.
- On January 5, 2011, the Authority implemented a toll rate increase of $0.25 on the Garcon Point Bridge, whereby the two-axle toll increased from $3.50 to $3.75.
- FY 2011 toll revenue increased by 1.7 percent while toll transactions decreased by 1.3 percent primarily due to the January 2011 toll rate increase.
- An independent financial statement audit was not performed.
- SRBBA does not currently have a Traffic and Revenue Consultant as required in the bond resolution.

Table 15
Santa Rosa Bay Bridge Authority
Current Board Members

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

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.

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, 2011 was $24.7 million.

The Authority has a Lease-Purchase Agreement with the Department.

District 3 provides maintenance for Garcon Point Bridge.

Turnpike Enterprise provides toll operations.

O&M costs are deferred until revenues are sufficient to pay debt service and the TFRTF loan.

Table 16
Santa Rosa Bay Bridge Authority
Long-term Debt Payable to the Department (in millions)
Year Ended June 30, 2011

Transaction	(millions)
Advances for Operating, Maintenance and R&R Expenses	$16.8
Loan from Toll Facilities Revolving Trust Fund	$7.9
Total Due the Department	$24.7

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 2011 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 12 are currently applicable to SRBBA. Of these 12 measures, SRBBA met or exceeded seven of the performance measure objectives. The State Highway System (SHS) Maintenance Rating is only applicable to roadways and is, therefore, not pertinent to this authority. SRBBA has not undertaken any additional projects since the opening of the bridge in 1999; therefore, the consultant cost and construction time and cost measures, as well as the minority participation measure, are not applicable at this time. The five performance measure objectives the Authority did not meet are described below and include trend data, explanations and any action plans that SRBBA has developed to assist in meeting the measures.

Electronic Toll Collection - Transactions

ETC transactions for SRBBA constituted 36.2 percent of total transactions during FY 2011 compared to 35.7 percent reported during FY 2010. 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 $316 thousand in FY 2011 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 2011 cost to collect a toll transaction of $0.63 increased slightly from $0.62 reported in FY 2010. 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

Table 17
Santa Rosa Bay Bridge Authority
Summary of Performance Measures
FY 2011

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	36.2%	X
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	3.9%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.0	✓
Customer Service	% customers satisfied with level of service	> 90%	96.3%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	N/A	N/A
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	≥ 80%	N/A	N/A
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	≥ 90%	N/A	N/A
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16	$0.63	X
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	95.1%	✓
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	0.43	X
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	0.43	X
Debt Service Coverage - Compliance with Bond Covenants	Debt service coverage meets or exceeds minimum Bond Covenant requirements	Yes	No	X

[1] Safety objective based on five year average of fatalities per 100 million VMT for the four established authorities. Actual results based on CY 2010 data.

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

The SRBBA Board previously recognized projected revenue shortfalls and adopted a program to increase toll rates every three years beginning in FY 2002, as recommended by the traffic and revenue consultants. On December 1, 2010, the Board approved a toll rate increase, effective January 5, 2011 (FY 2011), whereby the two-axle toll increased from $3.50 to $3.75. The toll increase was originally planned for July 1, 2010, but was postponed to determine the traffic impacts resulting from the BP oil spill. The Authority filed a $184 thousand insurance claim with BP for traffic and toll revenue declines on the Garcon Point Bridge attributable to the Deep Water Horizon oil spill and is currently negotiating a settlement. At the February 15, 2012 meeting, the SRBBA Board recognized that it no longer has traffic and revenue consultants as required in the bond resolutions and that no current revenue projections are available. The Board agreed to defer discussion of this issue to a future meeting.

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

Operating Indicators

The Commission, in concert with the authorities, developed operating indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various authorities have unique characteristics. FY 2011 operating indicators are provided in Table 18.

Also, to assist in trend analysis, FY 2009 and FY 2010 operating results are provided. Results for the last five fiscal years are included in Appendix B.

Some data related to SRBBA are not currently available. SRBBA operates on a federal fiscal year (October 1 through September 30); therefore, balance sheet data for 2011 are not available. SRBBA dedicates all of its revenue to the payment of debt service on outstanding bonds and has no funds available to provide for administrative expenses, including the preparation of financial statements and engagement of an independent auditor. For the past several years, the Department's Inspector General's Office completed an annual Accountant's Compilation Report, which is limited in presentation and does not include disclosures required by GAAP (notes to the financial statements). The FY 2010 Compilation Report was issued in April 2011. The Department's Inspector General's Office indicated that it will not prepare a Compilation Report for FY 2011 because compiled financial statements do not comply with the provisions of the Bond Resolution.

It is important to note FY 2011 operating indicators that significantly differ from prior year trends.

Table 18
Santa Rosa Bay Bridge Authority
Summary of Operating Indicators (in millions)
FY 2009 through FY 2011

Indicator	*Detail*	*Actual 09 Results (millions)*	*Actual 10 Results (millions)*	*Actual 11 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	N/A	N/A	N/A
	Infrastructure Assets	$106.3	$106.3	N/A
	Construction in Progress	N/A	N/A	N/A
	Total Value of Transportation Assets	$106.3	106.3	N/A
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	N/A	N/A	N/A
	Routine Maintenance of Infrastructure	$0.1	$0.1	$0.2
	Total Preservation Costs	$0.1	$0.1	$0.2
Toll Collection Transactions	Revenue from Electronic Transactions	32.5%	33.0%	33.5%
Annual Revenue Growth	Toll and Operating Revenue	-8.4%	-3.8%	1.7%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	84.3%	84.4%	59.4%
	Routine Maintenance Expense as % of Operating Expense	8.3%	11.9%	9.8%
	Administrative Expense as % of Operating Expense	0.0%	0.0%	0.0%
	Operating Expense as % of Operating Revenue	27.0%	26.9%	38.2%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	25.1%	26.0%	26.4%
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	CC	CC	D
	Moody's Bond Rating	B3	Caa3	Ca
	Fitch Bond Rating	CCC	C	D

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

Annual Revenue Growth (Toll and Operating Revenue)

FY 2011 toll revenue increased from FY 2010 by 1.7 percent while toll transactions decreased by 1.3 percent. The increase in toll revenue is due to the January 2011 toll rate increase. The decrease in transactions can be attributed to the elasticity associated with the toll rate increase, as well as the continued uncertainty of the economic recovery. FY 2010 toll revenue and toll transactions decreased from FY 2009 by 3.8 percent and 3.9 percent, respectively. The decrease in traffic and revenue can be partially attributed to the sluggish economy following the recession. Toll revenue and transactions were also negatively impacted by the BP oil spill, which began with the explosion of the Deepwater Horizon drilling platform on April 20, 2010. The oil slick began affecting the beaches at Pensacola and Santa Rosa Island in May 2010. FY 2009 toll revenue decreased by 8.4 percent, while toll transactions decreased by 8.6 percent from FY 2008. The decrease in traffic and revenue can primarily be attributed to the economic recession.

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

As previously noted under performance measures, the cost to collect a toll transaction for SRBBA far exceeds the objective established by the Commission. A significant portion of toll collection costs are fixed relative to the number of motorists using the facility. Due to the low percentage of ETC customers, staffing of “manned” lanes to accommodate cash customers creates a high toll collection cost. Additionally, the high cost of insuring the Garcon Point Bridge, located in a coastal region of the state, further increases toll collection costs. The significant decrease in the FY 2011 ratio is attributed to a $500 thousand increase in total operating expenses related to periodic maintenance expenses for bridge repairs.

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

FY 2011 routine maintenance expenses increased $24 thousand, or 18 percent, over FY 2010 due to an increase in general maintenance on the facility and bridge inspection costs.

Garcon Point Bridge

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 2011 increased approximately $500 thousand, or 44.1 percent, over FY 2010 while total operating revenues increased $73 thousand, or 1.7 percent. The significant increase in the FY 2011 ratio is attributed to a $500 thousand increase in total operating expenses related to periodic maintenance expenses for bridge repairs.

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, and from Caa3 to Ca in FY 2011. 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, and further downgraded the bonds from C to D in FY 2011. Standard & Poors downgraded the bonds from B- to CC in FY 2009 and from CC to D in FY 2011.

Governance

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

General Governance and Compliance Issues

The SRBBA Board is the governing body responsible for oversight of the Authority. The Authority does not have funding for administrative expenses because all revenue is used to pay debt service on outstanding bonds. The Authority does not have an executive director, secretary or any staff. Although not required, the Department’s District Three Office provided SRBBA with limited administrative assistance for concerns of vital interest until January 2008. Assistance included funding for essential organizational needs and provision of a Department employee who performed administrative duties including posting public meeting notices, preparing Board agendas and meeting minutes, posting accounting entries and providing financial reports and updating the SRBBA website. The Department also provided facilities to conduct Board meetings at the Department’s Operations Center in Milton.

Due to economic conditions and legal considerations, the Department significantly scaled back administrative support for SRBBA in January 2008 and stopped providing administrative funding and an employee to assist with administrative duties. After pursuing legal options, and in consultation with the Authority, the Department developed an amendment to the

Lease-Purchase Agreement. The SRBBA Board met in January 2009 and adopted the Amendment, whereby the Department would provide funding for administrative expenses, as approved by the Department at its sole discretion. The Authority would be required to reimburse the Department in the same manner and priority as operating and maintenance expenses (after debt service payments).

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

The Authority did not oversee FDOT's obligations under the Lease-Purchase Agreement.

There are specific requirements contained in the Lease-Purchase Agreement and Continuing Disclosure Agreement that SRBBA must meet. As a result of the Board not meeting, the following Authority noncompliance issues were noted during the Commission 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.
- Section 5 of the Continuing Disclosure Agreement requires a Material Event Notice be filed with the Trustee for any unscheduled draw on the Debt Service Reserve Account reflecting financial difficulties. SRBBA was not in compliance with this requirement. On April 21, 2010, the SRBBA Board approved the Trustee (Bank of New York Mellon) to resume the duties of Disseminating Agent.

View of Garcon Point Bridge.

As noted above, because the SRBBA Board did not meet for approximately one year, Commission staff finds there was inadequate governance of the Authority.

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

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

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

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. We did note that in March 2011, the Santa Rosa Board of County Commissioners appointed a new SRBBA Board member. However, the appointee was a SRBBA bond holder and subsequently resigned prior to attending any Board meetings in order to avoid any actual or perceived conflicts of interest.

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. 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 2010 or FY 2011.

The Trustee has resumed the duties of Disseminating Agent.

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.

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 have been obtained because the SRBBA Board did not meet in over one year.

In addition, during the Commission review, it was noted that SRBBA filed an annual financial report and compilation report with the Department of Financial Services (DFS) for FY 2008, FY 2009 and FY 2010. However, the required independent annual financial audit report was not filed as required by Section 218.32, Florida Statutes. As a result, the Joint Legislative Auditing Committee (JLAC) requested SRBBA to provide the status of the Authority's financial situation to determine if further state action was warranted. Based on correspondence received from SRBBA over the years and the current bond default, on December 5, 2011, the JLAC adopted a motion to continue to delay state action and to continue to monitor SRBBA.

On November 3, 2011, the Department's Inspector General's Office issued Garcon Point Bridge Toll-by-Plate Advisory Report No. 121-2001. A cost analysis of implementing alternative forms of toll collection for the third shift at the Garcon Point Bridge facility was conducted. The auditors concluded that the costs to implement Toll-by-Plate for the third shift would be recouped in approximately 5.6 years and did not recommend this scenario. The auditors did recommend another scenario whereby the SunPass infrastructure currently in place would be utilized and the two cash lanes would be closed during the third shift resulting in labor cost savings of approximately $116 thousand annually. The auditors recommended that the Office of General Counsel review SRBBA bond covenants to determine if the change in the method of toll collection is supportable and, if so, implement the revised collection method with Turnpike Enterprise.

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 most recent minutes of Board meetings and meeting notices 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.

Procurement

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

Consultant Contract Reporting

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

Compliance with Bond Covenants

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

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

Summary

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

The SRBBA Board is the governing body responsible for oversight of the Authority. The Authority does not have funding for administrative expenses because all revenue is used to pay debt service on outstanding bonds. The SRBBA Board met in January 2009 and adopted an amendment to the Lease-Purchase Agreement, whereby the Department provides funding for administrative expenses, as approved by the Department at its sole discretion. The Authority is required to reimburse the Department in the same manner and priority as operating and maintenance expenses (after debt service payments).

Subsequent to the amended Lease-Purchase Agreement, the Board met in April 2009 and did not meet again until April 2010. The Board met three times in FY 2011 (August 2010, October 2010 and December 2010) and did not meet again until December 2011 because of a lack of quorum necessary to conduct business. Within a five month period of time (November 2010 through March 2011), six members resigned from the SRBBA Board. Currently, there is only one vacant position on the Board.

SRBBA met or exceeded 7 of the 12 applicable management objectives established for performance measures. The five performance measure objectives not met include: electronic toll collection transactions; cost to collect a toll transaction; and, the three objectives established for debt service coverage. SRBBA is in default on its bonds by failing to meet toll covenants relating to debt service coverage and reserve account requirements and for failure to make the July 1, 2011 required principal and interest payment and the required interest payment due January 1, 2012. 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 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.

Operating indicator trend analysis showed that FY 2011 toll revenue increased by 1.7 percent while toll transactions decreased by 1.3 percent from FY 2010 levels. The increase in toll revenue is due to the January 2011 toll rate increase. The decrease in transactions can be attributed to the elasticity associated with the toll rate increase, as well as the continued uncertainty of the economic recovery. 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 2011 increased approximately $500 thousand, or 44.1 percent, over FY 2010 while total operating revenues increased $73 thousand, or 1.7 percent. The significant increase in operating expenses is related to periodic maintenance expenses for bridge repairs. 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 the area of governance, SRBBA has not had a required independent financial statement audit performed for several years. Quarterly financial statements are not being prepared and are not being submitted to the Trustee as required in the bond resolution. 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. In April 2010, the SRBBA Board approved the Trustee to resume the duties of Disseminating Agent. The Trustee is currently providing required notices to bondholders. SRBBA does not currently have a traffic and revenue consultant. As such, recommendations for revisions to the toll schedule, as required in Section 5.02 of the bond resolution, cannot be considered by the Board. It was also noted that public records requests and various correspondence was not always responded to by SRBBA in a timely manner.

In November 2010, the SEC requested numerous SRBBA documents and requested that the SRBBA

Chairman, Vice Chairman, General Counsel and FDOT's Administrative Assistant testify before the SEC. Requested documents were provided and no further information regarding the SEC inquiry is available at this time. At the December 2010 SRBBA Board meeting, concerns were expressed by Board members about their potential liability and legal costs that might be incurred as a result of any SEC investigation because there is no funding or insurance to protect Board members. In September 2011, the Trustee agreed to pay for Directors and Officers liability insurance for Board members and to fund legal counsel for SRBBA. As such, necessary appointments were made to reform an active SRBBA Board in December 2011 so that decisions can be made about how to deal with the continuing default.

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

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

April 26, 2012

Via email: Rick.Gallant@dot.state.fl.us

Richard D. Gallant, CPA
Manager of Finance and Performance Monitoring
Florida Transportation Commission

RE: *SRBBA Presentation to FTC on May 9, 2012*

Dear Mr. Gallant:

I have reviewed your April 17, 2012, email including the draft SRBBA chapter. Since the Authority has not seen and taken action regarding the draft, and will not be meeting prior to May 9th, the Authority has no official response. Personally, I find the draft to be a well-founded report as to the status of the Authority and the Garcon Point Bridge project.

As you set forth, due to the default in payment and other provisions of the Bond Resolutions, the Trustee is acting under the resolution to enforce the remedies available to the bond holders. In that capacity, the Trustee has discretion regarding expenditures of revenues.

The reconstituted Board has on several occasions expressed concern regarding the lack of financial statement audits, the lack of engagement of a Traffic and Revenue consultant, and other resolution requirements not being met. However, the Trustee has not as of yet agreed to the expenditures of funds necessary to remedy those concerns.

The Authority has also on several occasions expressed its willingness to cooperate with the Trustee, the financial advisor, the bond holders, The Florida Department of Transportation and all other stakeholders to effect a resolution of all financial issues.

Since no administrative funds are available for travel, I will not be able to attend the May 9, 2012, meeting.

Thank you for your consideration.

Sincerely,

(Signature not available - Sent via email)

MORGAN LAMB
Chairman

Tampa-Hillsborough County Expressway Authority (THEA)

Background

The Tampa-Hillsborough County Expressway Authority (THEA) is an agency of the state of Florida and was created in 1963 pursuant to Chapter 348, Part II, Florida Statutes, for the purposes of and having the power to construct, reconstruct, improve, extend, repair, maintain and operate the expressway system within Hillsborough County, Florida. THEA is reported as an Independent Special District of the state of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989) and other applicable Florida Statutes. The Authority is also authorized to issue revenue bonds to finance improvements or extension of the Expressway System. The 2009 Legislature revised Section 348.54, Florida Statutes, enabling THEA to issue their own revenue bonds without having to go through the Division of Bond Finance (DBF) of the State Board of Administration (SBA). The 2010 Legislature further amended and clarified various bond related provisions of the Tampa-Hillsborough County Expressway Authority Law.

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

THEA owns the Selmon Expressway (officially named the Lee Roy Selmon Expressway), a 15-

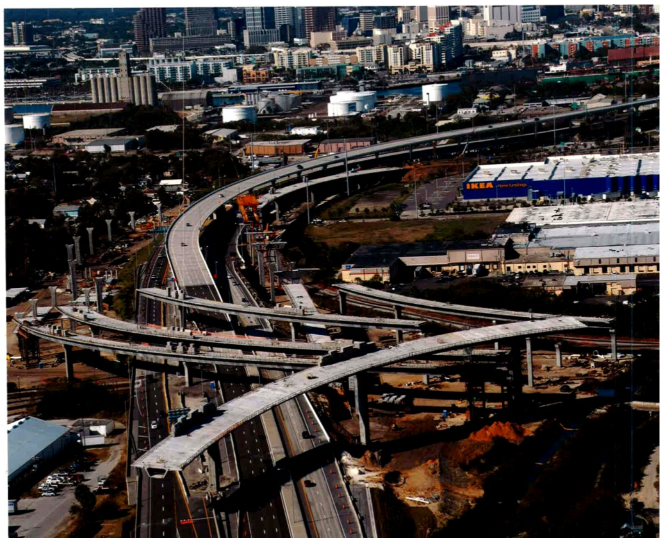
Table 19
Tampa-Hillsborough Expressway Authority
Current Board Members

Name	*Affiliation*	*Position*
Stephen Diaco, Esq.	Adams & Diaco, P.A.	Chairman
Donald Phillips	Phillips Development & Realty, LLC	Vice Chairman
Rebecca J. Smith	A.D. Morgan Corporation	Secretary
Robert Buckhorn	City of Tampa Mayor	Board Member
Don Skelton	District Seven Secretary	Board Member
Curtis Stokes	Fifth Third Bank	Board Member
Lesley Miller	Hillsborough County Commissioner	Board Member

Highlights

- THEA implemented All Electronic Tolling (AET) on the entire Selmon Expressway on September 17, 2010.
- The Authority secured a private firm for toll collection services and partnered with MDX in the development and operation of a customer service center for video toll collection and violation enforcement that opened in June 2010.
- THEA met all 16 applicable performance measure objectives. The one performance measure not applicable to THEA was consultant contract management.
- Fiscal Year (FY) 2011 operating revenue increased 1.1 percent while operating expenses decreased 10.5 percent. Toll collection cost savings are attributed to the new toll service provider and the full conversion of all THEA facilities to AET in September 2010.
- THEA and the Department entered into a Memorandum of Agreement (MOA) in October 2010 that revises the Lease-Purchase Agreement (LPA). Material terms of the MOA set a THEA repayment schedule for all long-term debt and allows THEA to: refund SBA issued bonds; issue junior lien bonds; retain the Expressway System asset on final payment of SBA bonds and termination of LPA; and, receive 20 percent of the "S" movement toll on the I-4 Connector.
- In January 2011 (FY 2011), the Authority used $60 million from a FY 2009 mediation settlement to partially defease outstanding THEA Revenue Bonds.

mile, four-lane, limited-access toll road that crosses the city of Tampa from Gandy Boulevard in south Tampa, through downtown Tampa and east to I-75 and Brandon. A combination of 15 full and partial interchanges are spaced at varying intervals along the facility. The Selmon Expressway connects St. Petersburg (via the Gandy Bridge and a short segment of Gandy Boulevard) with Tampa and Brandon.



I-4 Selmon Expressway Connector construction.

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 both directions to traffic in August 2006. The project is approximately 10 miles in length and added approximately 45 lane-miles, including non-tolled connector roads, to the Expressway, an increase of 75 percent in total lane-miles. 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. The REL, constructed in the median of the existing Selmon Expressway, are comprised of three concrete segmental bridges (5.3 miles total length) with two at-grade portions to accommodate the I-4 Selmon Expressway Connector project and provide five slip ramps to allow traffic to enter/exit the REL from the "local lanes." The Brandon Parkway is a four-lane urban arterial system which provides access to Adamo Drive (SR 60) and Lumsden Road, a major east-west roadway south of Adamo Drive. The REL operate in the peak travel direction with tolls collected with all electronic technology (Florida's first all electronic toll facility).

THEA reported toll revenue of approximately $40.5 million in FY 2011 based on 31.6 million transactions. Significant projects in the Five-Year Work Program (FY 2012 through FY 2016) include widening and deck replacement on various downtown bridges, resurfacing, preliminary engineering for the Gandy Connector project, and a Bus Toll Lane Value Pricing study. Construction of the I-4 Selmon Expressway Connector project is being completed in partnership with the Department and Florida's Turnpike Enterprise (Enterprise).

The REL have used AET since opening in 2006. 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) that utilize cameras to record license plate images and a bill for the tolls is sent to the vehicle's owner. On September 17, 2010, the Authority converted the entire Selmon Expressway to AET.

As a result of design errors that became evident during construction of the REL project, THEA incurred additional costs to complete the project. The Authority asserted claims against its builder's risk insurer and filed suit against the design engineers to recover the additional costs incurred. In FY 2009, the Authority agreed to accept approximately $75 million in full settlement of the claims against the design engineers. As of June 30, 2011, THEA has been paid in full from the design engineers and its insurers.

Selmon Expressway toll signage.

THEA set aside $10 million of the settlement as a capital reserve fund to cover costs in excess of funds in the Department's Work Program for replacement of tolling systems on the Selmon Expressway. The Work Program assumed in-kind replacement of existing technology; however, AET conversion included demolition of toll plazas and ramp booths and therefore had higher up-front costs.

Additionally, in January 2011, THEA utilized the settlement proceeds to partially defease Series 2002 and Series 2005 Revenue Bonds, in the principal amount of $54 million. By defeasing bonds, THEA significantly improved its debt service coverage levels allowing the Authority to maintain and possibly improve its credit rating. The defeasance increases THEA bonding capacity and provides a revenue margin to address construction impacts, reduces reliance on the Department for support, and enhances the potential to finance further projects.

Under the requirements of a Lease-Purchase Agreement between THEA and the Department, the Department agrees to pay, from sources other than revenues, the costs of operations, routine maintenance and renewals and replacements on the facility. However, beginning in FY 2001, the Authority has reimbursed the Department for its annual operating and routine maintenance expenses pursuant to the adopted budget. Only renewal and replacement costs continue to be added to long-term debt. THEA is required to repay these Department advances from net toll revenues after all other obligations have been met. In addition, THEA has received funding through Department loans [STTF, Toll Facilities Revolving Trust Fund (TFRTF) and State Infrastructure Bank (SIB)] with specified repayment schedules. Table 20 indicates that as of June 30, 2011, approximately $201 million is owed to the Department for operating, maintenance, and renewal and replacement expense advances, and other Department loans to facilitate expansion of the Selmon Expressway.

Table 20
Tampa-Hillsborough Expressway Authority
Long-Term Debt Payable to the Department (in millions)
Year Ended June 30, 2011

Transaction	*(millions)*
Advances for Operating, Maintenance and R&R Expenses	$120.9
State Transportation Trust Fund Loans	$13.8
Loans from Toll Facilities Revolving Trust Fund	$10.5
Loans from State Infrastructure Bank	$55.5
Total Due Department	$200.7

Source: THEA Notes to Audited Financial Statements.

Subsequent to approval of the State's FY 2012 budget by the Legislature, Governor Rick Scott exercised his line item veto authority to remove funds from the State Transportation Trust Fund that were intended to fund the Department's obligation to pay THEA for certain FY 2012 operating and maintenance costs identified in the Lease-Purchase Agreement. (The relevant language from Chapter 2011-69, Laws of Florida is detailed in Appendix A.) According to THEA, this did not have a negative impact on the Authority. Pursuant to Section 4.03(7)(a)(i) and (7)(b)(i) of THEA's Master Bond Resolution, if the Department is not paying for the Cost of Operations and the Cost of Maintenance, then the monthly amount (pledged revenue) to be deposited into the Cost of Operations and the Cost of Maintenance account, at the State Board of Administration, shall be equal to one-twelfth of the Cost of Operations and the Cost of Maintenance as set forth in the annual budget of the Authority. The Authority's operation and maintenance budget for FY 2012 is $6.15 million, of which one-twelfth is wired, on a monthly basis, directly to the Authority from the State Board of Administration. Any costs incurred by the Department for operations and maintenance are also wired to the Department monthly from the State Board of Administration.

On October 26, 2010, THEA and the Department entered into a Memorandum of Agreement (MOA) revising the parties' responsibilities under the existing Lease-Purchase Agreement. The material terms of the MOA include a set repayment schedule, as negotiated with the Department in lieu of THEA toll ownership of the I-4/Selmon Expressway Connector project, for the Authority's long-term debt; confirmation that THEA is responsible for operation and maintenance of the existing Expressway System; authorization of a $60 million bond defeasance; confirmation that THEA has the authority to issue junior lien bonds for projects approved by the Department; provisions for THEA to receive a 20 percent share of the "S" movement toll on the I-4 Connector; and, provisions for the transfer of the Expressway System to THEA upon defeasance, or final payment and retirement of Bonds issued by the State Board of Administration (SBA). Table 21 summarizes major provisions of the MOA.

Table 21
Tampa-Hillsborough Expressway Authority
Revisions to Lease-Purchase Agreement (Memorandum of Agreement dated October 2010)
Summary of Major Provisions

Cost of Operations, Maintenance and other Applicable Costs
THEA is responsible for all Operation and Maintenance costs from this point forward. Any applicable costs incurred by the Department must be reimbursed by THEA within 60 days from the billing date.
Additional Programmed Projects and Additional Projects
Projects currently in the Department's Work Program remain. THEA is responsible for all other Renewal and Replacement costs in the future.
SIB Loans, TFRTF Loans and STTF Loans
A repayment schedule was established for THEA to repay all loans from the Department.
Long-Term Debt
A repayment schedule was established for THEA to repay all long-term debt owed to the Department.
1995 Joint Participation Agreement
The 1995 Joint Participation Agreement (JPA) between the Department and THEA was cancelled and terminated. As a result, THEA relinquished its claim to toll ownership of the I-4 Connector as defined in the JPA.
Crosstown Connector S-movement Toll
Compensation is provided to THEA for the I-4 Connector movement that would allow toll-free use of a portion of the Selmon Expressway.
Authority Bonds
The agreement recognizes the THEA option to issue bonds and establishes a process by which THEA would seek approval for bond issuance. Additionally, the agreement sets relations of prior bond issues to new bond issues and limits the Department's future responsibility under the Lease-Purchase Agreement.
Termination of the Department's Obligations under the Lease-Purchase Agreement
The agreement establishes the end date of the Lease-Purchase Agreement and the option of THEA ownership of the Selmon Expressway.

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 2011 results, as reported by THEA, are provided in Table 22. Results for the last five fiscal years are included in Appendix B.

THEA met or exceeded 16 of the 17 performance measure objectives established by the Commission. The one performance measure not applicable to THEA was consultant contract management. Presented below are examples of some of the notable performance measures where THEA met the objective. Explanations are provided to identify those objectives that were met in FY 2011 but not met in FY 2010, to clarify the source of the data or the methodology utilized by the Authority, or differences between adopted performance measure objectives and those required in bond documents.

Cost to Collect a Toll Transaction

For FY 2010 and prior years, the Enterprise performed toll collection services for THEA facilities. As such, THEA had limited ability to control toll collection costs and therefore did not meet the cost to collect a toll transaction objective of less than 16.0 cents for FY's 2007 through 2010, with actual results ranging from 16.1 cents to 18.1 cents. Recognizing the high toll collection costs, THEA successfully partnered with MDX in a joint procurement for private toll collection services.

In December 2009, the THEA Board approved an Interlocal Agreement with MDX and a Supplemental Agreement with MDX/Electronic Transactions Consultants Corp. (ETCC) for THEA to join MDX in the development and operation of a customer service center for video toll collection and violation enforcement. ETCC is the new toll service provider for THEA and MDX and operates out of the new Miami customer service center that opened in June 2010. ETCC now collects and forwards SunPass transactions to the Enterprise for settlement.

In FY 2011, THEA met the cost to collect a toll transaction objective with actual results of 10.2 cents reported. Toll collection costs (net of exclusions) for FY 2011 significantly decreased by 37.0 percent over FY 2010, while toll transactions decreased by 0.3 percent. The toll collection cost savings are primarily attributed to the new toll service provider and the full conversion of all THEA facilities to AET in September 2010.

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

On January 14, 2011, THEA used $60 million of the REL settlement funds to defease $54 million in bond principle. As a result, FY 2011 debt service coverage ratios significantly increased to levels exceeding the objectives established by the Commission. The debt service coverage ratio for bonded/commercial debt increased from 1.16 in FY 2010 to 2.00 in FY 2011 and the debt service coverage ratio for comprehensive debt increased from 1.11 to 1.38.

Debt service coverage ratios, as standardized in the Commission performance measure

Table 22
Tampa-Hillsborough Expressway Authority
Summary of Performance Measures
FY 2011

Performance Measure	Detail	Objective	Actual Results	Meets Objective
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	92.0	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	100.0%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	96.9%	✓
Bridge Condition - Weight Restrictions	% SHS bridge structures with posted limit	0%	0.0%	✓
Electronic Toll Collection (ETC) - Transactions	Number of ETC transactions as % of total transactions	> 75% by 6/30/12	80.0%	✓
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.3%	✓
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.00	✓
Customer Service	% customers satisfied with level of service	> 90%	96.3%	✓
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%	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%	75.4%	✓
Applicable Laws				
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	97.5%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	2.00	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.38	✓
Debt Service Coverage - Compliance with Bond Covenants	Debt service coverage meets or exceeds minimum Bond Covenant requirements	Yes	Yes	✓

[1] Safety objective based on five year average of fatalities per 100 million VMT for the four established authorities. Actual results based on CY 2010 data.

calculations, differ significantly from the debt service coverage calculations required in THEA bond resolutions and related documents. THEA's Revenue Sufficiency Certification letter, prepared by CDM Smith (formerly Wilbur Smith Associates) and adopted by resolution of the Board on January 23, 2012, provides actual and projected debt service coverage pursuant to bond resolutions. For FY 2011, bond covenants require "gross" debt service coverage of 1.30, and actual was reported as 2.46. Correspondingly, the FY 2011 "net" debt service coverage requirement is 1.00, and actual was reported as 1.25. THEA includes all revenue generated from the system (i.e., lease and investment revenue) when calculating debt service ratios.

The debt service coverage ratio for bonded/commercial debt increased from 1.16 in FY 2010 to 2.00 in FY 2011, and the debt service coverage ratio for comprehensive debt increased from 1.11 to 1.38. This is a result of defeasing $54 million in THEA bonds in January 2011.

State Highway System Roadway Maintenance Condition Rating

Prior to FY 2009, the Lease-Purchase Agreement required the Department to maintain the Selmon Expressway in accordance with Department standards promulgated for the operation and maintenance of roadway and roadside facilities. As such, the Department only budgeted to provide a minimum maintenance condition rating of 80 (Department standard).

In 2009, through a competitive procurement process, THEA contracted for asset maintenance to provide routine maintenance services and to achieve a minimum roadway maintenance condition rating of 90. For FY's 2009 through 2011, THEA met or exceeded the established performance measure objective. The terms of the Lease-Purchase Agreement relating to maintenance responsibilities of the Selmon Expressway were modified, and the new contractor, Transfield Services North America, Inc. (formerly VMS) started providing routine maintenance services on THEA facilities on January 9, 2009. THEA estimates cost savings of approximately $1.4 million over 4.5 years while increasing the roadway maintenance condition rating standard to 90. The Department continues to conduct bridge inspections for the Authority.

Electronic Toll Collection - Transactions

ETC transactions for THEA constituted 80.0 percent of total transactions during FY 2011, while ETC revenues accounted for 79.1 percent of total revenues. THEA achieved the goal of greater than 75 percent ETC participation by June 30, 2012. THEA's AET conversion program included an extensive marketing plan to encourage cash customers to become SunPass customers prior to full implementation of AET on its facilities in September 2010. The marketing plan also focused on communicating the safety aspects of conversion whereby motorists will no longer stop to pay tolls.

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 2010 data. Accident fatalities on THEA facilities totaled zero in CY 2010. Only four other fatalities have been reported on THEA facilities during the five-year reporting period, all of which occurred in CY 2008.

The Road Ranger Program promotes highway safety and provides assistance to disabled vehicles, provides for the removal of road debris, and secures accident scenes. THEA successfully partnered with State Farm Insurance for sponsorship of the Road Ranger Program on the Selmon Expressway. Currently, the Road Ranger Service Patrol operates from 6:30 a.m. to 6:30 p.m., Monday through Friday, and helps address highway safety issues. The AET conversion has the added benefit of eliminating toll plazas which, according to Florida's Turnpike, account for over 60 percent 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. This is one of the significant cost items THEA paid from the REL settlement funds.

Customer Service

THEA exceeded the Customer Service objective with 96.3 percent of customers satisfied with the level of service. Results from the Enterprise Customer Satisfaction Survey were used to report THEA Customer Service performance. Although THEA now oversees, operates and maintains its own toll facilities and equipment and provides for its own video toll collection and violation enforcement, the Enterprise maintains SunPass accounts and processes SunPass payments to the Authority. The Enterprise emailed approximately 1.1 million surveys to active SunPass account holders statewide, and approximately 53 thousand surveys were completed.

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

THEA achieved the OM&A forecast variance objective in FY 2011. Actual OM&A expenses for FY 2011 constituted 75.4 percent of the annual budgeted amounts. This is the highest variance reported in the five year reporting period. The FY 2011 toll collection budget assumed six months of cash toll collection, although conversion to the lower cost AET occurred on September 17, 2010 (approximately two and a half months of cash toll collection).

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 2011, 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 97.5 percent of its SBE goal, exceeding the Commission's performance measure objective of greater than 90 percent. In FY 2011, the Authority hired Blackmon Roberts Group to assist with minority participation.

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 2011 operating indicators, as reported by THEA, are provided in Table 23. Also, to assist in trend analysis, FY 2009 and FY 2010 operating results are provided. Results for the last five fiscal years are included in Appendix B.

It is important to note FY 2011 operating indicators that significantly differ from prior year trends.

Table 23
Tampa-Hillsborough Expressway Authority
Summary of Operating Indicators (in millions)
FY 2009 through FY 2011

Indicator	*Detail*	*Actual 09 Results (millions)*	*Actual 10 Results (millions)*	*Actual 11 Results (millions)*
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$91.0	$91.0	$91.0
	Infrastructure Assets	$509.0	$501.3	$510.1
	Construction in Progress	$9.0	$16.0	$14.9
	Total Value of Transportation Assets	$609.1	$608.4	$616.0
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.0	$0.1	$0.0
	Routine Maintenance of Infrastructure	$4.0	$3.5	$3.3
	Total Preservation Costs	$4.0	$3.5	$3.3
Toll Collection Transactions	Revenue from Electronic Transactions	73.3%	75.0%	79.1%
Annual Revenue Growth	Toll and Operating Revenue	-2.7%	-0.8%	1.1%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Operating Expense	39.3%	36.6%	28.1%
	Routine Maintenance Expense as % of Operating Expense	23.2%	21.9%	22.9%
	Administrative Expense as % of Operating Expense	12.1%	13.6%	16.6%
	Operating Expense as % of Operating Revenue	43.1%	39.7%	35.2%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Operating Revenue	26.9%	23.2%	18.0%
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.

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 2011, the increase in infrastructure assets is primarily due to $8.5 million of infrastructure improvements related to THEA's AET system.

Preservation of Transportation Assets (Routine Maintenance of Infrastructure)

FY 2010 routine maintenance expenses decreased $0.5 million, or 14 percent, over FY 2009 primarily due to a decrease in expenses related to bridge inspections. FY 2011 routine maintenance expenses decreased $0.2 million, or 6.0 percent, over FY 2010. As previously noted, THEA estimates an overall cost savings of $1.4 million over 4.5 years under the new asset maintenance contract.

Toll Collection Transactions (Revenue from Electronic Toll Transactions)

As previously reported in the Performance Measures section of this chapter, the percentage of electronic toll collection transactions increased from approximately 74 percent in FY 2010 to 80 percent in FY 2011. There is a direct correlation between electronic transactions and revenue associated with these transactions. Specifically, in FY 2011 the SunPass toll rate was $0.25 less than the cash rate, thereby reducing toll revenue received as each customer moved to SunPass. In addition, the "We Bill You" toll rate is the same as the old cash rate ($0.25 higher than SunPass).

Annual Revenue Growth (Toll and Operating Revenue)

FY 2009 and FY 2010 revenue decreased 2.7 percent, and 0.8 percent, respectively. The decline is primarily attributed to the economic recession and the sluggish economy following the recession. FY 2011 revenue increased 1.1 percent and exceeded the revenues reported in FY 2009.

Operating Efficiency

FY 2011 total operating expenses decreased by $1.7 million, or 10.5 percent, over FY 2010 while operating revenues increased by $0.5 million, or 1.1 percent. FY 2011 total toll collection expenses decreased by $1.8 million, or 31.3 percent. The toll collection cost savings are primarily attributed to the new toll service provider and the full conversion of all THEA facilities to AET in September 2010. As previously noted, FY 2011 routine maintenance expenses decreased $0.2 million, or 6.0 percent over FY 2010. Administration costs for FY 2011 increased by $0.2 million, or 9.6 percent, over FY 2010.

FY 2011 toll collection expenses decreased $1.8 million, or 31.3 percent over FY 2010 due to a new toll service provider and full conversion to AET in September 2010.

FY 2011 routine maintenance expenses decreased 6.0 percent over FY 2010 and administration expenses increased 9.6 percent.

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

This operating indicator decreased from 23.2 percent in FY 2010 to 18.0 percent in FY 2011 as a result of expenses decreasing and revenues increasing. Toll operations and maintenance expenses decreased 21.9 percent, or $2.0 million, in FY 2011 while operating revenue increased 1.1 percent, or $0.5 million.

Right-of-Way

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

Underlying Bond Ratings

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

Governance

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

Ethics and Conflicts of Interest

THEA provided a copy of its Code of Ethics and Conflict of Interests Policy that was last amended and adopted by the Board on March 26, 2007. THEA policy recognizes that the provisions of Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) apply to Board members as well as certain Authority employees and also makes those provisions applicable to all Authority employees. In the event of conflict between the Authority policy and the provisions of Chapter 112, Florida Statutes, the more restrictive provisions shall 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 2011). 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 disclose two instances where a Board member recused himself from discussion and voting due to conflicts of interest and a Commission on Ethics Form 8B "Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers" was submitted.

As outlined in Section 140.06 of THEA "Code of Ethics and Conflict of Interest" Policy and Procedures, Board members and employees must disclose any outside relationship, employment or contractual relationship which creates a prohibited conflict of interest. Such a disclosure must be in writing, on a form provided and maintained by the General Counsel. THEA provided and Commission staff reviewed these forms (THEA Conflict Disclosure Circular). Each disclosure form, submitted by Board members, indicated a review by THEA in-house General Counsel and no conflict of interest determinations were noted.

Audits

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

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

An annual independent audit of THEA's financial statements for the fiscal years ended June 30, 2011 and 2010 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major State Project did not identify any deficiencies in internal control over compliance that were considered material weaknesses, and the Authority complied, in all material respects, with the requirements applicable to each of its major state financial assistance projects. In the Independent Auditor's Management Letter, the auditors had no findings or recommendations regarding the Authority's management, accounting procedures, internal controls or other matters required to be disclosed.

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.

The FY 2011 independent financial statement audit reflected an unqualified opinion.

In FY 2011, THEA General Counsel conducted training on Sunshine, Ethics, and Public Records Laws and Polices for the THEA Board and staff.

THEA is subject to the provisions of Section 189.417, Florida Statutes, Chapter 286, Florida Statutes and THEA Meeting Policy for open meetings. A review of agendas and Board meeting minutes, as posted on the Authority's website www.tampa-xway.com, showed that the agendas and minutes appear to be in compliance with statute and policy. Commission staff also reviewed various public meeting notices published in the *St. Petersburg Times,* and it appears that required notice of public meetings is in compliance with THEA policy and Florida Statutes. Pursuant to THEA policy, General Counsel continues to update Board members and employees on developments in Sunshine, Ethics and Public Records Law and Policies. In FY 2011, General Counsel held individual sessions with each Board member to ensure understanding of their obligations. In addition, a staff meeting was utilized as a workshop/discussion group on Sunshine, Ethics and Public Records Laws and Policies.

Procurement

As part of its ongoing review of policies and procedures, the THEA Board adopted an amended Procurement Policy on September 10, 2009. The Executive Director may approve and execute change orders for construction contracts up to $50 thousand, or 10 percent of Board approved contract value, without Board approval. Such change orders must be consistent with the contract scope of work and within the approved budget. These change orders are presented to the Board of Directors as an informational item. Change orders for construction contracts greater than the thresholds established for the Executive Director require the signature of the Chairman of the Board of Directors and Board approval. In both situations, the Chief Financial Officer must certify that there are sufficient funds in the existing project budget, and General Counsel must review as to legal sufficiency. Any change order, no matter the amount that would cause the project budget to be exceeded or is outside the scope of work, must be approved by the Board of Directors.

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

Consultant Contract Reporting

THEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2011. As indicated in Table 24, six sub consultants were used by the general consulting firms for a total cost of $1.2 million in FY 2011.

Compliance with Bond Covenants

THEA last issued $327 million in Revenue Bonds, Series 2005, in August 2005. Bonds are payable from and secured by a pledge of gross revenues of the Expressway System. Bond proceeds were used to refund the Series 1997 bonds, pay off the principal of STTF loans, and finance a portion of the Reversible Express Lanes Project. As previously noted, on January 14, 2011 (FY 2011), a portion of the Series 2002 and Series 2005 Revenue Bonds, in the principal amount of $54 million, were defeased by SBA utilizing THEA settlement proceeds. As of June 30, 2011, bonds in the

Table 24
Tampa-Hillsborough Expressway Authority
Summary of General Consultant Sub Consultant Activity
FY 2011

Consulting Contract	*Description*	*Sub Consultants >$25 K ($000)*
HNTB Corporation	**General Engineering Consultant**	
Mary J. Hall	Document Management	$31
Kisinger Campo & Associates Corp.	PD&E Management & Civil Design Services	$30
PBS&J	**AET Consultant**	
Trenam, Kemker, Scharf, Barkin, Frye, O'Neill & Mullis	**Legal Counsel**	
D4, LLC	Data Collection & Scanning Services	$51
Ralph Mervine	Professional Services for DRC	$36
Navigant Consulting	Consulting Services	$1,040
Trauner Consulting Services, Inc.	Professional Services for DRC	$50
CDM Smith	**Traffic & Revenue Consultant**	
Total Sub consultants > $25 K		$1,238

principal amount of approximately $324.5 million remain outstanding from the 2002 and 2005 Series.

The following areas were noted to be in compliance with bond covenants:

- Annual financial information and operating data were filed with the Securities and Exchange Commission, through the State Board of Administration (SBA), pursuant to Rule 15c2-12.
- An annual financial statement audit was performed.
- Debt service coverage ratios for FY 2011 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 2009 biennial inspection report to THEA in January 2010. The 2011 biennial inspection report was finalized in January 2012.
- THEA utilizes a nationally recognized Traffic Engineering firm (CDM Smith, formerly Wilbur Smith Associates) as required by bond covenants. The Traffic Engineers are required to provide an annual Traffic and Revenue Report to the Authority. CDM Smith is currently in the process of completing the FY 2011 Traffic and Revenue Report.
- Section 5.08(E) of the bond covenants requires THEA to review its financial condition and determine whether pledged funds are sufficient to comply with bond covenants specified in Section 5.08(B) and, by resolution, make a determination with respect thereto and file with the State Board of Administration. The Determination Resolution was adopted by the Board on January 23, 2012.

Selmon REL Gantry.

Summary

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

THEA met or exceeded all 16 of the applicable management objectives established for performance measures. The one performance measure not applicable to THEA was consultant contract management. Improvement was noted for the cost to collect a toll transaction and the two debt service coverage objectives in FY 2011. In January 2011 (FY 2011), THEA utilized $60 million of reversible expressway settlement funds to defease $54 million in bond principle, thereby significantly improving debt service coverage ratios.

Operating indicator trend analysis showed that the increase in infrastructure assets is primarily due to $8.5 million of infrastructure improvements related to THEA's AET system. FY 2011 total operating expenses decreased $1.7 million, or 10.5 percent, over FY 2010 while operating revenues increased $0.5 million, or 1.1 percent. FY 2011 total toll collection expenses decreased $1.8 million, or 31.3 percent, primarily due to the new toll service provider and the full conversion of all THEA facilities to AET in September 2010. FY 2011 routine maintenance expenses decreased $0.2 million, or 6.0 percent over FY 2010 while administrative expenses increased $0.2 million, or 9.6 percent.

In the area of governance, the FY 2011 independent financial statement audit reflected an unqualified opinion. No recommendations for improvement were noted in the Auditor's Management Letter.

Based on the Commission's limited review of Board meeting minutes, THEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by 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 THEA's efforts in securing private toll collection services and implementing All Electronic Tolling on the entire Expressway System in order to reduce costs. The Commission further recognizes THEA for improving its debt service coverage through defeasing bonds with REL settlement funds. The Commission acknowledges with appreciation the assistance of the THEA Board and staff in providing the resources necessary to conduct this review and to complete this report.

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TAMPA-HILLSBOROUGH EXPRESSWAY AUTHORITY

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TAMPA, FLORIDA 33602
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April 2, 2012

Ronald S. Howse, Chairman
Florida Transportation Commission
605 Suwannee Street, MS 9
Tallahassee, Florida 32399-0450

Dear Chairman Howse:

In March of 2007, the Tampa-Hillsborough County Expressway Authority (THEA) wrote a letter to then Chairman Marchena welcoming the role of the Florida Transportation Commission (Commission) in monitoring performance of Florida's Expressway Authorities. From that time forward, THEA has treated the Commission measures as goals to assure our customers receive the best value for the toll they pay. As highlighted in the attached comparison of 2011 and 2007 "Summary of Performance Measures," THEA has made significant progress in all areas.

The Commission report provided a platform to refine THEA partnerships with the Florida Department of Transportation and the Florida Turnpike Enterprise. Achievement of greater efficiencies and continued work on enhancing customer service also led THEA to make the transition to all-electronic tolling. Those same factors led to a THEA & Miami-Dade Expressway Authority partnership for toll service operations.

THEA continues its pursuit of options to enhance efficiency, performance and improve our customer's experience. The standards and measures set by the Commission will continue to be the benchmarks by which we will measure our success.

Ronald Howse, Chairman
April 2, 2012
Page two

The staff of THEA has enjoyed a positive relationship with Commission staff in developing this annual report. We look forward to our future endeavors.

Sincerely,

Joe Waggoner
Executive Director

(Enclosure)

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

Table 22
Tampa-Hillsborough Expressway Authority
Summary of Performance Measures
FY 2011

Performance Measure	Detail	Objective	Actual Results	Meets Objective	FY 2007 Meets Objective
Operations					
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	92.0	✓	X
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	100.0%	✓	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	96.9%	✓	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	80.0%	✓	On Track
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.3%	✓	X
Safety[1]	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.53)	0.00	✓	✓
Customer Service	% customers satisfied with level of service	> 90%	96.3%	✓	✓
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%	100.0%	✓	NA
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	≥ 90%	100.0%	✓	NA
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16	$0.10	✓	X
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	< 110%	75.4%	✓	✓
Applicable Laws					
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	97.5%	✓	✓
Revenue Management and Bond Proceeds					
Debt Service Coverage - Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	2.00	✓	X
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.38	✓	X
Debt Service Coverage - Compliance with Bond Covenants	Debt service coverage meets or exceeds minimum Bond Covenant requirements	Yes	Yes	✓	✓

[1] Safety objective based on five year average of fatalities per 100 million VMT for the four established authorities. Actual results based on CY 2010 data.

TRANSIT AUTHORITIES

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Transit Authorities

Introduction

Legislation passed in 2007, amended Section 20.23, Florida Statutes, expanding the role of the Florida Transportation Commission (Commission) to monitor the efficiency, productivity and management of the authorities created under Chapters 343 and 348, Florida Statutes. The Commission is required to conduct periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and generally accepted accounting principles. In 2009, the Commission's responsibility was further expanded to include the authority created under Chapter 349, Florida Statutes. Of the 10 active authorities under Commission oversight, three are transit authorities, formally known as the Central Florida Regional Transportation Authority (CFRTA, dba LYNX), the Jacksonville Transportation Authority (JTA) and the South Florida Regional Transportation Authority (SFRTA).

Other authorities subject to monitoring by the Commission may ultimately operate public transit systems, but because of their stage of development are covered later in the "Emerging Authorities" section of this report.

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

- Background of the authority

LYNX Articulated Bus.

- Performance measures results for FY 2011
- Operating indicators for FY 2009 through FY 2011
- Governance assessment
- Summary

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

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

Tri-Rail - Ft. Lauderdale International Airport Station.

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 25, 26 and 27.

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

Table 25
Florida Transportation Commission
Transit Authority Performance Measures
Bus, Automated Guideway and Rail
FY 2011

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 26
Florida Transportation Commission
Transit Authority Operating Indicators
Bus, Automated Guideway and Rail
FY 2011

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 27
Florida Transportation Commission
Transit Authority Performance Measures and Operating Indicators
JTA Highway Operations
FY 2011

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.

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

Highlights

- LYNX met or exceeded 6 of the 12 fixed route objectives established for performance measures. The six 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 Safety Incidents and Revenue Miles Versus Vehicle Miles.
- The Board selected John Lewis to serve as the new CEO of LYNX, effective December 1, 2010 (FY 2011).
- LYNX funding from Orange, Seminole and Osceola Counties for FY 2011 decreased 7.0 percent from FY 2010 levels.
- LYNX constructed 282 bus shelters and purchased 37 new paratransit vehicles in FY 2011.
- FY 2011 fuel costs increased $4.6 million compared to FY 2010. LYNX entered into diesel fuel hedge swap agreements in the last quarter of FY 2011 that will curb price volatility and set predetermined upper limits on a portion of its fuel purchases.
- The FY 2011 independent financial statement audit reflected an unqualified opinion.
- The Orange County Comptroller's Office Audit of CFRTA indicated that LYNX materially complied with Funding Agreement requirements and that internal controls were adequate. Steps to implement the nine recommendations for improvement are underway or planned.

board: Chairman Frank Bruno, Volusia County Council Chairman, Vice Chairman Commissioner Brandon Arrington of Osceola County, Secretary Teresa Jacobs, Mayor of Orange County, Commissioner Carlton Henley of Seminole County and Buddy Dyer, Mayor of the City of Orlando. Pursuant to an Interlocal Operating Agreement, the duties of the governing board are in an advisory capacity to the Florida Department of Transportation (Department) for the first seven years of system operation and will include assisting the Department with policy direction as the Department moves forward with planning, design, construction, and implementation of the system. After the first seven years of operation, the Department will turn the system over to the governing board. Detailed information about the CFCRC and CFCRC's commuter rail transit project SunRail, including meeting minutes, current status, and contractual documents can be found on the following website: www.sunrail.com.

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 part of the costs or obligations of the authority, including, but not limited to, obligations of the authority as a lessee under a lease.

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

CFRTA, 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 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 28
Central Florida Regional Transportation Authority
Current Board Members

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

The board of directors (Board) generally meets on a bi-monthly basis on the fourth Thursday of each month to conduct Authority business. Responsibility for managing day-to-day operations rests with the Chief Executive Officer (CEO). In July 2010, Linda Watson resigned her position as CEO of LYNX and the Board approved Edward Johnson (Chief Administrative Officer) to serve as the interim CEO. After numerous interviews, the Board selected John Lewis to serve as the new CEO, effective December 1, 2010.

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. LYNX also provides morning and afternoon express bus service to Lake and Volusia Counties. LYNX operates within a service area of 2,500 square miles that is home to more than 1.8 million residents. The FY 2011 annual operating budget totaled approximately $113 million, a decrease of 2.0 percent from the previous year. Approximately 28 million passenger trips were provided for all LYNX services in FY 2011, an all-time ridership record. Peak service vehicles totaled 225, an increase of 2 vehicles from FY 2010.

LYNX receives significant financial support from its funding partners. For FY 2011, the Orange County Commission approved $32.4 million for LYNX (a 7.0 percent decrease from FY 2010), the Seminole County Commission approved $4.1 million (a 7.0 percent decrease), and the Osceola County Commission approved $4.3 million (a 7.0 percent decrease).

In FY 2011, LYNX advanced the LYMMO expansion project and completed major repairs on the existing LYMMO dedicated lanes. LYNX continued to coordinate with the Department to plan feeder service for SunRail and seamless fare technology that can be interchangeably used on the bus and rail systems. LYNX also continued to revise fixed-route bus service to gain efficiencies and provide increasingly more effective service throughout Orange, Osceola, and Seminole Counties. To better serve customers, one new economical NeighborLink (Flex) service route was implemented. Two new FastLinks routes were also implemented that provide faster service due to a reduced number of stops. LYNX continued to develop its Vision 2030 Plan, a twenty-year strategic plan that identifies corridors for premium service levels such as express bus, Bus Rapid Transit (BRT), and rail.

In keeping with the CEO's vision that LYNX become the transportation mode of choice (not alternative) for Central Florida, LYNX constructed a total of 282 bus shelters in FY 2011 and started construction of the improvements associated with the Sanford and West Oaks Mall Transfer Centers. Other

LYNX Downtown LYMMO Service.

passenger amenity improvement projects in the design and planning stages are the Washington Shores, Colonial Plaza, and University of Central Florida Transfer Facilities. Other planned capital improvement projects include the purchase of $18.7 million of rolling stock comprised of 34 replacement buses, 12 commuter vans, 14 Flex Service vehicles, and 31 replacement paratransit vans and $3.5 million in safety/security enhancements.

In FY 2011, LYNX continued the extensive course of Homeland Security training. All employees, approximately one thousand, have been trained in Transit Security Awareness and Behavior Recognition. LYNX continued efforts to enhance security on its mass transit system by participating with the Transportation Security Administration's Visible Intermodal Prevention and Response (VIPR) teams. Other security enhancements include completion of the upgrade of the CCTV room, establishment of an Orlando police substation in the LYNX Central Station Terminal, and participation in various security training exercises and drills.

On July 28, 2011, the Board ratified the Transit Development Plan (TDP) update, containing capital and service improvements necessary to meet projected demands for public transportation throughout Central Florida from FY 2012 through FY 2021. The FY 2012 through FY 2021 TDP is currently posted on the Authority's website www.golynx.com.

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

Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to specified Authorities, the Commission conducts periodic reviews of each Authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and Generally Accepted Accounting Principles (GAAP). Consequently, the Commission, in concert with the Authorities, developed performance measures and management objectives that establish best practices across the industry to improve the overall delivery of services to the traveling and freight moving communities that are critical to the overall economic well-being and quality of life in Florida. FY 2011 results, as reported by LYNX, are provided in Table 29. Results for the last five fiscal years are included in Appendix B.

LYNX was an active participant in the development of performance measures and in establishing objectives to measure its performance. Every attempt was made to ensure that the objectives that were selected would be a true measure of each of the Authority's effectiveness and efficiency in each of the applicable areas. LYNX performance data used for this report represent information collected during FY 2011, which spans from October 1, 2010 through September 30, 2011 (LYNX reports on a federal fiscal year). LYNX was successful in achieving 6 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 2011, LYNX achieved the performance measure objective for average headway of less than 30 minutes with actual results of 25.7 minutes. This was a decrease of 2.6 minutes, or 9 percent, versus FY 2010. 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 currently called NeighborLink (previously known as PickUpLine) in a number of defined areas within the LYNX service area. In January 2012, the CFRTA Board authorized the renaming of PickUpLine to NeighborLink to more properly align with the LYNX brand and its operation as a neighborhood circulator. 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.

Table 29
Central Florida Regional Transportation Authority
Summary of Performance Measures
FY 2011[1]

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Average Headway	Average time for vehicle to complete its portion of total route miles one time	<30 minutes	25.7	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$5.30	$5.85	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$75	$83.59	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>30%	43.3%	✓
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$3	$3.19	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$0.47	$0.61	X
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>124,513	108,997	X
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	14,041	✓
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles[3]	>.90	0.89	X
Customer Service	Average time from complaint to response	14 days	11 days	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.7	✓
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80%	82%	✓

[1] Fiscal Year 2011 represents 12 months of data from October 1, 2010 through September 30, 2011.

[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

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 $5.85 was higher than the objective of $5.30 by $0.55 (10.4 percent), but was less than the five year high of $6.13 reported in FY 2009. FY 2011 operating expenses increased 1.9 percent while revenue miles increased 0.7 percent.

LYNX fell short of this performance objective, therefore, containment of operating expenses will be crucial for LYNX moving forward. LYNX management indicated that some specific expenses that negatively impact total expenses remain mostly outside of the control of the Authority, such as high mileage buses that generate excessive maintenance costs, and fuel costs. LYNX 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
- Re-cutting runs (rescheduling operators' shifts) for improved efficiency and reducing overtime
- Replacing 32 high mileage transit buses during FY 2012 to reduce maintenance costs
- Continually reviewing fuel prices and utilizing "hedging" options to curb price volatility

LYNX implemented steps to increase its on-time performance by eliminating inefficient services throughout the service area. This effort included reducing interlining between routes and placing additional buses along routes that were deficient in meeting their on-time performance. Additionally, LYNX took steps to improve system performance by focusing on 14 corridors to provide better service.

The price of fuel significantly increased in FY 2011, resulting in a $4.6 million increase in fuel expenses compared to FY 2010. Beginning in the last quarter of FY 2011, LYNX entered into four diesel fuel hedge swap agreements to cover a significant portion of planned fuel purchases for the remainder of FY 2011 and for FY 2012. These agreements will smooth out the fluctuation in diesel fuel cost and set predetermined upper limits with respect to a significant portion of fuel purchases.

The Amalgamated Transit Union (ATU), Local 1596 contract for operations expired in September 2009. Negotiations over the terms of a new contract have been ongoing between LYNX and ATU. The contract contains various provisions that will help control salary and wage costs; however, final settlement with the union is still pending. In November 2011, the CFRTA Board approved a new contract effective November 2011 through September 2014 for LYNX Transportation and Maintenance Supervisors, ATU Local 1749.

Operating Expense per Revenue Hour

The relationship between operating expenses and revenue hours provides a measure of the cost efficiency of the service provided relative to the time expended in the provision of the service. LYNX operating cost per revenue hour of $83.59 exceeded the objective of less than $75.00 per hour by $8.59 (11.5 percent). FY 2011 operating expenses increased 1.9 percent while revenue hours decreased 0.1 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 43.3 percent of operating expense, LYNX surpassed the objective (greater than 30 percent) by 44.3 percent.

Compared to FY 2010, FY 2011 operating revenue increased $3.5 million, or 10.4 percent, primarily due to an 8.9 percent increase in ridership coupled with a 7.1 percent increase in the average fare.

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 $3.19 was higher than the objective of less than $3.00 by $0.19 (6.3 percent). This is a noteworthy improvement compared to the $3.41 reported for FY 2010 and is primarily due to the significant (8.9 percent) increase in ridership (passenger trips) previously noted.

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 $0.61 exceeded the objective of less than $0.47 by $0.14, but was slightly better than the $0.63 reported for FY 2010.

LYNX nearly met this performance objective in FY 2006 ($0.49), however, due to several operating complexities the Authority failed to achieve this objective over the last five years. 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.

LYNX Articulated Bus.

Revenue Miles between Safety Incidents

The span of revenue miles between incidents is a measure of safe customer service. Significant revenue miles between safety incidents results in infrequent exposure of customers to safety hazards. As a result of a change in the definition of safety incidents reported to the National Transit Database, the Commission, with the assistance of the authorities, formally adopted a new safety performance objective for LYNX for FY 2010. The new objective for revenue miles between safety incidents was established at greater than 124,513 miles. LYNX achieved the new objective in FY 2010 with 131,642 revenue miles between safety incidents (5.7 percent above the target). However, in FY 2011 LYNX reported 108,997 revenue miles between safety incidents (12.5 percent below the target). In FY 2011, revenue miles increased 0.7 percent, while safety incidents increased 21.6 percent (from 111 in FY 2010 to 135 in FY 2011).

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.

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 achieved the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 14,041 revenue miles between failures reported in FY 2011. This compares favorably to the 9,620 revenue miles between failures reported in FY 2010.

LYNX management indicated that failure to achieve this performance objective in FY 2010 was due to failures resulting from new engine emissions technology. LYNX worked closely with the engine manufacturer to address problems associated with the new low emissions equipment and received warranty parts and service from Cummins. As a result, revenue vehicle system failures decreased from 1,519 in FY 2010 to 1,048 in FY 2011 (31 percent decrease). 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 fell slightly below the performance measure objective of greater than 0.90 with 0.89 for FY 2011.

LYNX's ongoing efforts to eliminate inefficient fixed route services throughout the service area by reducing unproductive interlining between routes, focusing on primary corridors, replacing poor performing fixed-route buses with small vehicle NeighborLink (Flex) routes, right-sizing the fleet with articulated and low floor vehicles, and opening the new Osceola County Operations Facility should provide improvements in this area of performance in the future.

LYNX's ongoing efforts to eliminate inefficient fixed route services throughout the service area by reducing unproductive interlining between routes, focusing on primary corridors, replacing poor performing fixed-route buses with smaller vehicles, and opening the new Osceola County Operations Facility in December 2010, should continue to provide improvements in this area of performance in the future.

Customer Service – Average Time from Complaint to Response

LYNX achieved the performance measure objective of timely response to customer complaints within 14 days of receipt of the complaint with actual response time of 11 days.

Customer Service – Number of Complaints per Boarding

LYNX also achieved the performance objective of less than one complaint per 5,000 boardings with 0.7 complaints.

On-time Performance

LYNX reported 82 percent on-time performance, slightly better than 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.

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 2011 operating indicators, as reported by LYNX are provided in Table 30. In order to observe current trends, operating indicators for FY 2009 and FY 2010 are also provided. Results for the last five fiscal years are included in Appendix B.

FY 2011 operating expenses increased $1.6 million, or 1.9 percent, while operating revenues increased $3.5 million, or 10.4 percent, over FY 2010. LYNX logged 2.2 million, or 8.9 percent, more passenger trips and the average trip length decreased by 0.2 miles to 5.2 miles in FY 2011. As a result, passenger miles increased by 6.6 million to 140.4 million (an increase of 4.9 percent). FY 2011 revenue miles increased 102 thousand, or 0.7 percent, while revenue hours remained virtually unchanged from FY 2010. The farebox recovery ratio increased from 24.9 percent in FY 2010 to 28.7 percent in FY 2011 and the average fare increased from $0.85 in FY 2010 to $0.91 in FY 2011. The average fare increase is due, at least in part, to LYNX enforcing (effective April 2011) the use of identification to utilize any reduced price fares and passes.

FY 2011 operating expenses increased 1.9 percent while operating revenues increased 10.4 percent over FY 2010.

Passenger trips increased 8.9 percent and passenger miles increased 4.9 percent in FY 2011.

FY 2011 revenue miles increased 0.7 percent, while revenue hours remained virtually unchanged.

The farebox recovery ratio increased from 24.9 percent in FY 2010 to 28.7 percent in FY 2011, while the average fare increased from $0.85 to $0.91.

The average age of the fleet increased from 4.1 to 4.4 years and the operating spare ratio increased from 16.5 percent to 16.7 percent (below 20 percent) allowing the Authority flexibility in terms of providing expanded service in the future. LYNX increased its unrestricted cash balance $1.9 million (from $23.5 to $25.4 million) and committed 73 percent of capital investment to system preservation and 27 percent to system expansion.

Intermodal Connections

LYNX currently provides five intermodal connections that include connections to one airport, a circulator, and three park & ride lots.

Airport Connections

Florida Mall Superstop provides connections to Edgewood, south Orlando, south Orange County,

Table 30
Central Florida Regional Transportation Authority
Summary of Operating Indicators
FY 2009 through FY 2011

Operating Indicator	*Detail*	*Actual 09 Results*	*Actual 10 Results*	*Actual 11 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$56.76	$46.78	$46.84
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	23.1%	24.9%	28.7%
Service Area Population	Approximation of overall market size	1,536,900	1,805,921	1,837,359
Service Area Population Density	Persons per square mile based on service area population and size	605.6	711.5	723.9
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$87,231,880	$84,482,228	$86,069,842
Operating Revenue[2]	Revenue generated through operations of transit authority	$32,842,406	$33,730,496	$37,238,587
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	14,230,128	14,612,279	14,714,555
Total Annual Revenue Hours	Hours vehicles operated in active service	1,029,713	1,030,195	1,029,656
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	288	267	270
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	234	223	225
Ratio of Revenue Vehicles to Peak Vehicles[5] (spare ratio)	Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service	18.8%	16.5%	16.7%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	23,747,795	24,780,704	26,996,158
Average Trip Length	Average length of passenger trip, generally derived through sampling	6.0	5.4	5.2
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	142,486,770	133,815,802	140,380,022
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	23.3	23.0	23.0
Average Fare	Passenger fare revenues divided by passenger trips	$0.85	$0.85	$0.91
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.67	1.70	1.83
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	23.1	24.1	26.2
Passenger Trips per Capita	Passenger trips divided by service area population	15.5	13.7	14.7
Average Age of Fleet	Age of fleet (in years) average	3.6	4.1	4.4
Unrestricted Cash Balance	End of year cash balance from financial statement	$25,746,155	$23,476,890	$25,402,118
Weekday Ridership	Average ridership on weekdays	75,810	79,035	85,473
Capital Commitment to System Preservation	% of capital spent on system preservation	83.5%	100.0%	73.2%
Capital Commitment to System Expansion	% of capital spent on system expansion	16.5%	0.0%	26.8%
Intermodal Connectivity	Intermodal transfer points available	6	5	5

[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.

the Orlando International Airport, the International Drive resort area, and to the Osceola Square Mall serving Osceola County.

Sanford Wal-Mart Plaza Superstop is located within the shopping complex and connects links serving Casselberry, Lake Mary, Longwood, Maitland, Orlando, north Orange County, Sanford, Seminole County and Winter Park.

Destination Parkway Superstop serves International Drive (including the Prime Outlets, Wet and Wild, Sea World and the Orlando Premium Outlets), the Orange County Convention Center, Central Orlando, Central Orange County, and the Orlando International Airport.

Circulator Connections

University of Central Florida (UCF) Superstop is located centrally on campus, adjacent to the parking structure at the College of Education. The Superstop serves as the transfer focus between LYNX fixed route service and UCF-provided circulators serving the campus, surrounding apartments and businesses. Links at this stop serve east Orange County, Colonial Drive to west Orange County and the West Oaks Mall Superstop, Oviedo and service along SR 434 into south Seminole County.

Park & Ride Connections

- Clermont Park & Ride (Highway US 27)
- Saxson Boulevard Park & Ride (I-4 & Saxson Boulevard)
- Colonial Park & Ride (SR 50 and CR 419)

Governance

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

Ethics and Conflict of Interest

On January 22, 2009, the LYNX Board amended and modified Administrative Rule 5, Code of Ethics, to establish additional rules and policies pertaining to the conduct of all officers, managers, employees, or agents of the Authority and Members of the Board pursuant to Part II, Chapter 343, Florida Statutes. The Authority elected to apply certain provisions of the State Code of Ethics, Part III of Chapter 112, Florida Statutes. "The declared policy of this law is to prohibit any Member, Officer or Employee from having any interest in, or engaging in, any obligation "which is in substantial conflict with the proper discharge of his duties in the public interest" § 112.311, Florida Statutes (2005). All Members, Officers and Employees of the Authority shall familiarize themselves with and comply with all applicable provisions of Part III of Chapter 112, Florida Statutes." Administrative Rule 5 details provisions related to the use of official position to secure special privileges or exemptions, disclosure of confidential information, transacting business in an official capacity, and personal investments. In order to comply with financial disclosure and gift reporting requirements, Administrative Rule 5 requires that "the Authority shall maintain current lists of reporting individuals as required by State law, and provides additional requirements to assure ethical conduct of Members, Officers and Employees of the Authority, and shall be, wherever possible, construed as supplemental to Part III of Chapter 112, Florida Statutes." Administrative

Rule 5 incorporates the use of Form 8B, Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers. In the event any Member of the Board is presented with a voting conflict of interest under Section 112.3143, Florida Statutes, that person must abstain from voting on such a matter (but may participate in the discussion of such a matter) by first disclosing said conflict. In addition, said Member must complete and file with the Secretary of the Board the Form 8B before making any attempt to influence the decision.

LYNX reported no ethics or conflict of interest violations during the past year and none were noted during the Commission staff review of the minutes of LYNX Board meetings. The meeting minutes did not disclose any instances where a Board member abstained from voting due to a voting conflict.

Audit

LYNX has established an Oversight and Audit Committee that mirrors the current composition and leadership of the Board. The Audit Committee meets approximately one hour prior to each regular bi-monthly Board meeting, if necessary. Primary functions of the Oversight and Audit Committee include the review of financial information, systems of internal control and risk assessment, audit process, compliance with laws, regulations, and the Code of Conduct, and to make recommendations to the Board on other pertinent matters. Typical items reviewed by the committee include proposed amendments to administrative rules, updates on the status of ongoing contracts, consent and agenda items for the next Board meeting, and proposals regarding fare adjustments and service changes. Detailed minutes of the Oversight and Audit Committee and the Board meetings are posted on the LYNX website www.golynx.com along with a schedule of future meetings.

An annual independent audit of the Central Florida Regional Transportation Authority's financial statements for the fiscal years ended September 30, 2011 and 2010 was performed. The Independent Auditor's Report (dated March 13, 2012) indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program and State Project indicated no issues related to compliance, internal control, findings or questioned costs required to be reported under applicable standards. In the Independent Auditor's Management Letter, the auditors had no findings or recommendations regarding the Authority's management, accounting procedures, internal controls or other matters required to be disclosed. The auditors did note that corrective action was taken by the Authority to address the one prior year finding.

The Orange County Comptroller's Office conducted an audit of the Central Florida Regional Transportation Authority. The audit was limited to a review of internal controls relating to cash fare revenue collections for fixed route bus service, internal controls relating to the collection, recording, and reporting of ridership, service miles, and service hour data, and compliance with the executed Funding Agreements with Orange County.

The auditors reported that LYNX materially complied with the requirements and terms of the Funding Agreements and that internal controls were adequate. However, the Comptroller's Audit Report No. 420, dated February 2012, provided recommendations for improvement in the following areas:

- LYNX should submit all reports as required to the county
- Controls over bus cash fares need improvement
- Simplification of cash fare structure to coincide with rider types should be explored
- Controls over black box cash collections need improvement
- Controls over ticket and multi-day pass sales need improvement
- Annual physical ticket inventories should be timely reconciled to inventory records
- LYNX Regional Funding Model methodology should be further reviewed and enhanced
- LYNX should review the methodology used in computing ridership counts
- Performance measure computational procedures need review and refinement

LYNX management concurred or partially concurred with all the recommendations for improvement and steps to implement the recommendations are underway or planned.

Public Records and Open Meetings

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

On January 19, 2006, LYNX established Administrative Rule 2, Board Governance (Bylaws). On July 28, 2010, the Board amended and restated the Bylaws. The Bylaws delineate the rules that govern the affairs and conduct of the business of LYNX including the authority and composition of the Board, meetings of the Board, as well as the roles and responsibilities of Board officers and members. Meetings of the Board are administered in accordance with Robert's Rules of Order. Notice of and public access to all meetings must be given in the manner required by applicable law as well as by LYNX Bylaws. Public notices are posted at the LYNX main administration building and are published on the LYNX website. An agenda must be prepared prior to each meeting. LYNX is also subject to the

LYNX Central Station at Night.

provisions of Section 189.417, 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.

Procurement

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

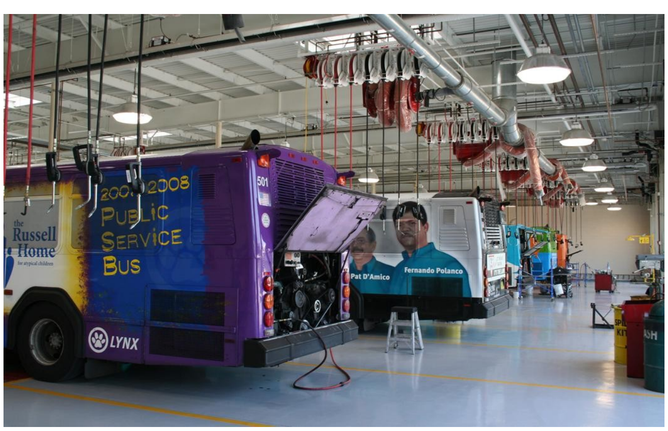
Administrative Rule 4 delineates contracting Authority for eight distinct types of contracts, including major contracts, options for major contracts, minor contracts, bus advertising contracts, emergency purchases, fuel purchases, short-term bus service agreements, and financially exigent agreements. Board approval is required for all major contracts over $150 thousand, and the governing board does have the authority when it

LYNX Operations Center.

approves the contract to delegate authority. If the Board does not specifically authorize staff to exercise options for major contracts, options must go before the Board for approval. Minor contracts are defined as contracts with a value of $150 thousand or less that are approved in the budget. Minor contracts may be approved by the CEO or delegated by the CEO to the Chief Financial Officer (CFO) and/or the General Manager (GM) (value of $150 thousand or less), any Senior Officer including the Director of Procurement (value of $50 thousand or less), the Procurement/Contracts Manager (value of $25 thousand or less), Contract Administrator/Buyer (value of $5 thousand or less), or to other LYNX employees (purchases of $3 thousand or less) and must be noticed to the Board as an information item at the next scheduled meeting, if the contract exceeds $25 thousand.

Bus advertising contracts are defined as Level 1, Level 2, and Level 3. Level 1 contracts may be approved by the CEO, GM and the CFO and include contracts that do not exceed $180 thousand in the aggregate, where the term does not exceed 12 months. If the Level 1 contract is less than $150 thousand, the CEO can further delegate authority to approve the contract pursuant to the rules governing minor contracts. Level 2 consists of those contracts that exceed $180 thousand but are less than $300 thousand or have a term greater than 12 months. The CEO may approve Level 2 contracts provided that the contracts receive prior approval of the Authority's General Counsel; however, the CEO may not delegate approval authority for Level 2 contracts. Level 3 contracts include all bus advertising contracts that fall outside of Levels 1 and 2. Level 3 contracts must be approved by the Board, reviewed by the General Counsel, and approval authority may not be delegated. In addition, if the bus advertising contract involves a bus trade, which refers to a transaction involving a bus advertising contract where LYNX provides third party advertising in exchange for payment in kind, the bus trade must be approved by the CEO. A summary of new advertising contracts is required to be provided as information items to the Board at its next meeting. In addition, the Authority delineated limitations on advertising content as specified in Section 4.4.6 C.

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



LYNX Operations Maintenance Center.

officer. If the amount exceeds $150 thousand, the CEO shall attempt to contact the Chairman or Vice Chairman for approval and oversight. If the Chairman and Vice Chairman are unavailable, and the situation necessitates immediate action, the CEO will have authority to approve and execute the contract. The CEO may not delegate approval authority for amounts in excess of $150 thousand. Authority for approval is also provided to the Chairman of the Board, or in his absence, the Vice Chairman of the Board. In the absence of the CEO, approval authority may be granted to any senior officer by the Chairman or Vice Chairman.

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

The CEO may approve short-term bus service agreements, if the dollar value of the agreement does not exceed $500 thousand, and may delegate approval authority, but must report the agreement to the Board at its next scheduled meeting. The CEO may also approve financially exigent agreements if the agreement or renewal is less than $150 thousand. The CEO may delegate approval authority for financially exigent agreements and must report the agreement to the governing board at its next scheduled meeting. Administrative Rule 4 also mandates that the procurement of certain consultant or professional services shall be conducted in accordance with provisions of law, including Florida Statues 287.055, or any successor provision thereof (the "Consultants Competitive Negotiations Act") or to 40 U.S.C. 541, where applicable. In addition, Administrative Rule 6, Dispute Resolution, requires that the Authority notify the FTA of any protests related to procurements involving federal funds and keep the FTA informed of the status of any such protests.

Disadvantaged Business Enterprise Policy

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

Consultant Contract Reporting

LYNX provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2011. As indicated in Table 31, five sub consultants were used by the general consulting firms for a total cost of approximately $226 thousand in FY 2011.

Compliance with Bond Covenants

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

Loans Payable

On August 16, 2001, the Authority entered into a State Infrastructure Bank Loan Agreement (SIB #1), allowing draws of up to $7,958,991 for the construction of the LYNX Central Station. The loan matured in 2011. It was non-interest bearing until October 1, 2006 and thereafter the interest rate was 5 percent. On June 9, 2004, the Authority

Table 31
Central Florida Regional Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2011

Consulting Contract	*Description*	*Sub Consultants >$25k*
AECOM	**Construction Management, Engineering and Inspection**	
WBQ Design & Engineering Inc.	Civil Engineering Services	$52
HHCP Architects	Architectural Services	$40
TLC Engineering for Architecture, Inc.	Architectural Services	$48
Data Transfer Solutions, LLC	**Transportation & Financial Planning**	
Tindale-Oliver & Associates	Transit and Financial Planning	$55
Kimley-Horn and Associates, Inc.	Engineering Services	$31
Total Sub Consultants >$25k		$226

entered into another SIB Loan (SIB #2), allowing draws of up to $7,600,000 for the construction of the new Operating Base Facility. This loan matures in 2016, was non-interest bearing until October 1, 2007, and bears an interest rate of 2 percent, thereafter. On August 14, 2006, the Authority entered into another SIB Loan (SIB #3), 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 #3 was executed in FY 2006. This loan matures in 2013, was non-interest bearing until October 1, 2008, and bears an interest rate of 1 percent, thereafter. Loans payable activity for fiscal years ended September 30, 2011 and 2010 is as follows:

Table 32
Central Florida Regional Transportation Authority
Loans Payable
September 30, 2011

Loan	*Beginning Balance*	*Payments*	*Ending Balance*	*Amounts Due Within One Year*
SIB #1	$ 206,407	$ 206,407	$ -	$ -
SIB #2	$ 5,368,462	$ 722,122	$ 4,646,340	$ 736,565
SIB #3	$ 4,255,022	$ -	$ 4,255,022	$ -
Total	$ 9,829,891	$ 928,529	$ 8,901,362	$ 736,565

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 6 of the 12 fixed route objectives established for performance measures. The six fixed route measures that require improvement include: operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, operating expense per passenger mile, revenue miles between safety incidents, and revenue miles versus vehicle miles. Four of the six objectives not met include operating expense components. The Commission encourages LYNX to focus on containing those costs moving forward.

LYNX provides significant public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2011 operating expenses increased $1.6 million, or 1.9 percent, while operating revenues increased $3.5 million, or 10.4 percent, over FY 2010. LYNX logged 2.2 million, or 8.9 percent, more passenger trips and the average trip length decreased by 0.2 miles in FY 2011. As a result, passenger miles increased 6.6 million, or 4.9 percent. Revenue miles increased 0.7 percent, while revenue hours remained virtually unchanged from FY 2010. The farebox recovery ratio increased from 24.9 percent in FY 2010 to 28.7 percent in FY 2011 and the average fare increased from $0.85 in FY 2010 to $0.91 in FY 2011.

In the area of governance, the FY 2011 independent financial statement audit expressed an unqualified opinion on CFRTA's financial statements. No issues related to compliance, internal control, findings or questioned costs were reported by the auditors. In the Independent Auditor's Management Letter, the auditors had no findings or recommendations and noted that corrective action was taken by the Authority to address the one prior year finding.

The Orange County Comptroller's Office conducted an audit of CFRTA that included a review of internal controls relating to cash fare revenue collections, performance measure reporting, and compliance with the executed Funding Agreements with Orange County. The February 2012 Audit Report indicated that LYNX materially complied with the requirements and terms of the Funding Agreements and that internal controls were adequate. However, nine recommendations for improvement were provided by the auditors. LYNX management concurred or partially concurred with all the recommendations for improvement and steps to implement the recommendations are underway or planned.

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

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

Jacksonville Transportation Authority (JTA)

Background

The Jacksonville Transportation Authority (JTA) is an agency of the State of Florida, created under Chapter 349, Florida Statutes. Originally created to construct and operate tolled limited access and bridge facilities, in 1972, JTA became a multimodal transportation agency, with the authority to plan, design, construct, maintain and operate transportation facilities in Duval County, including highways and bridges on the State Highway System (SHS), 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, paratransit service, an automated people mover, trolleys, and stadium shuttle service. JTA also implements roadway projects under its own authority and work plans, and pursuant to its role in the Better Jacksonville Plan, which includes 32 roadway projects totaling more than $800 million. The projects include 12 interchange improvements, roadway widening projects, construction of one major bridge and the design of another.

Chapter 349, Florida Statutes, provides that JTA has the "right to plan, develop, finance, construct, own, lease, purchase, operate, maintain, relocate, equip, repair, and manage those public transportation projects, such as express bus services; rapid transit services; light rail, commuter rail; heavy rail, or other transit services; ferry

Highlights

- JTA met or exceeded 8 of the 12 objectives established for performance measures for bus. The four measures not met were Operating Expense per Revenue Mile, Operating Expense per Revenue Hour, Ratio of Operating Revenue to Operating Expense and Revenue Miles between Safety Incidents.
- JTA met or exceeded all four of the applicable performance measures for Highways.
- JTA's Skyway met or exceeded 8 of the 12 performance measures. The four measures not met include: Operating Expense per Revenue Mile, per Revenue Hour, and per Passenger Trip; and, the Ratio of Operating Revenue to Operating Expense.
- JTA Chairs and provides staff support and other assistance to the Northeast Florida Regional Transportation Study Commission (NFRTSC). The NFRTSC, created by the 2010 Legislature, must submit a regional transportation report to the Legislature by December 31, 2012.
- JTA implemented a new fare structure on January 30, 2012 (FY 2012). Among other fare increases, the base bus fare increased from $1.00 to $1.50, the 31 day bus pass increased from $40 to $50, and the weekly bus pass increased from $12 to $16.
- A new electronic payment system was implemented in January 2012 to replace the old farebox system. The new STAR (Simply Tap And Ride) card is a contactless smart media that allows JTA riders to pay fares without the need for cash.
- The FY 2010 independent financial statement audit reflected an unqualified opinion.

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." Effective July 1, 2011, the 2011 Legislature passed, and the Governor approved, Senate Bill 2152 that amended Chapter 349, Florida Statutes. This legislation repealed the authority for JTA to enter into Lease-Purchase Agreements with the Florida Department of Transportation. (The relevant language from SB 2152 is detailed in Appendix A.)

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 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 33). All members with the exception of the district secretary shall be residents and qualified electors of Duval County.

Table 33
Jacksonville Transportation Authority
Current Board Members

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

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.

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 an executive director, who may hire staff, permanent or temporary and may organize the staff of the authority into departments and units. The executive director may appoint department directors, deputy directors, division chiefs, and staff assistants to the executive director. The authority establishes the compensation of the executive director, 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 drivers, mechanics and certain other employees who support the transit functions of JTA. JTA owns all of the stock of JTM and members of JTM's Board of Directors are appointed by JTA. The transactions of JTM are consolidated with the primary government (JTA) and are included in the expenses of JTA's enterprise funds.

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

Better Jacksonville Plan

JTA entered into Interlocal Agreements (ILA) with the City of Jacksonville (the City) in 2000 for the purpose of constructing the roadway and infrastructure projects of the Better Jacksonville Plan (the Plan), 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 Plan. All bonds are revenue obligations, and there is no guarantee by JTA or the City, nor any other JTA revenues or assets pledged for the bonds. Because transportation projects identified in the Plan are being completed and funding for the Plan is being depleted, JTA construction activities are winding down.

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

Recent Initiative

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

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

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

JTA was an active participant in the development of performance measures and in establishing objectives to measure its performance. Every attempt was made to ensure that the objectives that were selected would be a true measure of each of the Authority's effectiveness and efficiency in various areas. JTA performance data used for this report represent information collected during FY 2011, which spans from October 1, 2010 through September 30, 2011 (JTA reports on a federal fiscal year).

Performance Measures—Bus

JTA was successful in achieving 8 of the 12 objectives for performance. FY 2011 results, as reported by JTA, are provided in Table 34. Results for the last five fiscal years are included in Appendix B.

JTA has embarked on a comprehensive system redesign to improve service for its customers as well as to make the service more efficient. As part of this effort, since 2009, JTA has introduced new "community shuttle" routes. These routes provide flexible, route-deviation neighborhood circulators using smaller buses. Currently, JTA contracts with a private provider to operate the service. As in prior reporting years, Community Shuttle performance data is reported in the National Transit Database (NTD) as Purchased Transportation (PT) services and is excluded from the performance measures established by the Commission for directly operated fixed route bus service.

JTA management indicated that, in substance, Community Shuttle is an integral part of its bus operations; only in form (contracted service) does it differ. Had this data been included in the report, 10 of the 12 bus performance measure objectives would have been achieved in FY 2011. JTA management strongly believes this segment of its Motorbus mode of transportation should be included, as it more accurately represents JTA's total fixed route bus service and the increased efficiency and effectiveness gains that the Community Shuttle service contributes. It is recommended that the Commission consider the position of JTA, and other transit authorities under Commission oversight, on this issue when performance measures and objectives are next evaluated.

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

Table 34
Jacksonville Transportation Authority
Summary of Performance Measures - Bus
FY 2011[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	21.3	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$6.50	$6.98	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$91	$93.71	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>20%	18.4%	X
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$5.30	$4.87	✓
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$1.00	$0.84	✓
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>227,975	204,422	X
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	14,124	✓
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles[3]	>.90	0.96	✓
Customer Service	Average time from complaint to response	14 days	8	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.99	✓
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80.0%	82.2%	✓

[1] Fiscal Year 2011 represents 12 months of data from October 1, 2010 through September 30, 2011.

[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.

Average Headway

In FY 2011, JTA achieved the performance measure objective for average headway of less than 30 minutes with actual results of 21.3 minutes. This was 3.6 minutes more than FY 2010 results and was 2.4 minutes more than the average headway of 18.9 minutes reported from FY 2007 through FY 2010. The management objective for JTA's average headway was established at less than 30 minutes to allow JTA flexibility in scheduling that could potentially reduce operating costs.

Operating Expenses

FY 2011 operating expenses decreased by $728 thousand, or 1.3 percent, over FY 2010, reflecting a continued focus on maintaining levels of service despite rising fuel costs. JTA failed to achieve three operating expense-related objectives (per revenue mile, per revenue hour and operating revenue ratio) in FY 2011. Ongoing containment of operating expenses will be crucial for JTA moving forward.

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 $6.98 did not meet the objective of less than $6.50 by $0.48 (7.4 percent). Although FY 2011 operating costs decreased by 1.3 percent, annual revenue miles decreased by 578 thousand (6.9 percent), due to a shift to the previously noted Community Shuttle Service. However, JTA's system redesign efforts did bring about a 6.7 percent increase in ridership, which produced a similar increase in the percentage of passenger miles traveled.

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 $93.71 missed the objective of less than $91.00 by $2.71 (3.0 percent). The decrease in FY 2011 operating costs (1.3 percent) coupled with an increase in annual revenue hours (3.5 percent) resulted in an improvement over FY 2010.

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 18.4 percent fell short of the objective of greater than 20 percent, but shows improvement from the 17.2 percent reported in FY 2010. The increase in FY 2011 is attributed to a 5.8 percent increase in operating revenue combined with a 1.3 percent decrease in operating expenses. Implementation of the new fare structure in FY 2012, as described below, will improve results for this performance measure moving forward.

Fare Structure and Electronic Payment System

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

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

Operating Expense per Passenger Trip

An evaluation of the relationship between operating expenses and passenger trips provides a measure of the general cost efficiency of the service provided. JTA's operating cost per passenger trip of $4.87 achieved the objective of less than $5.30 by $0.43. JTA also achieved this objective in FY 2009 and FY 2010 with $5.24 and $5.26 being reported.

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 $0.84 reported in FY 2011. This compares to $0.91 reported in FY 2010. In FY 2011, operating costs decreased 1.3 percent while annual passenger miles increased 7.1 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 infrequent exposure of customers to safety hazards. As a result of a change in the definition of safety incidents reported to the National Transit Database (NTD), the Commission, with the assistance of the authorities, formally adopted a new safety performance objective for JTA beginning in FY 2010. The new objective for revenue miles between safety incidents was established at greater than 227,975 miles.

In FY 2011, JTA's revenue miles between safety incidents of 204,422 miles missed the objective of greater than 227,975 miles (10.3 percent below the target). This compares to 231,844 miles reported in FY 2010 (1.7 percent above the target). JTA indicated that many of the "incidents" as defined by NTD were questionable in terms of qualifying as "safety incidents."

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

Jax Transit Management employees are not directly involved in the process.

In February 2012 (FY 2012), as a result of an external investigation, it was determined that JTA's policy of conducting annual driver license checks for its transit operators was not being fully followed. JTA management indicated that, contrary to media reports, its review of all operators' license records showed that 53 of a total of 61 operator license suspension events (over a 35-year period for over 300 operators) were due to personal auto insurance coverage lapses for nonpayment, and not related to operator driving record, driving ability or safety. In response to the review findings, JTA implemented revised policies and procedures to ensure that driver license checks are completed at least semi-annually. In addition, criminal background checks will also be conducted on current employees on a regular basis. JTA will continue the pre-employment checks. JTA has updated its drug testing and Driver Medical Exam Certification policy. New policies were approved by the JTA Board of Directors in March 2012.

JTA Bus.

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 14,124 revenue miles between failures reported in FY 2011 (34.5 percent above the target). This compares to 12,292 reported in FY 2010. The marked improvement in FY 2011 is attributed to a 19.0 percent reduction in failures (550 versus 679), along with a 6.9 percent decrease in revenue miles.

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 2011 with 0.96, indicating highly effective use of the fleet.

Customer Service – Average Time from Complaint to Response

JTA's average response time to customer complaints of 8 days from receipt of the complaint was less than the performance measure objective of 14 days in FY 2011. This is consistent with the average of the past three years.

Customer Service – Number of Complaints per Boarding

JTA achieved the performance objective of less than one complaint per 5,000 boardings with a ratio of 0.99 complaints.

On-time Performance

JTA achieved the on-time performance objective of greater than 80.0 percent of trips end-to-end on-time with 82.2 percent on-time performance. This compares to 81.1 percent on-time performance reported in FY 2010. On-time is defined as less than five minutes late.

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 2011 operating indicators for bus, as reported by JTA, are provided in Table 35. In order to observe current trends, operating indicators for FY 2009 and FY 2010 are also provided. Results for the last five fiscal years are included in Appendix B.

Based on the operating indicators presented, JTA increased weekday ridership to approximately 37 thousand (a 5.6 percent increase) with increased revenue service hours (a 3.5 percent increase). JTA logged fewer revenue miles than in FY 2010 (a 6.9 percent decrease). Operating expenses decreased (by 1.3 percent), while operating revenue increased (by 5.8 percent). Because JTA logged more passenger trips (a 6.7 percent increase), and the average trip remained virtually the same at 5.8 miles, passenger miles increased (by 7.1 percent). The farebox recovery ratio increased from 15.6 percent to 16.8 percent, while the average fare held steady at $0.82. As a result of the newly published 2010 Census data, the UZA service area population increased 25 percent. Therefore, passenger trips per capita decreased from 12.2 to 10.5 in FY 2011. The cost per capita decreased to $50.93. Service area population density significantly decreased in FY 2011 because the service area now reflects the entire county as a consequence of park-and-ride facilities and industry norms.

FY 2011 operating expenses decreased 1.3 percent, while operating revenues increased 5.8 percent over FY 2010.

Average weekday ridership increased 5.6 percent, while revenue service hours increased 3.5 percent.

Passenger trips increased 6.7 percent in FY 2011, and average trip length remained virtually the same, resulting in a 7.1 percent increase in passenger miles.

The average age of the fleet was 7.4 years. JTA's spare ratio as of year-end FY 2011 was 18.3 percent. JTA's unrestricted cash balance increased to $5.0 million in FY 2011. JTA committed all of its capital investment to system preservation (100 percent). JTA provides three intermodal connections.

Table 35
Jacksonville Transportation Authority
Summary of Operating Indicators - Bus
FY 2009 through FY 2011

Operating Indicator	Detail	Actual 09 Results	Actual 10 Results	Actual 11 Results
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$63.10	$64.43	$50.93
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	15.4%	15.6%	16.8%
Service Area Population	Approximation of overall market size	850,962	853,300	1,065,219
Service Area Population Density	Persons per square mile based on service area population and size	3,516	3,081	1,160
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$53,695,432	$54,979,921	$54,251,641
Operating Revenue[2]	Revenue generated through operations of transit authority	$9,837,889	$9,435,655	$9,986,689
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	8,901,889	8,346,395	7,768,038
Total Annual Revenue Hours	Hours vehicles operated in active service	590,626	559,406	578,955
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	182	154	153
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	135	135	125
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	25.8%	12.3%	18.3%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	10,253,890	10,443,111	11,138,076
Average Trip Length	Average length of passenger trip, generally derived through sampling	5.2	5.8	5.8
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	53,320,228	60,297,003	64,600,841
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	21.9	21.9	21.3
Average Fare	Passenger fare revenues divided by passenger trips	$0.81	$0.82	$0.82
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.15	1.25	1.43
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	17.4	18.7	19.2
Passenger Trips per Capita	Passenger trips divided by service area population	12.0	12.2	10.5
Average Age of Fleet	Age of fleet (in years) average	6.8	6.6	7.4
Unrestricted Cash Balance	End of year cash balance from financial statement	$11,005,843	$1,890,958	$4,966,717
Weekday Ridership	Average ridership on weekdays	34,872	35,484	37,457
Capital Commitment to System Preservation	% of capital spent on system preservation	100%	100%	100%
Capital Commitment to System Expansion	% of capital spent on system expansion	0%	0%	0%
Intermodal Connectivity	Intermodal transfer points available	3	3	3

[1] Passenger fares are revenues generated annually from carrying passengers in regularly scheduled service.

[2] Operating revenue includes passenger fares, special transit fares, freight tariffs, auxiliary transportation revenues, subsidy from other sectors of operations and non-transportation revenues.

[3] Active service refers to vehicle availability to pick up revenue passengers.

[4] Total revenue vehicles include spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but exclude vehicles awaiting sale and emergency contingency vehicles.

[5] Vehicles awaiting sale and emergency contingency vehicles are not included as revenue vehicles in this calculation.

[6] A passenger trip is counted each time a passenger boards the bus.

Performance Measures—Skyway

JTA was successful in achieving 8 of the 12 objectives for performance. Improvement was noted in FY 2011 for two performance measures (operating expense per passenger mile and revenue miles between failures). The objectives for these two performance measures were not met in FY 2010, but were met in FY 2011. FY 2011 results, as reported by JTA, are provided in Table 36. Results for the last five fiscal years are included in Appendix B.

Average Headway

In FY 2011, JTA achieved the performance measure objective for average headway of less than 6 minutes with actual results of 3.5 minutes. This was virtually the same as actual results reported for FY 2007 through FY 2010. The management objective for JTA's average headway was established at less than 6 minutes to allow JTA flexibility in scheduling that could potentially reduce operating costs.

Operating Expenses

FY 2011 operating expenses increased by $372 thousand, or 6.9 percent, over FY 2010, primarily as a result of equipment upgrades to the system. Parts and materials were purchased through capital funds; however, in-house labor was used to install these items, which could not be charged to capital grants. JTA failed to achieve four operating expense-related objectives (per revenue mile, per revenue hour, operating revenue ratio, and per passenger trip) in FY 2011. In FY 2010, JTA was able to contain expenses through a reduction of personnel and utilities associated with reduced service hours. Further cost containment efforts will focus on utilization improvement.

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 $34.65 exceeded the objective of less than $23.00 by $11.65 (50.7 percent). A 6.9 percent increase in operating costs more than offset the 1.0 percent increase in annual revenue miles. This resulted in an increase in operating cost per revenue mile of $1.91 in FY 2011. Much of the cost increase resulted from the use of in-house labor to implement equipment upgrades to the system that could not be charged to capital grants.

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 $462.82 exceeded the objective of less than $310.00 by $152.82 (49.3 percent). A 6.9 percent increase in operating costs more than offset the 1.5 percent increase in annual revenue hours, resulting in an increase in operating cost per revenue hour of $23.27 in FY 2011. Much of the cost increase resulted from the use of in-house labor to implement equipment upgrades to the system that could not be charged to capital grants.

Operating Revenue per Operating Expense

The relationship between operating revenue and operating expense provides a measure of the degree of subsidy required to provide the transit service. Unlike the previous objective, where the goal was to achieve lower costs per revenue mile, 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 failed to achieve this performance measure objective with a 5.0 percent ratio of revenue to operating expenses. Although operating expenses increased 6.9 percent in FY 2011, operating revenue declined 16.1 percent, resulting in less operating revenue per operating expense. JTA has shown a continued decline in performance in this area since FY 2007. Parking revenues declined significantly in FY 2011 due to the impacts of the progressive reductions in downtown employment, as well as significant increases in core downtown parking spaces. Fare revenues also declined because of changes in the passenger base, increased fare-free trips taken by transferring bus patrons who ride Skyway without a

Table 36
Jacksonville Transportation Authority
Summary of Performance Measures - Skyway
FY 2011[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	3.5	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<$23.00	$34.65	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<$310.00	$462.82	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>15%	5.0%	X
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$11.00	$11.50	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$27.50	$27.20	✓
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>41,348	55,659	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>10,500	27,830	✓
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	8	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.2	✓
On-time Performance	Successful cycles divided by scheduled cycles	>80%	99%	✓

[1] Fiscal Year 2011 represents 12 months of data from October 1, 2010 through September 30, 2011.

[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.

transfer fare, and technological issues with the antiquated fare collection system that allowed more passengers to avoid paying fares.

JTA has been developing an adaptive re-use of the Skyway, based upon one of its salient characteristics: grade separation. An advantage of the elevated Skyway system is separation from ambient traffic, which significantly improves travel speeds in the downtown core. JTA's fixed route system redesign includes 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. This results in significant reductions in fixed route costs for the truncated bus routes and improved speeds. However, for customer service reasons, these transfer patrons do not pay additional fares to use the Skyway, so Skyway does not reflect additional revenue.

On January 30, 2012 (FY 2012), JTA suspended fares for ninety days on the Skyway service. This was necessary because the new STAR Card electronic fare payment system on JTA buses was not compatible with the existing Skyway fare collection system. This ninety-day period will allow JTA to evaluate a resolution to the system incompatibility issue and to evaluate a permanent "free fare" alternative for Skyway. JTA management indicated that initial fare free ridership results have exceeded expectations. Preliminary information indicates that the free fare has benefited customers at less cost than originally estimated. Skyway ridership has increased over 50 percent and there have been no security incidents reported during this period. By the end of the fare suspension period, staff will develop and present recommendations for a permanent solution to the fare collection technology conflicts.

Should the JTA Board make the fare-free structure permanent, the objective for the operating revenue per operating expense performance measure may need to be reviewed by the Commission for future adjustment.

JTA Skyway.

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 $11.50 fell short of the objective of less than $11.00 by $0.50 (4.5 percent). This compares to the cost per passenger trip of $11.51 reported in FY 2010. In FY 2011, both operating costs and passenger trips increased approximately 6.9 percent, thereby decreasing the operating cost per passenger trip by $0.01.

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 $27.20 achieved the objective of less than $27.50 by $0.30 (1.1 percent). Improvement was made from the cost per passenger mile of $28.31 reported in FY 2010 where the objective was not met. In FY 2011, operating costs increased 6.9 percent, while passenger miles increased 11.3 percent, thereby decreasing the operating cost per passenger mile by $1.11.

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. JTA achieved the objective with 55,659 revenue miles between safety incidents reported in FY 2011 (34.4 percent above the target).

Revenue Miles between Revenue Vehicle System Failures

The span of revenue miles between revenue vehicle system failures (defined as the breakdown of either a major or minor element of the Skyway's electrical, computer or mechanical systems) is a measure of maintenance effectiveness in keeping the system in good condition. A significant number of revenue miles between system failures can serve to reinforce customer confidence in Skyway on-time performance.

JTA achieved the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 27,830 revenue miles between failures (165.0 percent above the target). In FY 2007 and FY 2008, JTA achieved 25,420 and 33,329 revenue miles between failures, respectively. FY 2009 and FY 2010 revenue miles between failures declined to 8,950 and 9,726, respectively, due to a sizable decline in revenue miles combined with an increase in failures in FY 2009. In FY 2011, revenue miles increased 1.0 percent from FY 2010 while revenue vehicle system failures significantly decreased by 64.7 percent. JTA is making improvements in this measure of system reliability through improved preventative maintenance measures.

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 2011 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 2011, the average response time to customer complaints was eight days.

Customer Service – Number of Complaints per Boarding

JTA achieved the performance objective of less than one complaint per 5,000 boardings with an average of 0.02 complaints per 5,000 boardings. JTA reported 22 customer complaints in FY 2011.

On-time Performance

JTA achieved the on-time performance objective of greater than 80 percent of trips end-to-end on-time with 99 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 2011 operating indicators for Skyway are provided in Table 37. In order to observe current trends, operating indicators for FY 2009 and FY 2010 are also provided. Results for the last five fiscal years are included in Appendix B.

JTA's operating indicators show that revenue miles and revenue hours have fallen year to year since FY 2004, except for a slight improvement noted in FY 2011. Operating revenue shows annual declines since FY 2007. The farebox recovery ratio, which rose to 7.3 percent in FY 2007, fell to 3.2 percent in FY 2011, below an all-time low of 4.2 percent reported in FY 2010. Average weekday ridership increased 17.4 percent over FY 2010 while passenger trips increased 6.9 percent. Since Skyway's average trip length of 0.4 miles remained stable, while passenger trips increased, Skyway logged 11.3 percent more passenger miles.

Skyway's average fare of $0.37 was significantly less than the average fare in FY 2010 ($0.48) and is the lowest average fare reported since FY 2003 (based on available data). JTA management indicated that the fare declined due to changes in the passenger base, increased fare-free trips taken by transferring bus patrons who ride Skyway without a transfer fare, and technological issues with the antiquated fare collection system that allowed more passengers to avoid paying fares.

FY 2011 operating expenses increased 6.9 percent, while operating revenues decreased 16.1 percent over FY 2010.

Skyway average weekday ridership increased 17.4 percent over FY 2010, while passenger trips increased 6.9 percent.

Revenue miles and revenue hours have fallen year to year since FY 2004, except for a slight improvement noted in FY 2011.

The average fare of $0.37 is the lowest reported since 2003. The fare decline is attributed to changes in the passenger base, increased fare-free trips taken by transferring bus patrons who ride the Skyway without a transfer fee, and technology issues relating to the fare collection system.

The average age of the fleet is 12.6 years. Skyway's current operating spare ratio of 30 percent (above 20 percent) positions the authority for future service expansion. JTA committed all of its capital investment to system preservation and continued to provide 3 intermodal connections.

Table 37
Jacksonville Transportation Authority
Summary of Operating Indicators - Skyway
FY 2009 through FY 2011

Operating Indicator	*Detail*	*Actual 09 Results*	*Actual 10 Results*	*Actual 11 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$7.06	$6.34	$6.61
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	5.1%	4.2%	3.2%
Service Area Population	Approximation of overall market size	850,962	853,300	874,673
Service Area Population Density	Persons per square mile based on service area population and size	3,516	3,081	1,796
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$6,004,260	$5,413,928	$5,785,721
Operating Revenue[2]	Revenue generated through operations of transit authority	$431,327	$345,453	$289,978
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	196,896	165,338	166,977
Total Annual Revenue Hours	Hours vehicles operated in active service	14,740	12,317	12,501
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	10	10	10
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	7	7	7
Ratio of Revenue Vehicles to Peak Vehicles[5] (spare ratio)	Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service	30.0%	30.0%	30.0%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	449,730	470,389	502,941
Average Trip Length	Average length of passenger trip, generally derived through sampling	0.4	0.4	0.4
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	179,892	191,209	212,744
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	16	15	15
Average Fare	Passenger fare revenues divided by passenger trips	$0.68	$0.48	$0.37
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	2.28	2.85	3.01
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	30.5	38.2	40.2
Passenger Trips per Capita	Passenger trips divided by service area population	0.5	0.6	0.6
Average Age of Fleet	Age of fleet (in years) average	10.6	11.6	12.6
Unrestricted Cash Balance	End of year cash balance from financial statement	$4,629,892	$0	$133,402
Weekday Ridership	Average ridership on weekdays	1,559	1,674	1,965
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 of Jacksonville (other projects), who maintain them. As a result, only some performance measures and operating indicators adopted for toll authorities under Commission oversight were recommended and adopted for JTA highways.

JTA managed a variety of road projects during FY 2011. Projects funded by the Better Jacksonville Plan and federal funds included construction of a major urban arterial interchange and transit/ pedestrian/landscape enhancements to an urban arterial adjacent to an area college.

JTA was successful in achieving all four objectives established for performance. FY 2011 results, as reported by JTA, are provided in Table 38. Results for the last five fiscal years are included in Appendix B.

Consultant Contract Management

JTA achieved the performance measure objective for consultant contract management. The final cost of design and CEI consultant contracts completed during FY 2011 was approximately 11.1 percent below the amount awarded in the original contracts.

Construction Contract Adjustments - Time

JTA achieved the performance measure objective for construction contract adjustments for time. Both of the construction contracts were completed within 20 percent of the original contract time.

Construction Contract Adjustments - Cost

JTA achieved the performance measure objective for construction contract adjustments for cost. Both of the construction contracts were completed within 10 percent of the original contract amount meeting the objective of greater than or equal to 90 percent.

Minority Participation

The JTA Disadvantaged Business Enterprise (DBE) Program is a comprehensive program developed

Table 38
Jacksonville Transportation Authority
Summary of Performance Measures - Highways
FY 2011

Performance Measure	*Detail*	*Objective*	*Actual Results*	*Meets Objective*
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	-11.1%	✓
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	≥ 80%	100.0%	✓
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	≥ 90%	100.0%	✓
Applicable Laws				
Minority Participation[1]	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	121.7%	✓

[1] JTA has established an agency-wide goal of 12 percent; actual results represent agency-wide performance.

by the U.S. Department of Transportation (USDOT) which establishes guidelines for participation of firms owned by socially and economically disadvantaged persons in USDOT-assisted contracting. The DBE Program provides opportunities for certified DBE companies by creating a "level playing field" on which these firms can fairly compete for purchasing and contracting dollars. The Program supports JTA's continuing efforts to remove barriers that may limit participation by these firms in USDOT-assisted contracts, while facilitating their development and increased ability to successfully compete in the general marketplace.

- For projects funded by the Federal Transit Administration (FTA), JTA is required to use its own DBE program, which is considered a Race Conscious program. This term does not refer to a race-based preference of any type; rather, it allows JTA to establish DBE participation goals it reasonably expects to achieve on applicable projects based on project specifics, subcontracting opportunities and the number of ready, willing and able DBE businesses in the relevant market area.

- FTA funded projects that do not have assigned DBE goals are defined as Race Neutral, indicating, while DBE participation is encouraged, it is not a mandatory requirement for award. These projects are typically small in scope, dollar amount, and/or require services not provided by DBE firms in the relevant market area.

- Projects funded by the Federal Highway Administration (FHWA) through the Florida Department of Transportation (Department) are administered under a Local Agency Participation (LAP) agreement which requires JTA to use the Department's Race Neutral DBE program. All contract compliance relating to each LAP agreement is handled through the Department's District Two office. JTA does not report DBE expenditures on these contracts to FTA; rather, the Department maintains responsibility for making those reports to FHWA. DBE participation on these projects has historically been low because there is no DBE requirement (Race Neutral) for prime contractors.

Effective FY 2011, JTA's established its new triennial DBE goal of 12 percent on an agency-wide basis, which is the Authority's aspirational goal for participation by certified DBE firms in its qualified highway and transit operating expenditures. JTA reported achieving 14.6 percent (or $1.6 million) DBE participation in FY 2011 based on qualified highway and transit operating expenditures. Actual DBE participation of 14.6 percent represents 121.7 percent of the Authority's DBE goal of 12 percent, enabling JTA to meet the performance measure objective.

Additional information on the Federal Disadvantaged Business Program may be found at www.fta.dot.gov under the heading "Civil Rights and Accessibility."

Operating Indicators—Highways

FY 2011 operating indicators, as reported by JTA, are provided in Table 39. Also, to assist in trend analysis, FY 2009 and FY 2010 operating results are provided. Results for the last five fiscal years are included in Appendix B.

Right-of-Way

In FY 2011, JTA acquired one parcel totaling approximately $66 thousand through the Right-of-Way Program. Final settlements exceeded agency appraisals by 20 percent, to avoid unnecessary

Table 39
Jacksonville Transportation Authority
Summary of Operating Indicators - Highways
FY 2009 through FY 2011

Indicator	*Detail*	*Actual 09 Results*	*Actual 10 Results*	*Actual 11 Results*
Property Acquisition				
Right-of-Way	Agency Appraisals	$2,087,600	$4,863,525	$54,900
	Initial Offers	$1,566,300	$4,863,525	$54,900
	Owners Appraisals	$5,670,376	$19,975,000	N/A
	Final Settlements	$3,842,275	$7,888,325	$65,900

eminent domain costs. As the Better Jacksonville Plan road program winds down, a significant decrease in the dollar value of right-of-way parcel acquisitions is apparent.

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 Jax Transit Management (JTM) and to members of the JTA Board. 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). Excerpts from Section 112.313, Florida Statutes (Standards of conduct for public officers, employees of agencies, and local government attorneys) are attached as an exhibit to the Code of Conduct.

During orientation, all new JTA/JTM employees are required to sign an acknowledgement indicating each employee has reviewed the Code of Conduct, and all employees are required to annually re-affirm that they have read, understood and will comply with the Code of Conduct. The signed acknowledgement is retained in each employee's personnel file.

JTA indicated that online ethics training was provided to all JTA/JTM employees in FY 2011. In-house ethics training is also being provided to all JTA/JTM employees, commencing in July 2011. Completion of this effort will occur in May 2012. JTA's independent auditor requires each JTA Board Member to sign a formal conflict of interest statement, which is maintained on file by the independent auditor. JTA reported no substantiated ethics violations or conflicts of interest during FY 2011, and none were noted during the Commission staff review of the minutes of JTA Board meetings. JTA investigated three circumstances of alleged or potential violations in FY 2011, and none were substantiated. For FY 2012 to-date, 17 investigations have been undertaken, and one termination and one resignation have resulted.

Audit

An annual independent audit of JTA's financial statements for the fiscal year ended September 30, 2011 was provided to the Commission on April 4, 2012. Although the Independent Auditor's Report, dated March 29, 2012, indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion, various other compliance, internal control and management reports have not yet been issued by the auditors. JTA indicated that these audit reports will be issued under separate cover prior to June 30, 2012. As such, the results of the FY 2010 audit are included herein. A similar situation was encountered last year, where the FY 2009 audit was included in the FY 2010 Transportation Authority Monitoring and Oversight Report.

An annual independent audit of JTA's financial statements for the fiscal year ended September 30, 2010 was performed. The Independent Auditor's Report, dated March 25, 2011, indicated that the financial statements were prepared in conformity with GAAP and received an unqualified 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 one deficiency in internal control that was considered a material weakness (IC 2010-01) and one deficiency in internal control that was considered to be a significant deficiency (IC 2010-02). The results of audit tests did not disclose instances of noncompliance or other matters required to be reported under Government Auditing Standards. IC 2010-01 noted that the actuarial analyses of pension plans sponsored by JTM, a blended component unit of JTA, had not been performed in accordance with Governmental Accounting Standards Board (GASB) requirements for FY 2009, but rather JTA utilized the Employee Retirement Income Security Act (ERISA) standards. JTA obtained the GASB required actuarial valuation report for FY 2010 and as a result it was determined that a net pension asset existed and JTA had to restate beginning net assets to conform

Wonderwood Drive Aerial.

to applicable accounting standards. JTA management disagreed with the characterization of a material weakness for this issue because the amount of the restatement was the result of taking the recommended corrective actions to this finding that was previously identified in last year's management recommendation ML 2009-02 that is shown as being fully addressed in this year's report. JTA management will continue to monitor the performance of the JTM plans in accordance with GASB requirements. IC 2010-02 relates to proper segregation of duties in the Finance and Accounting Departments. The auditors recommended that JTA review its organizational structure to identify areas in which policy changes can be implemented to improve segregation of duties, without impairing efficiency of operations and to implement mitigating controls when necessary. JTA management identified mitigating procedural controls currently in place and will continue to strengthen procedural controls and evaluate the adequacy of its organizational structure in light of minimizing internal control risk balanced against the affordability of staff resources and efficiency of operations.

The Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program and State Project, dated June 28, 2011, identified one compliance issue related to USDOT federal awards reporting (CF 2010-01). Federal Financial Reports were not submitted to the FTA within 30 days of the end of the previous quarter as required in the grant agreement. Based on the audit recommendation, the JTA grants division established formal tracking procedures for pertinent due dates for federal awards to assist with the timely filing of reports. In addition, 5 of the 10 FY 2011 grant applications are amendments to existing grant awards which will decrease the number of future report requirements. In the Independent Auditor's Management Letter, the auditors noted that corrective action was taken by JTA to address last year's management recommendations related to capitalization of costs and JTM pension plans. In the Auditor's Management Letter, dated June 28, 2011, the auditors identified five management recommendations: ML 2010-01, Capital Asset Inventory; ML 2010-02, Logical Access to IT Systems; ML 2010-03, Farebox Cash Receipts; ML 2010-04, Ticket Booth Cash Receipts; and, ML 2010-05, Personnel Files.

Management Recommendation ML 2010-01 relates to the inventory of capital assets. JTA management concurred with the recommendation and will begin to cycle-count the fixed asset inventory of JTA annually.

Management Recommendation ML 2010-02 relates to the review of IT system access. JTA management believes that its IT system access controls are adequate. All access to the financial system is based on predefined permissions determined by the appropriate manager. All user access times are logged by the system, remote access is restricted to the privileges granted through the financial system, and network access is terminated when the Human Resource Department notifies the IT Department of separation of employment.

Management Recommendation ML 2010-03 indicates that farebox cash receipts from each route are currently collected and combined prior to being counted and JTA does not currently have the ability to identify farebox trends by route. JTA management concurred with the recommendation and will implement a statistically valid sampling procedure of selected individual fareboxes.

Management Recommendation ML 2010-04 relates to ticket booth cash receipts. JTA management indicated that a sub-contractor recently reviewed ticket booth cash receipt controls and that surprise audits are performed when a problem is detected with the reported information. JTA management concurred with the recommendation and will review and assess current ticket booth cash receipt controls to identify opportunities for improvement and will continue to monitor the information on cash collected versus tickets and passes sold and will follow up immediately on any discrepancies.

Management Recommendation ML 2010-5 relates to incomplete paperwork contained in personnel files. JTA management concurred with the recommendation and will conduct a thorough review of all personnel files in the current fiscal year.

In order to assist JTA in evaluating compliance with standards regarding the billing submitted to FTA for reimbursement under the Preventative Maintenance Grant Program, accountants performed procedures which were agreed to by JTA. The Independent Accountant's Report on Applying Agreed-Upon Procedures, dated July 27, 2011, noted no exceptions based on procedures performed.

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. The Skyway Fixed Guideway Transportation System Safety and Security Review Report, dated September 2011, identified 4 deficiencies and 2 areas of concerns derived from inspection of 63 safety and 45 security items. The four deficiencies related to: the hazard management process; safety and security personnel roles in system modifications; past due scheduled maintenance and documentation; and, configuration management process changes. The two areas of concerns were the JTA safety and security training program documentation and a checklist for independent security reviews. JTA submitted a Corrective Action Plan (CAP) to the Department to address these issues. JTA has completed five of the six tasks on the CAP. The remaining item, developing an enhanced safety and security training program, will be submitted to the Department before the due date of April 1, 2012. As part of that effort, one trainer in JTA's Human Resources Department is assigned to focus primarily on Skyway training.

JTA will review timetables and requirements with their outside audit firm so that subsequent reports can include the ancillary data.

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 April 20, 2011), to ensure compliance with the Public Records Law and to establish consistency in responding to public documents requests. The policy directs that all employees comply with Florida's Public Records Law, designates the Director of Business Development and Corporate Sales as the Public Records Custodian, incorporates the definition of public records contained in Chapter 119, Florida Statutes, and provides detailed guidance for timely responding to public records requests, charges for copies of documents, and record keeping.

JTA Bylaws (as amended June 24, 2010) require that regular public meetings of the Board and its standing Committees be held concurrently at 2:00 p.m. on the last Thursday of each month at its headquarters, or other location designated by the Chairman. 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 Secretary of JTA or his designee is required to keep the official minutes of the Board 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, and Chapter 286, Florida Statutes, for open meetings. JTA no longer falls under the purview of Chapter 120, Florida Statutes (Administrative Procedures Act). Commission staff reviewed agendas and minutes of Board meetings requested from JTA, as they are not posted on JTA's website. In addition, a limited review of public meeting notices posted on JTA's website was conducted. JTA indicated that it advertises its regularly scheduled Board meetings in the local newspaper of general circulation (Florida Times Union), and likewise publishes notice of special Board meetings. Commission staff reviewed a Florida Times Union advertisement for a rescheduled Board meeting that was provided by JTA. From this limited review, it appears JTA has been operating within procedure and statute. However, the Commission recommends that JTA consider expanding the public Board meeting information posted on its website www.jtafla.com.

Procurement

On August 27, 2009, JTA adopted Procurement Rule (Rule No. 002) to provide standards, procedures and methods for procurement by JTA of goods and services of all types to support JTA's statutory responsibilities and powers. Open competition is required, and the Procurement Rule applies to all procurements of goods and services (including construction) and to solicitation and award of agreements under which JTA receives revenues or other compensation for use of its assets or services, except as otherwise specified.

Approved procurement methods include: competitive sealed bids, competitive sealed proposals, two-step procurement, sole source negotiation, small purchases, and emergency procurement. Ancillary services may be procured by JTA's general counsel, general engineering consultant, certified public accountant, financial advisor, and other professionals specified in Rule 002. Procurement thresholds, which determine the level of necessary authority for contract award under the applicable payment method, are delineated in Rule 002. Solicitations for formal procurements over $100,000, which must be made by an approved procurement method, shall be made by Board action or as delegated by the

JTA Community Shuttle.

Board. Formal procurements not in excess of $100,000 may be awarded by the concurrence of the director of the applicable department (if other than the Chief Financial Officer), the Chief Financial Officer (CFO), the Executive Director, and in appropriate cases, the Grants Manager. The written approval of all such JTA officers and employees must be maintained in the procurement file for the applicable procurement, along with the contract and solicitation documents.

Small purchases of goods and services, which are capital and/or operating funded items included in an approved budget, as well as contract change orders require approval only by the JTA officers and employees (or designees) as presented in Table 40.

Table 40
Jacksonville Transportation Authority
Small Purchase Approval Requirements

Small Purchases	*Required Approval(s)*
Capital Funded Items	
$0 - $25,000	Division Manager, Department Director & Grants Manager
Operating Funded Items	
$0 - $6,000	Division Manager
$6,001 - $25,000	Division Manager & applicable Department Director
$0 - $25,000	Purchasing Manager for inventory parts

Approval of change orders for capital funded items that are the greater of up to $100 thousand or 10 percent of the total original contract and in the aggregate with all other change orders under that contract require approval of the Division Manager, Department Director and Grants Manager. Change orders for operating funded items that are up to the greater of the small purchase limits or 10 percent of the total original contract and in the aggregate with all other change orders under that contract require approval of the manager.

Consultant Contract Reporting

JTA utilizes a pool of three General Engineering Consultant (GEC) services providers, selected through a competitive procurement process in FY 2005 (five year contract). The three providers are England-Thims & Miller, Inc., ECR Ventures, Inc., and Reynolds, Smith and Hills, Inc. 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 41, seven sub consultant contracts greater than $25 thousand were used by the General Engineering Consulting firms for a total cost of $725 thousand in FY 2011. With the expiration of three GEC contracts in FY 2011, JTA issued a Request for Proposal (RFP) for GEC services in early FY 2012. Bids have been received and are currently in review for selection recommendation to JTA's Board.

Table 41
Jacksonville Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2011

Consulting Contract	*Description*	*Sub Consultants >$25k*
England-Thims & Miller, Inc.	**Engineering Management Services**	
HSA Consulting, Inc.	Topographic Survey	$79
Renaissance Planning Group	Policy Framework & Implementation	$27
ECR Ventures, Inc.	**Engineering Management Services**	
Civil Services, Inc.	Design Services	$68
Eisman & Russo, Inc.	Project Engineer/Inspection	$341
Reynolds, Smith & Hills, Inc.	**Engineering Management Services**	
The Gibbs Group, LLC	Project Inspection	$86
RCC Consultants	Wireless Communications	$29
Transportation Planning Group	Communications Planning & Support	$95
Total Sub Consultants >$25k		$725

Compliance with Bond Covenants

JTA has no outstanding revenue bonds.

Summary

JTA is a multi-modal public transportation authority operating within Duval County and portions of three adjacent counties. JTA continues to expand its service parameters and relies on fare revenues, federal and state grants, local option sales surtax revenues and contractual payments of local option gas taxes to fund transit and highway operations.

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

JTA met or exceeded 8 of the 12 objectives established for performance measures for bus. The four measures that require improvement include: operating expense per revenue mile, operating expense per revenue hour, ratio of operating revenue to operating expense and revenue miles between safety incidents. JTA met or exceeded 8 of the 12 performance measures for Skyway. The four measures that require improvement include: operating expense per revenue mile, per revenue hour, and per passenger trip; and the ratio of operating revenue to operating expense. JTA met or exceeded all four of the applicable performance measures for Highways.

JTA continues to provide fixed route bus service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2011 operating expenses decreased 1.3 percent, while operating revenues increased 5.8 percent over FY 2010. Weekday ridership increased 5.6 percent while revenue service hours increased 3.5 percent. JTA logged 6.9 percent fewer revenue miles in FY 2011. Passenger trips increased 6.7 percent, and average trip length remained virtually the same at 5.8 miles, resulting in a 7.1 percent increase in passenger miles. The farebox recovery ratio increased from 15.6 percent to 16.8 percent, while the average fare held steady at $0.82. The Commission encourages JTA to continue to focus on reducing expenditures.

JTA's Skyway operating expenses increased 6.9 percent, while operating revenues decreased 16.1 percent over FY 2010. Revenue miles and revenue hours have fallen each year since FY 2004, except for a slight improvement noted in FY 2011. Operating revenues show annual declines since FY 2007. The farebox recovery ratio of 3.2 percent is the all-time low reported by JTA. FY 2011 average weekday ridership increased 17.4 percent over FY 2010 while passenger trips increased 6.9 percent. Skyway's average fare of $0.37 is the lowest average fare reported since 2003 (based on available data). JTA attributed the fare decline due to changes in the passenger base, increased fare-free trips taken by transferring bus patrons who ride Skyway without a transfer fare, and technological issues with the antiquated fare collection system that allowed more passengers to avoid paying fares. The Skyway fleet is approaching an average age of 13 years. The Commission encourages JTA to continue to examine efforts to grow Skyway's ridership in order to enhance the system's productivity.

In the area of Governance, the FY 2010 Independent Financial Statement Audit reflected an unqualified opinion. The Auditor's Report on Internal Control Over Financial Reporting and on Compliance identified two deficiencies in internal control. A material weakness in internal control was noted for actuarial valuation of JTM Pension Plans, and a significant internal control deficiency was noted for segregation of duties in the Finance and Accounting Departments. The Auditor's Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Program and State Project indicated that Federal Financial Reports were not timely submitted to the Federal Transit Administration as required in the grant agreement. In the Independent Auditor's Management Letter, the auditors noted that corrective action was taken by JTA to address last year's management recommendations. The auditors identified five management recommendations regarding: capital asset inventory, logical access to IT systems, farebox cash receipts, ticket booth cash receipts and personnel files.

In addition, the Department's District Two Modal Development Office conducted an on-site review of JTA's Skyway to provide an overall assessment of JTA's compliance with safety and security regulations. The review report, dated September 2011, identified four deficiencies related to: the hazard management process, safety and security personnel roles in system modifications, past due scheduled maintenance and documentation, and configuration management process changes. The report also identified two areas of concerns, JTA safety and security training program documentation and a checklist for independent security reviews.

Although Board meeting notices are posted on JTA's website, agendas and minutes of Board meetings are not posted. The Commission recommends that JTA consider expanding the public Board meeting information posted on its website www.jtafla.com.

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

The Commission encourages JTA to continue its efforts to achieve all of its performance objectives. In addition, the Commission acknowledges with appreciation the cooperation and assistance on the part of the JTA Board and staff in providing the resources necessary to complete this review.

South Florida Regional Transportation Authority (SFRTA/Tri-Rail)

Background

The South Florida Regional Transportation Authority (SFRTA) is an agency of the state of Florida, created in 2003 by Chapter 343, Florida Statutes, as the successor to the Tri-County Commuter Rail Authority (TCRA). SFRTA inherited all of TCRA's rights, assets, labor agreements, privileges and obligations. SFRTA also continued to operate Tri-Rail commuter rail service through funding provided by county, state, and federal sources. The Florida Department of Transportation (Department), owns the South Florida Rail Corridor (SFRC), on which Tri-Rail operates.

Pursuant to Chapter 343, Florida Statutes, SFRTA is authorized to own, operate, maintain, and manage a transit system in the tri-county area of Broward, Miami-Dade, and Palm Beach counties. SFRTA is also empowered to "plan, develop, own, purchase, lease or otherwise acquire, demolish, construct, improve, relocate, equip, repair, maintain, operate, and manage a transit system and transit facilities." SFRTA is authorized to adopt rules necessary to govern operation of a transit system and facilities and to "coordinate, develop, and operate a regional transportation system within the area served." Each county served by SFRTA must dedicate and transfer not less than $2.670 million before October 31 of each fiscal year (FY). These funds may be used for capital, operations, and maintenance. In addition, they must provide $1.565 million in operating funds to SFRTA annually before October 31 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. A copy of the plan, "South Florida Regional Transportation Authority Transit Development Plan, FY 2012-2021, Annual Update," was completed in 2011 and represents the second update to the Transit Development Plan (TDP) Major Update that covered the period from FY 2009 through FY 2018. The plan is available at the following website www.sfrta.fl.gov/docs/planning/TDP/SFRTA Annual Update FY

Highlights

- Tri-Rail met or exceeded 9 of the 11 objectives established for performance measures. The two measures not met were Ratio of Operating Revenue to Operating Expense and Customer Service Number of Complaints.
- Improvement was noted in Average Headway, thereby enabling SFRTA to meet the performance measure objective in FY 2011.
- House Bill 1B, signed into law in December 2009, provides SFRTA with new dedicated funding for Tri-Rail beginning in FY 2011. This will allow Tri-Rail to continue to maintain service levels to comply with the Full-Funding Grant Agreement with the Federal Transit Administration for the double tracking program.
- SFRTA implemented a new automated fare collection system for Tri-Rail in February 2011. The EASY Card utilizes an embedded computer chip that automatically deducts the fare from the prepaid account.
- SFRTA has ordered 10 new locomotives and 24 new rail cars that are expected to be delivered over the next two years. This will provide extra passenger capacity for the existing Tri-Rail system and allow for future corridor expansion.
- The FY 2011 independent financial statement audit reflected an unqualified opinion.

2012-2021.pdf. SFRTA is authorized to borrow money as provided by the State Bond Act, and bonds must be authorized by SFRTA resolution after approval of the issuance of bonds at a public hearing.

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

Table 42
South Florida Regional Transportation Authority
Current Board Members

Name	*Appointment*	*Position*
Kristin Jacobs	Commissioner, Broward County	Chair
Steven Abrams	Commissioner, Palm Beach County	Vice Chair
Bruno Barreiro	Commissioner, Miami-Dade County	Board Member
James A. Cummings	Representative, Broward County	Board Member
Marie Horenburger	Representative, Palm Beach County	Board Member
Felix M. Lasarte, Esq.	Representative, Miami-Dade County	Board Member
Gus Pego, P.E.	District Six Secretary	Board Member
George Morgan, Jr.	Governor's Appointee	Board Member
F. Martin Perry	Governor's Appointee	Board Member

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.

SFRTA coordinates, develops, and implements a regional transportation system in South Florida that provides commuter rail service (Tri-Rail) and offers a shuttle bus system in Broward County for residents and visitors. Bus connections to Tri-Rail stations in Palm Beach, 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 more than 5.4 million residents. North-south daily service along a 72-mile commuter rail corridor with 18 stations connects the region's three major downtown areas and three international airports. Weekday service that begins at 4:00 a.m. provides 20 and 30-minute headways during morning and afternoon peak periods and is available until 11:05 p.m. Ten train sets operate service that includes 50 one-way trips each weekday, and 16 one-way trips on Saturday and Sunday. SFRTA typically operates three-car trains, but does operate some two-car sets during various parts of the service day. The Tri-Rail Miami Airport Station has been temporarily closed during construction of the new 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 not working around active train operations. In the interim, Tri-Rail provides free shuttle service to the airport from the Hialeah Market Station.

For several years, SFRTA attempted to secure a dedicated funding source. Finally, House Bill 1B, legislation passed during a special session of the Florida Legislature, was signed into law by Florida Governor Charlie Crist on December 16, 2009. The bill amended Section 343.58, Florida Statutes, to provide SFRTA with additional dedicated funding for Tri-Rail from the State Transportation Trust Fund (STTF). Effective July 1, 2010 (FY 2011), the Department must annually transfer $13.3 million, and an additional amount of no less than $17.3 million, from the STTF to SFRTA for operating assistance. While the legislation did not establish any new net funding; it filled the gap between what is statutorily required of the counties, and what is needed to run the Tri-Rail service.

Tri-Rail Locomotive Train.

House Bill 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.

An annual update of the TDP was completed in 2011. The FY 2012 through 2021 TDP contains updated goals and objectives, outlines accomplishments and challenges, describes capital improvements, and details the financial plan moving forward.

SFRTA implemented a new automated fare collection system for Tri-Rail in February 2011. The EASY Card contains an embedded computer chip that automatically deducts the fare when the card is tapped on any of the new validators located at all station platforms. By tapping on prior to boarding and tapping off upon exit, the fare is automatically deducted from the prepaid card. EASY Card vending machines are located at all stations to prepay and the card is compatible with Miami-Dade Transit's fare collection system. With the implementation of Smart Card Technology riders will need to authenticate eligibility for discount fares at any Tri-Rail ticket kiosk. It is anticipated this will have a significant reduction on fare evasion as SFRTA transitions to paperless ticketing in the future.

In May 2011, SFRTA completed the procurement and installation of 584 bike lockers at 16 of Tri-Rail's 18 stations. The installation of bike lockers at the two remaining stations (Miami Airport and Pompano Beach) is being delayed until ongoing and/or future construction is completed. These new bike lockers provide a safe and convenient location for bike riders to store their bikes, thereby freeing up space on the trains.

SFRTA also completed Phase 1 of the installation of four new storage tracks in 2011, which total about 3,300 linear feet, and a 340-foot inspection pit to store the new locomotives and rail cars while they are prepared for operation at Hialeah Yard. Phase 2 of the Hialeah Yard Storage Tracks, which will be completed by the end of 2012, consist of CSXT connecting the new storage tracks to the existing yard tracks. To date, SFRTA has taken delivery of two cab cars and three coaches. The 19 remaining cab cars and coaches, and the delivery of 10 new locomotives are anticipated to occur over the next two years. These new rail cars and locomotives will provide extra passenger capacity for the existing Tri-Rail system, while also making it possible for long-sought expansion onto the Florida East Coast (FEC) Railway to occur.

In October 2011, SFRTA developed a plan for implementation of new passenger rail service on the FEC Railway in the near term. This approach, the *Fast Start Plan for Tri-Rail Coastal Service* (Fast Start Plan) is a proposed partnership of SFRTA, the Department, local municipalities, and the FEC Railway. The return of passenger rail service on the FEC has been discussed for decades and analyzed extensively over the past eight years as part of the Department's South Florida East Coast Corridor (SFECC) Study. The current SFECC approach calls for years of additional study and the pursuit of Federal New Starts funding to cover a significant portion of the project's capital costs.

According to SFRTA management, the Fast Start Plan is a new approach for FEC passenger rail service that matches with today's fiscal reality and is responsive to the desire by elected officials, the development community, and general public for immediate action. The Fast Start Plan proposes an accelerated schedule that will create jobs in the near term and bring about sustained economic development opportunities and mobility options that are needed in the state and region.

According to SFRTA, the following are key aspects of the Fast Start Plan:

- Bypasses the cumbersome and competitive Federal New Starts process
- Open for service in a three to five year time frame
- Modest capital costs
- Low operating costs
- Does not seek new county or state operating funds
- Provides integrated service that builds upon decades of federal, state, and county investment in Tri-Rail
- Utilizes SFRTA's favorable contracts for transit operations
- Adds no new SFRTA administrative costs
- Utilizes the new sleek modern locomotives and railcars that are now being delivered to SFRTA, providing substantial project capital cost savings
- Adds service in all three south Florida counties, providing both local and regional mobility
- Creates construction jobs and sustained economic activity surrounding new stations
- Will promote redevelopment and increase the local tax base
- Includes double tracking of FEC in Broward and Miami-Dade Counties, providing additional freight rail capacity

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 9 of the 11 objectives for performance. FY 2011 results, as reported by SFRTA, are provided in Table 43. Results for the last five fiscal years are included in Appendix B.

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

Table 43
South Florida Regional Transportation Authority
Summary of Performance Measures
FY 2011

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	28.7	✓
Operating Expense[1] per Revenue Mile	Operating expenses divided by revenue miles	<$18.00	$16.96	✓
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>25%	23.0%	X
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<$15	$12.82	✓
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<$0.45	$0.43	✓
Major Incidents	FRA reportable incidents for rail	Zero	0	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures[2]	>41,863	68,570	✓
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	13.8 days	✓
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	2.0	X
On-time Performance	% trips end to end on time "less than 6 minutes late"	>80%	89.7%	✓

[1] Operating expenses do not include the cost of feeder bus service or capital planning.

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

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

Average Headway

In FY 2011, SFRTA achieved the performance measure objective for average headway of less than 30 minutes with actual results of 28.7 minutes. This was 1.9 minutes less than average headway of 30.6 minutes reported in FY 2010.

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 $16.96 fell below the objective of less than $18.00 by $1.04 (5.8 percent), thereby achieving the objective. An 8.5 percent increase in operating costs coupled with a 0.4 percent decrease in annual revenue miles resulted in an increased operating cost per revenue mile of $1.40 in FY 2011.

DMU (Diesel Multiple Unit) Crossing New River Bridge.

Operating Revenue per Operating Expense

The relationship between operating revenue and operating expense provides a measure of the effective use of income. Unlike the previous objective, where the goal was to achieve lower costs per revenue mile, the target for this objective is to increase the percentage of revenue derived from fares and other revenue sources. SFRTA failed to achieve this performance measure objective with a 23.0 percent ratio of revenue to operating expenses (the performance objective is greater than 25 percent). This compares to 23.3 percent reported in FY 2010. While operating revenues increased 6.9 percent in FY 2011, operating expenses increased 8.5 percent. Significant improvement has been noted in this performance measure subsequent to SFRTA's 25 percent fare increase on June 1, 2009. FY 2011 operating revenue of $11.2 million is a record high.

Operating Expense per Passenger Trip

An evaluation of the relationship between operating expenses and passenger trips provides a measure of the general cost efficiency of the service provided. SFRTA operating costs per passenger trip of $12.82 fell below the objective of less than $15.00 by $2.18 (14.5 percent), thereby achieving the objective. An 8.5 percent increase in operating costs in FY 2011 more than offset a 5.7 percent increase in passenger trips resulting in an increased cost per passenger trip of $0.34 in FY 2011.

Operating Expense per Passenger Mile

An evaluation of the relationship between operating expenses and passenger miles also provides a measure of the general cost efficiency of the service provided. SFRTA achieved the objective of operating costs per passenger mile of less than $0.45 with $0.43 reported in FY 2011. This is the same result as reported in FY 2010. The 7.5 percent increase in FY 2011 passenger miles was sufficient to offset the 8.5 percent increase in operating expenses.

Major Incidents

The span of revenue miles between major incidents is a measure of safe customer service.

Significant revenue miles between major incidents results in infrequent exposure of customers to safety hazards. SFRTA achieved the objective of zero Federal Railroad Administration (FRA) reportable incidents.

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 2011 with 68,570 revenue miles between failures, exceeding the objective of 41,863. A 0.4 percent decrease in revenue miles coupled with a 40 percent increase in vehicle system failures (30 failures in FY 2010 versus 42 failures in FY 2011) resulted in a decrease of 27,843 revenue miles between failures in FY 2011.

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 2011 with 0.97, indicating highly effective use of the fleet.

Customer Service – Average Time from Complaint to Response

SFRTA achieved the performance measure objective of timely response to customer complaints within 14 days of receipt of the complaint with actual response time of 13.8 days reported in FY 2011. Significant improvement was noted from the 29 day response time reported in FY 2010.

SFRTA significantly enhanced its Passenger Feedback Database that supports customer communication and quality assurance and provides measurable data. Improvements were made to tracking mechanisms and processes, as well as more thorough and effective responses. In February 2010, SFRTA transitioned to the enhanced Passenger Feedback Database and in late 2010 the Call Center was relocated from the Hialeah Rail Yard to the SFRTA headquarters in Pompano Beach, in part to enhance communications with the other departments in the Authority who are responsible for gathering information for passenger responses. Focus has also been placed on working with SFRTA's third party vendors who are responsible for investigating complaints of a security and operational nature to provide their feedback more expeditiously.

Customer Service – Number of Complaints per Boarding

SFRTA did not achieve the performance objective of less than one complaint per 5,000 boardings with 2.0 complaints reported in FY 2011. The number of customer complaints increased from 643 in FY 2010 to 1,499 in FY 2011 (133 percent). With stronger quality assurance measures in place, and more thorough responses distributed, passengers began to utilize the Passenger Feedback System with greater frequency. This newfound and enhanced reliance on the "system" resulted in a considerable increase of passenger feedback in both 2009 and 2010. SFRTA appreciates the willingness of its customers to communicate freely with staff and views customer input as an opportunity for establishing open lines of communication. The increase in the number of complaints is attributed to the implementation of the new Automated Fare Collection System (AFCS). While SFRTA worked extensively on distributing educational material to our 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, we gathered information from those complaints to identify areas where additional educational material was needed for our passengers. This has led to a consistent decrease in complaints attributable to the AFCS.

On-time Performance

SFRTA achieved the on-time performance objective of greater than 80 percent of trips end-to-end on-time. On-time is defined as less than six minutes late. SFRTA on-time performance of 89.7 percent in FY 2011 and 86.3 percent in FY 2010 significantly increased from the 73.4 percent reported in FY 2009. The significant improvement beginning in FY 2010 is the result of a new schedule implemented by SFRTA to better serve passengers. Previously, shorter turnaround times at the ends of the corridor increased the chance for cascading delays throughout the service day. The new schedule allows for greater operational flexibility and has greatly improved on-time performance.

SFRTA is currently analyzing the cost of taking over dispatch, maintenance and operation on the Southeast Florida Rail Corridor (SFRC) as negotiated in the South Florida Operating Maintenance Agreement (SFOMA). If sufficient financial resources can be identified to cover those costs, SFRTA will coordinate responsibility of managing SFRC with the Department. In addition, SFRTA has secured federal stimulus monies and other capital resources to replace rolling stock, including a total of 10 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 2011 operating indicators, as reported by SFRTA, are provided in Table 44. In order to observe current trends, operating indicators for FY 2009 and FY 2010 are also provided. Results for the last five fiscal years are included in Appendix B.

FY 2011 average weekday ridership on Tri-Rail increased 6.3 percent over FY 2010, but decreased 10.6 percent over the record high of 14,430 reported in FY 2009. The ridership decline in FY 2010 is attributed to deteriorating economic conditions and lower gas prices. SFRTA management indicated that Florida's unemployment rate and other economic indicators were worse than national averages. As gas prices fell, home prices significantly declined and home foreclosures increased at an alarming rate. These factors, as well as a fare increase implemented in June 2009, contributed to the decline in FY 2010 ridership. Improvement was noted in FY 2011 ridership primarily due to the rising cost of gas, improved economic conditions and a more reliable Tri-Rail service.

SFRTA logged 5.7 percent more passenger trips in FY 2011, while the average trip length increased 1.7 percent, resulting in a 7.5 percent increase in

Table 44
South Florida Regional Transportation Authority
Summary of Operating Indicators
FY 2009 through FY 2011

Operating Indicator	*Detail*	*Actual 09 Results*	*Actual 10 Results*	*Actual 11 Results*
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	$8.20	$8.19	$8.88
Farebox Recovery Ratio	Ratio of passenger fares[1] to total operating expenses	21.6%	22.9%	22.3%
Service Area Population	Approximation of overall market size	5,497,997	5,497,997	5,497,997
Service Area Population Density	Persons per square mile based on service area population and size	1,072	1,072	1,072
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	$45,075,706	$45,007,680	$48,842,085
Operating Revenue[2]	Revenue generated through operations of transit authority	$10,045,435	$10,507,019	$11,231,078
Total Annual Revenue Miles	Miles vehicles operated in active service[3]	2,981,997	2,892,398	2,879,940
Total Annual Revenue Hours	Hours vehicles operated in active service	87,315	96,240	96,960
Total Revenue Vehicles[4]	Vehicles available to meet annual maximum service requirement	47	47	45
Operating Expense per Revenue Hour	Cost of operating an hour of revenue service	$516.24	$467.66	$503.73
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	34	34	38
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	27.7%	27.7%	15.6%
Annual Passenger Trips[6]	Passenger boardings on transit vehicles	4,223,350	3,606,055	3,810,823
Average Trip Length	Average length of passenger trip, generally derived through sampling	29.0	29.0	29.5
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	122,477,150	104,575,595	112,381,170
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	19.0	19.5	19.5
Average Fare	Passenger fare revenues divided by passenger trips	$2.31	$2.85	$2.86
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.42	1.25	1.32
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	48.4	37.5	39.3
Passenger Trips per Capita	Passenger trips divided by service area population	0.77	0.66	0.69
Average Age Since Last Rebuild	Average years since last rebuild for locomotives (9 years)	7.2	8.2	9.2
Average Age Since Last Rebuild	Average years since last rebuild for coaches (12 years)	8.2	9.2	10.2
Unrestricted Cash Balance	End of year cash balance from financial statement	$13,346,864	$16,534,534	$19,444,152
Weekday Ridership	Average ridership on weekdays	14,430	12,139	12,900
Capital Commitment to System Preservation	% of capital spent on system preservation	0%	0%	0%
Capital Commitment to System Expansion	% of capital spent on system expansion	100%	100%	100%
Intermodal Connectivity	Intermodal transfer points available	18	18	18

[1] Passenger fares are revenues generated annually from carrying passengers in regularly scheduled service.

[2] Operating revenue includes passenger fares, special transit fares, freight tariffs, auxiliary transportation revenues, subsidy from other sectors of operations and non-transportation revenues.

[3] Active service refers to vehicle availability to pick up revenue passengers.

[4] Total revenue vehicles include spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but exclude vehicles awaiting sale and emergency contingency vehicles.

[5] Vehicles awaiting sale and emergency contingency vehicles are not included as revenue vehicles in this calculation.

[6] A passenger trip is counted each time a passenger boards the train.

passenger miles. FY 2011 revenue hours increased 0.7 percent, while revenue miles decreased 0.4 percent. The weekday span of revenue service remained the same while the fleet size decreased 4.3 percent. Operating expenses increased (by 8.5 percent), while operating revenue increased (by 6.9 percent). The farebox recovery ratio decreased to 22.3 percent (a 2.6 percent decrease) while the average fare grew from $2.85 to $2.86 (a 0.4 percent increase). The service area population remained static, while passenger trips per capita increased (by 4.5 percent) at a higher cost (from $8.19 to $8.88 per capita) than was previously the case.

FY 2011 operating expenses increased 8.5 percent while operating revenues increased 6.9 percent over FY 2010.

FY 2011 average weekday ridership increased 6.3 percent over FY 2010 due to the rising cost of gas, improved economic conditions, and more reliable Tri-Rail service.

Passenger trips increased 5.7 percent in FY 2011 while the average trip length increased 1.7 percent, resulting in a 7.5 percent increase in passenger miles.

The average number of years since the last rebuild was 9.2 years for locomotives and 10.2 years for coaches. SFRTA's current operating spare ratio is 15.6 percent (below 20 percent). However, delivery of new locomotives and rolling stock are anticipated to occur over the next two years that will position the authority for future service expansion. SFRTA continued to grow its unrestricted cash balance and committed all of its capital investment to system expansion. SFRTA continued to provide 18 intermodal connections.

Governance

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

Ethics and Conflict of Interest

SFRTA provided a copy of its Ethics Policy that was approved by the Board on August 26, 2011. 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 appears 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 2011. Commission staff reviewed the Authority's Board minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations. The meeting minutes did not disclose any instances where a Board Member abstained from voting due to a voting conflict. At the January 28, 2011 Board meeting, ethics training was provided to Board Members and senior staff in the areas of ethics, conflicts of interest, financial disclosure, Sunshine Law and public records.

Ethics training was provided to Board members and senior staff in January 2011.

SFRTA revised its Ethics and Procurement Policies in January and March 2011, respectively.

The audit identified one significant internal control deficiency and five recommendations for improvement.

Audit

An annual independent audit of SFRTA financial statements for the fiscal years ended June 30, 2011 and 2010 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program and State Project identified one deficiency in internal control that was considered to be a significant deficiency. The auditors recommended that Nextfare access controls be strengthened by developing a formal policy and procedure to address periodic review of access privileges and access activity of users, paying special attention to contractors and users with super-user access. Miami-Dade Transit (MDT) indicated that a two layer authentication process is utilized in order to access Nextfare. The first layer (Active Windows Directory) requires reauthorization every three months and automatically disables access to the Nextfare application. MDT will further enhance application security by expanding the reauthorization policy to include Nextfare application access, so that both authentication layers are mirrored. MDT will implement an automated monthly audit report that documents Nextfare activities that will periodically be reviewed by SFRTA to ensure that proper access is maintained.

In the Independent Auditor's Management Letter, the auditors identified five management recommendations for improvement: ML – 2011-01, Provide Dual Authorization on Bank "Cash Shipments" for the Ticket Vending Machines (TVM); ML – 2011-02, Update Capital Asset Policy; ML – 2011-03, Information Technology; ML – 2011-04, Nextfare Access Controls; ML – 2011-05, Security Awareness at Miami-Dade Transit.

- ML 2011-01 relates to bank authorizations required to ship cash to replenish ticket vending machines. SFRTA management concurred with the recommendation and will implement a dual authorization process.

- ML 2011-02 relates to updating the SFRTA Capital Asset Policy. SFRTA management concurred with the recommendation and will update its Capital Asset Policy to include a provision for impairment based on Governmental Accounting Standards Board (GASB) Statement Number 42.

- ML 2011-03 relates to various IT recommendations relating to segregation of duties, logical security controls, and internal controls. SFRTA is in the process of implementing corrective action to address these recommendations.

- ML 2011-04 relates to Nextfare access controls as previously noted.

- ML 2011-05 relates to security awareness at MDT. SFRTA concurred with MDT's revised policy regarding security awareness including password security.

Public Records and Open Meetings

SFRTA complies with Article IV of the SFRTA Bylaws, as amended on March 25, 2011, in the conduct of all meetings. Notice of and public access to all meetings must be given in the manner required by applicable law as well as SFRTA Bylaws. Regular 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 provided copies of various Board meeting notices published in the Miami Herald and the Palm Beach Post evidencing compliance with public notice requirements. SFRTA is also subject to the provisions of Section 189.417 and Chapter 286, Florida Statutes, for open meetings. The Authority no longer falls under the purview of Chapter 120, Florida Statutes (Administrative Procedures Act).

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

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 local newspaper advertisements for public meetings and the Authority's Public Records Procedures was performed. From this limited review, the Commission determined that SFRTA is operating within procedure and statute.

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 45.

Table 45
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.

Sheridan Street Station.

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

Consultant Contract Reporting

SFRTA awarded General Engineering and Consulting Service contracts to nine firms on September 24, 2010. Each contract was for a three year term with two one-year option periods in the maximum not-to-exceed amount of $5 million each. The contracts are work order based where individual assignments are negotiated on an as-needed basis. Funds are encumbered separately for each individual work order. Due to the multitude of engineering disciplines required in the Scope of Services, firms were encouraged to establish teams. The nine teams each are comprised of a prime consultant and numerous sub consultants to cover all of the disciplines required in the solicitation.

Three firms were also awarded General Systems Engineering Service contracts on October 22, 2010. Due to the expected level of consulting services required in the specialty disciplines of Rolling Stock and Associated Equipment Engineering/Inspection Services, Fare Collection, and Signal and Train Control/Communications, SFRTA procured General Systems Engineering services separately from the GEC contracts. Each contract was for a three year term with two one-year option periods in the maximum not-to-exceed amount of $5 million. The contracts are work order based where individual assignments are negotiated on an as-needed basis. Funds are encumbered separately for each individual work order. The three teams each are comprised of a prime consultant and a small group of sub consultants. Sub consultant contracts greater than $25 thousand are presented in Table 46.

Compliance with Bond Covenants

SFRTA has no outstanding revenue bonds.

Summary

SFRTA is a full-service public transportation authority operating within a 5,128-square-mile service area throughout Broward, Miami-Dade, and Palm Beach counties. SFRTA continues to expand its service parameters and relies on fare revenues, federal and state grants, and significant financial support from its local partners to fund commuter rail operations.

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

Table 46
South Florida Regional Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2011

Consulting Contract	***Description***	***Sub Consultants >$25 K***
Gannett Fleming, Inc.	**General Engineering Consultant**	
Parsons Brinckerhoff, Inc.	**General Engineering Consultant**	
Clifton, Weiss & Associates	IP control and backup wireless code line replacement for the New River Bridge Corridor and development of technical specifications and solicitation documents for a train tracking and public information system	$268,959
T.Y. LIN International	**General Engineering Consultant**	
Parsons Transportation Group, Inc.	**General Engineering Consultant**	
EAC Consulting, Inc.	**General Engineering Consultant**	
AECOM	Commuter rail track and signal field support services for the New River Bridge Corridor	$242,858
Jacobs Engineering Group	**General Engineering Consultant**	
Hillers Electrical Engineers	Feasibility study for electrical upgrades at the Hialeah Yard Shop	$41,212
HDR Engineering, Inc.	**General Engineering Consultant**	
Kimley-Horn & Associates, Inc.	**General Engineering Consultant**	
Zyscovich Architects	Design, permitting and bidding assistance for improvements at the Pompano Beach Tri-Rail Station	$166,860
Ross & Baruzzini, Inc.		$105,330
PACO Group		$38,491
BNI		$26,869
Bergmann Associates, Inc.	**General Engineering Consultant**	
Parsons Brinckerhoff, Inc.	**General Systems Engineering**	
Raul Bravo & Associates	Feasibility study and preparation of cost opinion for security cameras at Tri-Rail stations	$28,143
Parsons Transportation Group, Inc.	**General Systems Engineering**	
CH2M Hill, Inc.	**General Systems Engineering**	
Dickey Consulting Services	Oversight services for design of new locomotives	$34,080
Total Sub Consultants >$25k		$952,802

SFRTA met or exceeded 9 of the 11 objectives established for performance measures. The two measures that require improvement include operating revenue per operating expense 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 2011 operating expenses increased 8.5 percent, while operating revenue increased 6.9 percent over FY 2010. The farebox recovery ratio decreased to 22.3 percent (a 2.6 percent decrease) while the average fare grew from $2.85 to $2.86 (a 0.4 percent increase). FY 2011 average weekday ridership increased 6.3 percent over FY 2010 but decreased 10.6 percent over the record high of 14,430 reported in FY 2009. The ridership decline in FY 2010 is attributed to deteriorating economic conditions, lower gas prices and the impact of the June 2009 fare increase. The ridership increase in FY 2011 is primarily due to the rising cost of gas, improved economic conditions and a more reliable Tri-Rail Service. SFRTA logged 5.7 percent more passenger trips in FY 2011 while the average trip length increased 1.7 percent, resulting in a 7.5 percent increase in passenger miles. Revenue hours increased 0.7 percent, while revenue miles decreased 0.4 percent. To improve the operating revenue per operating expense ratio, SFRTA is encouraged to focus on containing operating costs. In addition, the Commission suggests that SFRTA continue its plans to decrease the number of customer complaints.

In the area of Governance, the FY 2011 annual Independent Financial Statement Audit reflected an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to Each Major State Program and State Project identified one significant deficiency in internal control relating to Nextfare access controls. In the Independent Auditor's Management Letter, the auditors identified five management recommendations for improvement relating to: authorization for bank 'cash shipments' for ticket vending machines, Capital Asset Policy update, various IT recommendations, Nextfare access controls, and security awareness. At the January 28, 2011 Board meeting, ethics training was provided to Board Members and senior staff in the areas of ethics, conflicts of interest, financial disclosure, Sunshine Law and public records.

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 III, 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 47
Northwest Florida Transportation Corridor Authority
Current Board Members

Name	*Representing*	*Position*
Mr. Robert B. Montgomery	Santa Rosa 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. Robert E. McGill, III	Okaloosa County	Board Member
Vacant	Escambia County	Board Member
Vacant	Wakulla County	Board Member
Mr. Tommy Barfield	District Three	Ex-Officio

NFTCA is authorized to construct any feeder roads, reliever roads, connector roads, bypasses, or

Highlights

- NFTCA adopted the 2011 updated Corridor Master Plan and Prioritized Projects in April 2011.
- NFTCA did not timely present the 2011 updated Corridor Master Plan by July 27, 2011, as statutorily required (within 90 days of adoption). The 2011 updated Master Plan was presented on April 2, 2012.
- 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.
- 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.
- In April 2011, the Department completed a planning-level Feasibility Study for a portion of the Northwest Florida Bypass (formerly Eglin Bypass) that included a financial feasibility of the tolled corridor. Results indicate that the alternatives defined in the study did not generate sufficient toll revenues, but other alternatives might be feasible.
- NFTCA is currently using a business case analysis to help select and plan projects by assessing economic benefits, investment plans, and proposing viable funding strategies.
- The FY 2010 independent financial statement audit reflected an unqualified opinion and identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses.

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, when the project is to be part of the State Highway System (SHS) or the respective county or municipal governing boards. Any transportation facilities constructed by NFTCA may be tolled.

Statutory Requirements

Legislation requires NFTCA to conduct specific activities within prescribed deadlines. These requirements range from conducting public meetings to developing a Corridor Master Plan. Table 48 lists those requirements, as provided in Florida Statutes, and indicates whether those requirements have been met.

In addition to the above requirements, NFTCA may also enter into Public-Private Partnerships for the construction of transportation facilities, sell bonds to finance the construction of transportation facilities and enter into lease-purchase agreements with the Department for the operation of the US 98 Corridor System. Effective July 1, 2011, the 2011 Legislature passed, and the Governor approved, Senate Bill 2152 that amended Chapter 343, Florida Statutes. This legislation repealed the authority for NFTCA to enter into Lease-Purchase Agreements with the Florida Department of Transportation. (The

Table 48
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 quarterly, and more frequently as needed, since September 2005 and has met at least once in each county represented.
Corridor Master Plan	Develop and adopt a Corridor Master Plan no later than July 1, 2007. (Section 343.82 (3)(a), Florida Statutes)	Completed the Corridor Master Plan and adopted the plan in April 2007.
	Update the Master Plan annually before July 1 of each year. (Section 343.82 (3)(b), Florida Statutes)	Board adopted the 2011 updated Master Plan and Prioritized Projects on April 28, 2011.
	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 2011 updated Master Plan was not presented by July 27, 2011 (90 days after adoption) as required by statute. The 2011 updated Master Plan was presented on April 2, 2012.

relevant language from SB 2152 is detailed in Appendix A.) 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. NFTCA is currently in the Preliminary Design and Environmental (PD&E) phase of a project in its master plan. 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 further adopted revisions to the original Master Plan in 2008, 2009, 2010 and 2011. Although the updated 2011 Master Plan was timely posted on NFTCA's website, NFTCA did not timely present the updated Master Plan to the governing bodies and legislative delegation members, as required by Section 343.82 (3)(c), Florida Statutes. NFTCA adopted the 2011 updated Master Plan on April 28, 2011, and provided the applicable counties and legislative delegation members a copy of the updated Master Plan on April 2, 2012. This exceeds 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 2011 Master Plan identifies and prioritizes 37 potential projects that would improve existing facilities or create new facilities. Since adoption of the Master Plan, NFTCA has started work on a project identified in the plan.

US 98.

- As part of its Coordinated Regional Transportation Study of US 98, NFTCA is studying the Northwest Florida Bypass (formerly Eglin Bypass) from SR 87 to US 331, creating a new four-lane limited access highway. This 54.25 mile project is the number one ranked project in NFTCA's 2011 Master Plan. The study (Department FM #418947-1-28-01) is partially funded utilizing the balance of $3 million in State funds allocated to NFTCA for the development of the Corridor Master Plan. At the request of NFTCA, the Department, through Florida's Turnpike Enterprise (Enterprise), conducted a planning-level Feasibility Study for a portion of the Northwest Florida Bypass prior to completing the Environmental Impact Study. This Feasibility Study was completed in April 2011 and included an assessment of the overall financial feasibility of the tolled corridor from SR 87 in Santa Rosa County to SR 85 in Okaloosa County where the Mid-Bay Bridge extension ends. In the study, the corridor was segmented from SR 87 to Hurlburt Field and from Hurlburt Field to SR 85. The results of the study indicate that the alternatives defined in the study did not generate sufficient toll revenues, but other alternatives might be feasible.

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

The NFTCA Board considered updates to the 2011 Corridor Master Plan at its March 22, 2012, public meeting and determined that none were needed at that time. Therefore, the 2012 Corridor Master Plan will remain unchanged from 2011. However, the Authority is in the process of making major updates to the plan which will be reflected in the 2013 Master Plan. As part of the Master Plan update, NFTCA's general consultant (HDR) is conducting a business case analysis to help the Authority in selecting and planning transportation projects by assessing their respective economic benefits, developing an investment plan and proposing viable funding strategies. The business case analysis includes an extensive public outreach program involving regional planning councils in the eight-county geographic area covered by NFTCA and a series of workshops involving other key stakeholders in the region.

Until recently, funding for NFTCA was restricted only to specific project related costs and did not include administrative expenses. The Federal Highway Administration (FHWA) earmarked $1.1 million to NFTCA to fund a coordinated regional master plan. A Master Plan has already been developed utilizing state funds; however, the plan is updated annually. The Department, working closely with FHWA and NFTCA, developed an agreement whereby the $1.1 million can be used to fund administrative expenses of NFTCA. The two year agreement, executed on July 29, 2010 (Department FM #418947-1-28-90), provides funding for NFTCA administration, professional services and regional transportation planning. This agreement was amended on June 23, 2011, to include an additional $1.1 million provided from a separate federal earmark (Department FM #418947-1-28-01 - Project 2012-2013) that extended the agreement by an additional year.

NFTCA does not employ an Executive Director or any staff. On January 27, 2011, through a competitive negotiated process, the NFTCA Board contracted with a General Planning Consultant (HDR) to perform activities required to manage and update the Regional Master Plan including public outreach, planning studies, other transportation engineering activities, and administrative functions such as work program development, legislation monitoring, progress and expenditure reporting and website maintenance. Grimail Crawford, Inc. functions as a sub consultant under the HDR General Planning Consultant contract and will provide administrative services including bookkeeping, accounting, public records retention, and assistance with administrative tasks related to public meetings.

Performance Measures and Operating Indicators

As an emerging transportation authority, NFTCA is not currently operating any facilities. Therefore, performance measures and operating indicators are not currently applicable.

Governance

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

Ethics and Conflict of Interest

On January 17, 2008, the NFTCA Board formally adopted a resolution that all Board members and employees shall comply with the applicable provisions of the Code of Ethics for Public Officers and Employees set forth in Chapter 112, Part III, Florida Statutes. NFTCA has reported no ethics or conflict of interest violations or investigations in FY 2011 and none are noted in minutes of meetings. The meeting minutes for FY 2011 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.

Ochlockonee Bridge-US 98 River Crossing in Franklin County.

Audit

On November 15, 2007, the NFTCA Board formally adopted a resolution that established an Audit Committee. Because funding for NFTCA was restricted only to specific project related costs that excluded audits, a firm was not engaged to audit NFTCA. For calendar years 2006, 2007, and 2008 the Department's Office of Inspector General completed an annual Accountant's Compilation Report. This report is limited in presentation, but is in accordance with the requirements for "Statements for Accounting and Review Services" issued by the American Institute of Certified Public Accountants. However, the report does not include all of the disclosures required by Generally Accepted Accounting Principles (GAAP) and, therefore, did not meet the requirement established by the Commission.

In FY 2009, the Authority identified funds that could be used for audit services. NFTCA, through a competitive procurement process, selected a firm to conduct financial statement audits at the June 25, 2009 Board meeting. Independent audits of NFTCA financial statements for FY 2010 (and prior years since inception of NFTCA) have been completed. The FY 2011 audit is currently underway.

The Independent Auditor's Report, for the fiscal year ended September 30, 2010 (dated October 17, 2011), indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses (Findings 10-01 and 10-02).

- Finding 10-01 (prior year 09-01) 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 10-02 (prior year 09-02) 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 controls.

> NFTCA responded by stating that they do not feel that in the near future the benefits derived from investing in the resources necessary to prepare their own financial statements would outweigh the cost of those resources.

In the Independent Auditor's Management Letter, the auditors had no findings or recommendations regarding NFTCA's management, accounting, procedures or other matters required to be disclosed, except for internal control findings 10-01 and 10-02 that were similarly noted in the FY 2009 audit.

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.

Public Records and Open Meetings

On April 28, 2011, the NFTCA Board adopted a formal policy that it will comply with the various provisions of Florida Statutes in regard to Open Meetings and Chapter 119, Florida Statutes, related to Public Records. A search of the NFTCA website indicates that notices of meetings are posted in advance of the meeting, and that the agendas and minutes of meetings are posted in a timely fashion. Commission staff also conducted a limited review of public meeting notices advertised in local newspapers and the Florida Administrative Weekly. 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. General Counsel also provides guidance at Board meetings and at the individual request of Board members. In 2011, NFTCA purchased and provided a *Government-in-the-Sunshine Manual* to all Board members. In March and April 2012 (FY 2012), General Counsel met individually with three Board members to review public records, sunshine and ethics laws. Additional meetings with the remaining Board members are currently being scheduled by General Counsel.

In 2009, in order to provide more information to the public, NFTCA started redesigning its website www.nwftca.com. As previously noted, notices, agendas and minutes of Board meetings are posted. In addition, the website includes Master Plans as well as Board member and contact information. Improvements to the website continue and now include public involvement opportunities and quarterly newsletters.

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.

Consultant Contract Reporting

In FY 2011, NFTCA utilized procured services for a General Engineering Consultant, Legal Support, and Audit Services. None of these have sub consultants that are required to be reported.

Compliance with Bond Covenants

NFTCA has not issued bonds; therefore, this governance item is not yet applicable.

Other

Section 189.418(3), Florida Statutes, requires Special Districts to adopt annual budgets. The NFTCA Board formally adopted the FY 2011 budget on August 26, 2010.

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 most of its statutory responsibilities and the governance criteria established by the Commission. However, the 2011 updated Master Plan was not timely presented to governing bodies and legislative delegation members by July 27, 2011, as required. The 2011 updated Master Plan was presented on April 2, 2012.

NFTCA adopted a 2011 updated Corridor Master Plan in April 2011. An independent audit of NFTCA financial statements for FY 2010 has been completed and the FY 2011 audit is currently underway. The FY 2010 audit reflected an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses. These deficiencies relate to the preparation of financial statements and adjustments to the financial records. A planning-level Feasibility Study for a portion of the Northwest Florida Bypass (formerly Eglin Bypass) was completed by the Department in April 2011. The study included an assessment of the financial feasibility of the tolled corridor. Results of the Feasibility Study indicate that the alternatives defined in the study did not generate sufficient toll revenues, but other alternatives might be feasible. 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. As part of the next Master Plan update, NFTCA is conducting a business case analysis to help select and plan transportation projects by assessing their respective economic benefits, developing an investment plan and proposing viable funding strategies. This business case analysis includes an extensive public outreach program involving regional planning councils and workshops involving other key stakeholders in the region.

The Commission acknowledges with appreciation the assistance of the NFTCA Board, and NFTCA's General Planning Consultant in providing the resources necessary to conduct this review and to complete this report.

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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). Effective July 1, 2011, the 2011 Legislature passed, and the Governor approved, Senate Bill 2152 that amended Chapter 348, Florida Statutes. This legislation repealed the authority for OCX to enter into Lease-Purchase Agreements with the Florida Department of Transportation. (The relevant language from SB 2152 is detailed in Appendix A.)

OCX is considered an Independent Special District of the state of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989). Compliance with governance of OCX is being assessed primarily in accordance with Chapters 348 and 189, Florida Statutes, although it will include other applicable statutes.

The governing Board of OCX is comprised of six members. Five members, at least one of whom must be a member of a racial or ethnic minority

Highlights

- OCX was created on July 1, 2010, and the Board met for the first time on June 21, 2011.
- OCX has no funding or staff and Osceola County has 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.
- OCX is finalizing grant agreements with the Department whereby the Department will provide $2.5 million to OCX. The funds will primarily be used for two Project Development & Environment (PD&E) Studies that will be conducted by Florida's Turnpike Enterprise.
- The Authority has developed a draft OCX 2040 Master Plan that includes construction of four proposed tolled expressways. The four expressways are Poinciana Parkway, Southport Connector Expressway, Northeast Connector Expressway and Osceola Parkway Extension.
- An updated Traffic and Revenue Study and Financial Feasibility Analysis are currently underway for the Poinciana Parkway. A Memorandum of Understanding is currently being drafted that formally outlines the duties and responsibilities of Avatar, Osceola County, Polk County and OCX. Construction is anticipated to be able to start as early as February 2013 depending on the results of the studies and funding commitments.
- Except for public meeting advertisements, OCX complied with all applicable Governance criteria.

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, except that the first term of the initial members appointed by the Governor are two years each.

Table 49
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
Vacant	Governor Appointee	Board Member
Vacant	Governor Appointee	Board Member
Noranne B. Downs, P.E.	District Five Secretary	Non-Voting Member

The new OCX Board met for the very first time on June 21, 2011 at which time the current officers were elected. The two vacant positions on the Board are the result of the Governor not making the original appointments. Three members of the Board constitute a quorum, and the vote of three members is necessary for any action taken by the authority.

Statutory Requirements

Enabling legislation does not require OCX to conduct any specific activities with prescribed deadlines. However, the legislation does provide for automatic dissolution of OCX if it has not encumbered any funds by January 1, 2020 to further its purposes and powers to establish the system, as authorized in Section 348.9953, Florida Statutes. The Department is not required to grant funds for startup costs to the authority. However, the governing body of the county may provide funds for such startup costs.

Authority Activities

On July 1, 2010, pursuant to House Bill 1271, the newly created OCX became subject to Commission oversight. On September 13, 2010, Commission staff made a presentation to a joint meeting with the Osceola County Board of County Commissioners and the Cities of Kissimmee and St. Cloud regarding the Commission and its oversight role of OCX. Various “start-up” challenges relating to funding, policies and procedures, administrative issues and statutory compliance were discussed.

Osceola County has elected to provide staff assistance and other support to OCX during the startup period. Osceola County established a website for OCX: www.osceola.org/osceola_expressway_authority/home.cfm 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 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, 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 will be 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 elected to schedule a public hearing on the draft OCX 2040 Master Plan for May 8, 2012 to hear final comments before adoption. Osceola County and OCX have endorsed the concept of a limited access expressway system servicing the County's urban growth area. As currently envisioned in the April 10, 2012, draft OCX 2040 Master Plan, this system consists of four segments. Once completed, the system will provide for a seamless connection between I-4 on the east and SR 417 to the north. The following is a description of the four expressway components contained in the draft Master Plan and the current status of the projects:

- Poinciana Parkway - The Poinciana Parkway is a four-lane toll facility approximately 10 miles in length, beginning at the current terminus of Marigold Avenue 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. A schedule has been completed by Avatar that outlines the tasks to be completed prior to construction. A Memorandum of Understanding (MOU) is being drafted that formally outlines duties and responsibilities of Avatar, Osceola County, Polk County and OCX. An updated Traffic and Revenue Study is also underway and scheduled to be completed by July 2012 and a Financial Feasibility Analysis should be complete by October 2012. Construction is anticipated to be able to start as early as February 2013.

- 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

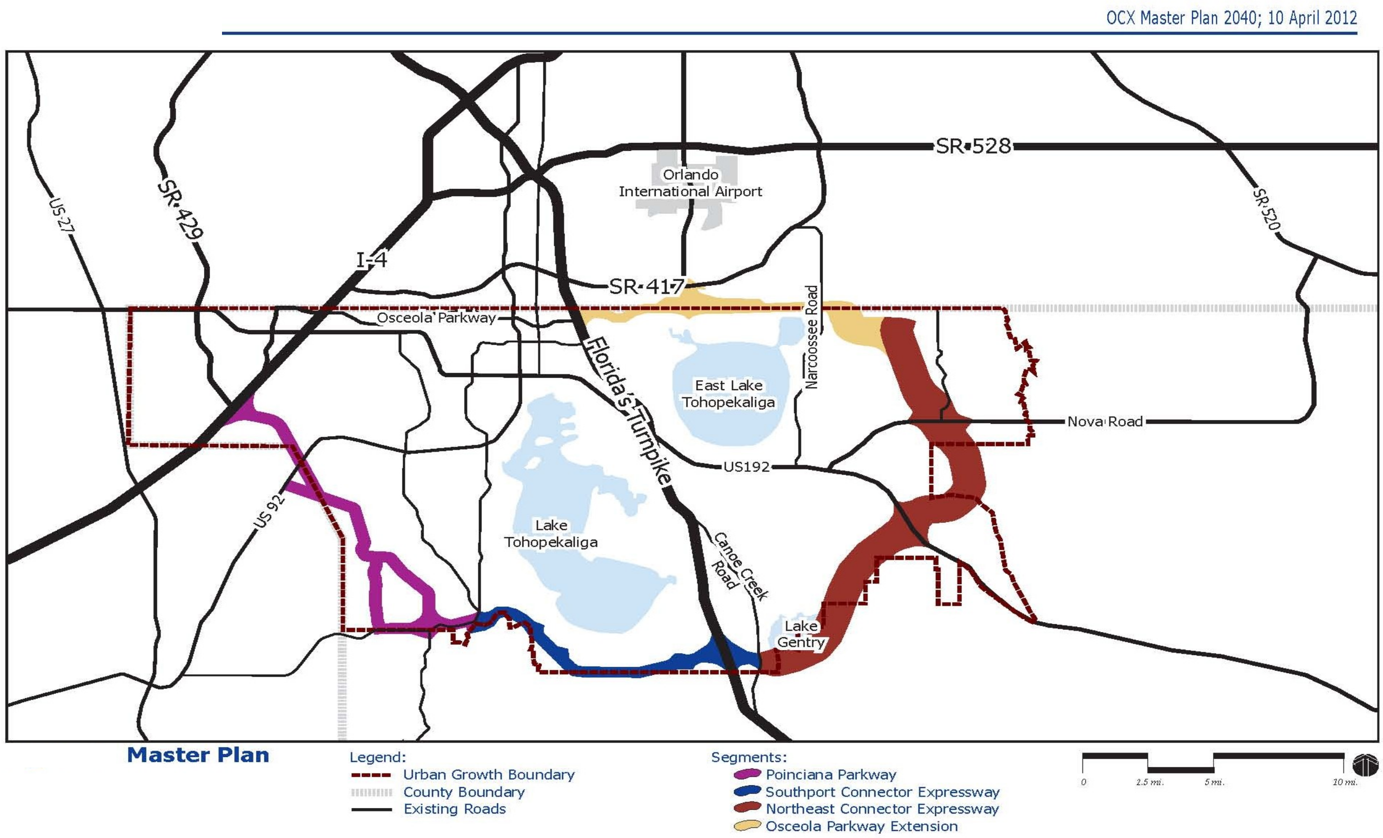

Figure 3: OCX Master Plan 2040 Projects (April 10, 2012 Draft)

Road in November 2009 (Orange County Smart Growth Office). The corridor was adopted as part of the 2011 Osceola County Comprehensive Plan. Currently, there is no funding allocated for undertaking a Project Development and Environment (PD&E) Study for the project.

- 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 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 four-lane limited access toll facility with the potential to be expanded to six lanes or as a dedicated transit corridor. The Northeast Connector will allow for a connection to the Osceola Parkway Extension and combines roadway and transit elements. 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. To date, no funding has been allocated for the County to conduct a PD&E Study for this project.

- Osceola Parkway Extension - The Osceola Parkway Extension is a nine-mile road segment beginning approximately one mile west of the Boggy Creek Road and Osceola Parkway intersection, and continuing to the Northeast Connector Expressway. This project includes roadway and transit elements that are combined in a common surface transportation corridor. The roadway section is limited access roadway within a 400 foot right of way. The road will be built as a four-lane roadway with the ability to be expanded to six lanes to include a dedicated transit corridor. Coordination is necessary with Orange County, the City of Orlando, the Greater Orlando Aviation Authority (GOAA), OOCEA and existing residential neighborhoods. A number of feasibility studies have been completed that include a Traffic Analysis Report in December 2010 (Osceola County), Financial Analysis in January 2011 (Osceola County), Environmental Analysis in January 2011 (Osceola County) and a Feasibility Study in January 2011 (Osceola County). 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 has recently been expanded to include a possible limited access connection between the Extension and SR 417, to include the SR 417/Boggy Creek Interchange. A Request for Qualifications (RFQ) has been issued by FTE for this project. It is anticipated that a consultant will be selected by July 2012 with completion of the PD&E Study expected to take approximately 24 months.

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. OCX indicated that there have been no reported or investigated violations for ethics or conflict of interest. Commission staff reviewed OCX's Board minutes and did not find any recorded instances of ethics or conflict of interest violations or investigations. The meeting minutes did not disclose any instances where Board members abstained from voting due to conflict of interest and no Commission on Ethics Forms 8B "Memorandum of Voting Conflict for County, Municipal and Other Local Public Officers" were submitted. A review of Sunshine Laws was provided to the OCX Board at their first meeting on June 21, 2011. On September 13, 2011, OCX General Counsel also discussed the use of iPads in terms of the Sunshine Law, in order to ensure information is available and accessible for public record.

Audit

OCX was newly created on July 1, 2010 and the first meeting of the OCX Board was on June 21, 2011. Presently, OCX has no funding source and is utilizing the services of Osceola County; therefore there was no FY 2011 audit requirement. OCX is currently finalizing grant agreements with the Department, whereby the Department will provide $2.5 million to the Authority. Of the $2.5 million, $2.3 million will be used 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. The remaining $200 thousand will be used for operating expenses incurred by OCX. The funding agreement with the Department was executed by OCX on April 10, 2012. The OCX Board must consider future audit requirements once funding is provided to the Authority.

OCX has filed an Annual Financial Report with the Department of Financial Services for FY 2010 as required by Section 218.32(d), Florida Statues. At the November 2011 meeting, the OCX Board appointed Jeff Jones as the Interim Chief Financial Officer and authorized Mr. Jones and the Board Chairman to sign the Financial Report.

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. The minutes of the meetings are comprehensive and include documents that are discussed or presentations made before the Board. Pursuant to Section 189.417, Florida Statutes, OCX (an independent Special District) is required to publish a schedule of its Board meetings in a newspaper of general paid circulation. Although meeting notices are posted on the Authority's website and at the County Administration Building, OCX did not advertise Board meetings in a newspaper of general circulation as required under Section 189.417, Florida Statues.

Based on this limited review, it appears that OCX is operating within procedure and statute, except for Board meeting advertising as noted above. The Commission recommends that OCX consider amending its policy to require that Board meetings be advertised in a manner consistent with the provisions of Section 189.417, Florida Statutes.

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. This policy provides for delegation of expenditure authority of up to $24,999 to the Executive Director. However, OCX currently has no funding, staff has not been hired, and procurements have not occurred. OCX is committed to following applicable policies and statutes should funding be secured and procurements were to occur.

Consultant Contract Reporting

As previously noted, OCX has no funding and has not secured a general consultant. Those services are being provided by Osceola County, making this governance item not applicable at this time.

Compliance with Bond Covenants

OCX has not issued bonds, therefore, this governance item is not applicable at this time.

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 that have been adopted by OCX, and a review of the draft OCX 2040 Master Plan.

On July 1, 2010, pursuant to House Bill 1271, the newly created OCX became subject to Commission oversight. On September 13, 2010, Commission staff made a presentation to a joint meeting with the Osceola County Board of County Commissioners and the Cities of Kissimmee and St. Cloud regarding the Commission and its oversight role of OCX. The new OCX Board met for the very first time on June 21, 2011.

OCX currently has no funding or staff and Osceola County has elected to provide staff assistance and other support to OCX during the start up period. Jeffery Jones, Strategic Initiatives Director for Osceola County, is the registered agent for OCX under the Special District Program. Osceola County is currently providing OCX with meeting facilities, a website, legal and financial services, and a design and planning consultant to assist in developing the OCX 2040 Master Plan.

OCX conducted two Board workshops on the draft OCX 2040 Master Plan in March 2012. On April 10, 2012, the OCX Board reviewed the comments received at the two public meetings held in March 2012 and will schedule a public hearing on the draft OCX 2040 Master Plan for May 8, 2012 to hear final comments before adoption. The draft 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. OCX is currently finalizing grant agreements with the Department whereby the Department will provide $2.5 million to the Authority. The funds will primarily be used for two PD&E Studies that will be conducted by Florida's Turnpike Enterprise.

Although meeting notices are posted on the Authority's website and at the County Administration Building, OCX has not advertised Board meetings as required under Section 189.417, Florida Statues. The Commission recommends that OCX consider amending its policy to require that Board meetings be advertised in a manner consistent with the provisions of Section 189.417, Florida Statutes.

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, except for public meeting advertising noted above.

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 when funding becomes available to expand operations through the hiring of employees and as project procurements begin. 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 IV, 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 station; park-and-ride lots; transit-oriented development nodes; feeder roads, reliever roads, bypasses; or, appurtenant facilities that are intended to address critical transportation needs or concerns in the Tampa Bay region identified by TBARTA by July 1, 2009. TBARTA also has eminent domain powers and can issue its own revenue bonds to finance construction or improvements to the system or can alternatively issue bonds through the Division of Bond Finance of the State Board of Administration. Effective July 1, 2011, the 2011 Legislature passed, and the Governor approved, Senate Bill 2152 that amended Chapter 343, Florida Statutes. This legislation repealed the authority for TBARTA to enter into Lease-Purchase Agreements with the Florida Department of Transportation. (The relevant language from SB 2152 is detailed in Appendix A.)

TBARTA is considered an Independent Special District of the state of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act of 1989). Compliance with governance of TBARTA is being assessed primarily in accordance with

Highlights

- A Regional Transportation Master Plan for the seven-county Tampa Bay Region was adopted in May 2009 and focused on transit. The updated Master Plan adopted in June 2011 added regional freight and regional roadway networks.
- Various studies of transit corridors, Bus Rapid Transit (BRT) and Managed Lane projects included in the TBARTA Master Plan are currently being funded by the Department.
- Through Joint Participation Agreements with the Department, the Department advanced funds in FY 2009 to TBARTA, from a $2 million appropriation, to pay administrative expenses. Funding under the agreements ceased on June 30, 2011. TBARTA cumulatively expended $1.3 million of the original $2 million appropriation.
- The FY 2010 independent audit of TBARTA financial statements reflected an unqualified opinion. Two deficiencies in internal control and one instance of noncompliance were noted by the auditors. The FY 2011 audit is currently in the review process and has not been released.
- In June 2011, TBARTA outsourced financial and accounting services.
- Bay Area Commuter Services, Inc. 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.

Chapters 343 and 189, Florida Statutes, although it will include other applicable statutes.

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

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

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

Table 50 represents current TBARTA Board members and the Officers elected at the December 9, 2011 Board meeting. The incumbent Chairman and Treasurer were re-elected by the Board to the same positions. The incumbent Secretary was elected as Vice Chairman and Karen Seel was elected as the new Secretary.

Table 50
Tampa Bay Area Regional Transportation Authority
Current Board Members

Name	*Representing*	*Position*
Ronnie Duncan	Governor Appointee	Chairman
Commissioner Ann Hildebrand	Pasco County	Vice-Chairman
Hugh McGuire	Governor Appointee	Treasurer
Commissioner Karen Seel	Pinellas County	Secretary
Commissioner Rebecca Bays	Citrus County	Board Member
Commissioner Dave Russell	Hernando County	Board Member
Commissioner Ken Hagan	Hillsborough County	Board Member
Commissioner Donna Hayes	Manatee County	Board Member
Commissioner Nora Patterson	Sarasota County	Board Member
Councilman Bemis Smith	City of Bradenton	Board Member
Councilman Jeff Danner	City of St. Petersburg	Board Member
Mayor Bob Buckhorn	City of Tampa	Board Member
Mayor Joe Affronti	MPOCCC	Board Member
Vacant	Governor Appointee	Board Member
Sonny Vergara	Governor Appointee	Board Member
Don Skelton	District Seven Secretary	Non-Voting Member

On January 1, 2009, Bob Clifford assumed the Executive Director position at TBARTA. As Executive Director, Mr. Clifford is responsible to the Board in carrying out its governance and fiduciary responsibilities, which include performance and management oversight of all administrative, financial, and planning duties. He leads the executive team, directs the budget preparation process, and is responsible for TBARTA compliance with all state and federal laws, rules and regulations.

Shortly after creation, TBARTA received $40 thousand in combined contributions from 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.

Beginning 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. 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 51 lists those statutory requirements and indicates whether those requirements have been met.

The Regional Transportation Master Plan for the seven-county Tampa Bay Region was adopted by the TBARTA Board on May 22, 2009. In developing the plan, comprehensive technical analysis and evaluation were required, and valuable input was provided by the TBARTA Transit Management Committee (TMC), the Citizens Advisory Committee (CAC), the Land Use Working Group as well as 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. The Hillsborough County Commission placed a referendum on the November 2010 ballot that would add an ongoing one cent sales tax in Hillsborough County to fund mobility projects that included transit and non-transit components. The voters did not approve the referendum that would help fund projects in Hillsborough County that support the Regional Network. Additionally, in February 2011, Governor Rick Scott cancelled a proposed high speed rail project between Orlando and Tampa.

Section 343.922 (3)(b), Florida Statutes, requires TBARTA to consult with the Department to further the goals and objectives of the Strategic Regional Transit Needs Assessment (SRTNA). The Department's District Seven provided technical support in the development of the Master Plan and finalized a detailed assessment of regional transit opportunities as documented in the SRTNA report.

Table 51
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 Plan was adopted by the TBARTA Board on June 24, 2011. iTownHall public meetings were held in each of the seven counties in April 2011 and a public hearing was held before the TBARTA Board on June 3, 2011. Copies of the Updated Master Plan were provided to the required parties by September 22, 2011 (90 days after adoption) as required. Also, formal presentations to all seven Board of County Commissioners or MPO's were conducted between August 23, 2011 and September 26, 2011.

This project was considered the first phase of additional phased project developments to be embarked upon by Districts One and Seven to address the anticipated needs and expansion of transportation in the Tampa Bay area.

Pursuant to Florida Statutes, the Master Plan must be updated every two years before July 1. 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, priority projects 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 updated Master Plan 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. Figure 4, on the following page, provides a map of the regional freight network included in the updated Master Plan.

Current Activities

TBARTA is beginning to prioritize projects, develop financial strategies for implementation, coordinate the advancement of more detailed planning and environmental analysis for the prioritized projects, and continue public engagement and education efforts. TBARTA will work with its partners to explore regional long-term funding options, including public private partnerships, and address issues related to how the regional system will operate and who will operate it.

Current TBARTA projects are funded by the Department and include:

- St. Petersburg to Clearwater through Greater Gateway Area (Pinellas Alternatives Analysis)
- Howard Frankland Bridge PD&E Study and Regional Transit Corridor Evaluation
- SR 54/SR 56 Express Bus/Managed Lanes Project Concept Development Study
- USF to Wesley Chapel Transit Corridor Evaluation
- I-75 Regional Bus Sarasota/Bradenton to Downtown Tampa Conceptual Analysis Study
- Westshore Area to Crystal River/Inverness Transit Corridor Evaluation
- I-75 Regional Bus Wesley Chapel to Downtown Tampa Conceptual Analysis Study
- Short-Term Regional Premium Transportation Enhancements Study
- Extension of Premium Services from Sarasota to Bradenton and North Port Regional Transit Corridor Evaluation

In 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

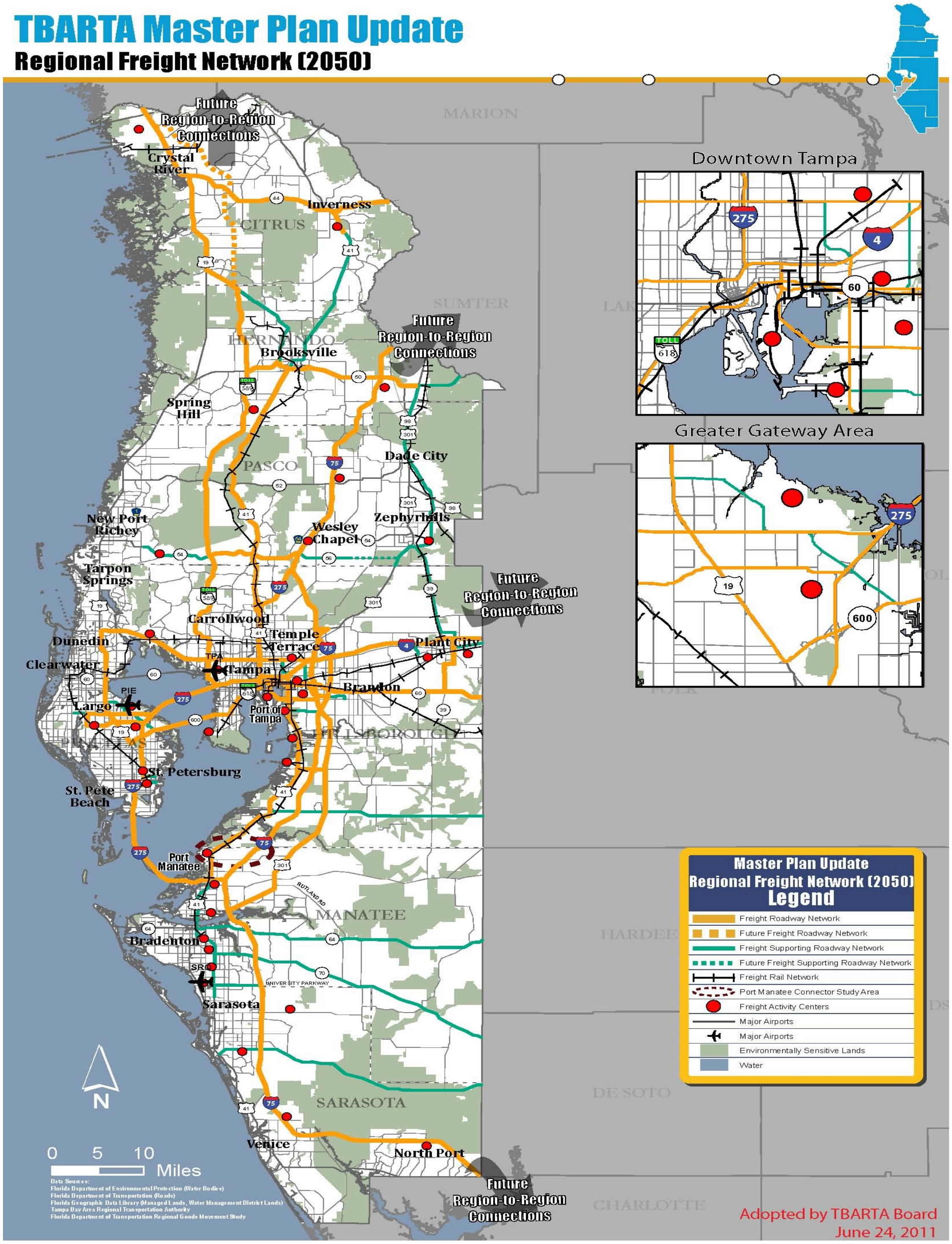

Figure 4: Map of Regional Freight Network (2050)

program agency serving the Department's District Seven since 1992. Its purpose is to promote and encourage transportation options to the single occupant vehicle within the five-county area of West Central Florida (Hillsborough, Pinellas, Pasco, Hernando and Citrus Counties). The merger increased program effectiveness, decreased overall costs, and took advantage of efficiencies, accomplished through the co-location and combination of programs and operations. The agreement provided for the continued employment of BACS staff and the relocation of TBARTA to BACS' leased premises at the University of South Florida. The organization within TBARTA (renamed TBARTA Commuter Services) will sustain itself with its available financing and will provide 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. In December 2010, the Board authorized a Committee to review and compare TBARTA organizational policies and procedures with other member counties to ensure that reasonable policies are in place as TBARTA grows.

In addition to the merger with BACS, TBARTA has embarked on a number of other new initiatives, as directed by the TBARTA Board during its February 2011 workshop. 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 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. In Pinellas County, TBARTA has responded to a request from the Pinellas Suncoast Transit Authority Board (PSTA) for increased collaboration and assistance, including possible consolidation of activities to improve efficiency. TBARTA is leading efforts to identify similar opportunities for improved efficiency and collaboration throughout the Tampa Bay region. The TBARTA Board has also directed staff to continue to monitor and assist as requested with other studies in the region, including the PSTA Alternatives Analysis Study. TBARTA indicated that FY 2011 expenses decreased by 28 percent, while participation in its Commuter Services Program increased. Service was expanded to veterans through securing a $1.1 million grant from the Federal Transit Administration for a regional One Call, One Click program. Additionally, service to schools/children was enhanced through a federal grant received through the Safe Routes to School Program.

Trolley in Downtown Tampa Supporting Network.

Performance Measures and Operating Indicators

As an emerging transportation authority, TBARTA is not currently operating any facilities. Therefore, performance measures and operating indicators are not currently applicable.

As previously noted, the Commuter Services program of BACS was absorbed by TBARTA as a result of the merger on April 30, 2010. One of the primary services provided by TBARTA Commuter Services is an online matching program that matches commuters with similar commuters. Commuters can register online and access

TBARTA's database to find an appropriate match for carpooling, vanpooling, Bike Buddies, and/or the Emergency Ride Home Program. In addition, TBARTA works with employers and their employees, under the Employee Commute Assistance Program, to encourage the use of bus, vanpooling, carpooling, biking, walking, teleworking and alternative work hour programs in commuting to and from work. The Vanpool Program is administered by VPSI, Inc. VPSI provides vanpool vehicles, auto liability, comprehensive and collision coverage, all scheduled preventative maintenance and repairs, customer billing, and customer support for the vanpool groups. TBARTA has developed and continues to refine Agency performance measures to improve the delivery and efficiency of transportation services provided.

Governance

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

Ethics and Conflict of Interest

TBARTA adopted a comprehensive set of Bylaws on November 30, 2007 (last amended June 25, 2010). 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, 2010 was performed. The Independent Auditor's Report, dated December 15, 2011, indicated that the financial statements were prepared in conformity with GAAP and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting identified two deficiencies in internal control that were considered material weaknesses (findings 2010-1 and 2010-2), and one instance of noncompliance required to be reported under Government Auditing Standards (finding 2010-3). The Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.550, Rules of the Auditor General identified one compliance issue (finding 2010-3) and one deficiency in internal control over compliance (finding 2010-3).

For finding 2010-1, the auditors recommended that TBARTA management establish a process for recording all accounting entries for accruals prior to the annual audit process to ensure that the financial statements are fairly stated. TBARTA indicated that there was a misunderstanding of how to record financial information and that an independent CPA firm has been engaged to ensure proper compliance with financial reporting requirements.

For finding 2010-2, the auditors recommended that all journal entries be approved by someone other than the preparer and that proper documentation be maintained for all entries. TBARTA indicated that employee turnover contributed to documentation process deficiencies but that all financial information including journal entries were reviewed by management. An independent CPA firm has been engaged to ensure proper compliance with financial reporting requirements.

For finding 2010-3, the auditors noted that because TBARTA did not timely engage an independent CPA firm to perform the annual financial audit, the FY 2010 Financial Audit Report was not filed with the State of Florida Auditor General's Office within one year of TBARTA's fiscal year end as required in Section 218.39(1)(c) Florida Statutes. In addition the FY 2010 Financial Report was not filed with the Florida Department of Financial Services within the same time frame as required in Section 218.32(1)(d), Florida Statutes. As a result, TBARTA received correspondence from The Florida Legislature Joint Legislative Auditing Committee requiring the FY 2010 Financial Audit Report and Financial Report be filed no later than December 28, 2011. TBARTA indicated that the BACS merger occurred on May 1, 2010 and that information from the BACS audit would be an integral part of the TBARTA audit. The BACS audit was delayed primarily due to a routine internal audit of a 2008 BACS contract with the Department that was conducted by the Department's Inspector General's Office. The final BACS audit was accepted by the TBARTA Board in June 2011. On the second solicitation for auditing services, TBARTA reached an agreement with LarsonAllen LLP in October 2011 to conduct the FY 2010 and FY 2011 TBARTA audits. In order to ensure compliance, TBARTA will engage and develop an audit schedule with the independent auditor in September of each year as part of the yearly budget process. Commission staff noted that the applicable 2011 Florida Statutes were amended, whereby the financial and audit report filing deadline was changed to "no later than 9 months after the end of the audited entity's fiscal year" rather than the previous 12 month requirement.

In the Independent Auditor's Management Letter, the auditors identified six management recommendations:

- Adhere to TBARTA's capitalization policy and only record those assets above the established threshold.

- File audit reports and financial reports timely.

- Properly approve and amend the annual budget by periodically reviewing total expenditures to total budget to ascertain whether a budget amendment is needed to stay in compliance with Florida Statutes. Section 189.418(3), Florida Statutes, states that "... a special district may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget." Because there was no budget amendment related to the BACS merger, expenditures exceeded budgeted amounts in FY 2010.

- Update personnel files to document the current approved pay rate for all employees.

- Review the timesheet of the employee who is responsible for approving TBARTA's payroll package.

- Review internal controls over payroll processing by obtaining an AICPA Service Organization Control Report from Paychex (third party payroll processor).

Public Records and Open Meetings

The adopted Bylaws (as amended June 25, 2010) require that the Board and Committees of TBARTA comply with the requirements of Chapters 286, 119 and 120, Florida Statutes. TBARTA reported that there have been no violations or allegations of non-compliance. A review of agendas and Board meeting minutes, as posted on TBARTA's website www.tbarta.com, showed that the agendas and minutes appear to be in compliance with statute and policy. Each monthly Board agenda package includes a list of upcoming Board, CAC, TMC, Executive Committee, and other TBARTA meetings. Commission staff also reviewed a sample of Board meeting advertisements posted in the Florida Administrative Weekly.

Pursuant to Section 189.417, Florida Statutes, 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 the special district is located. Although meeting notices are posted on TBARTA's website and in the Florida Administrative Weekly, TBARTA did not advertise Board meetings in a manner consistent with the provisions of Section 189.417, Florida Statues. TBARTA management indicated that noticing of meetings involves the issue of whether TBARTA is "an agency of the state" (as it is referred to in Sections 343.91(1)(a) and 343.92(1), Florida Statutes) or whether it is a "local unit of special purpose government" (as "special district is defined in Section 189.403(1), Florida Statues). Early on, TBARTA took the position that it is an agency of the state, not a special district. Newspaper publication of notices was included in the initial set of By-Laws, prepared before TBARTA had a website. This was in order to maximize public notice, although not legally required in the view of TBARTA. Once the website was developed, the newspaper publication was discontinued, and the By-Laws were updated to delete reference to newspaper publication.

The Commission recommends that TBARTA consider amending its policy to require that Board meetings be advertised in a manner consistent with the provisions of Section 189.417, Florida Statues. TBARTA management indicated that they will re-review the requirements and determine if newspaper publication is additionally warranted.

At the December 2010 Board meeting, General Counsel provided a briefing on ethics, sunshine laws and public records. General Counsel also provided additional training on the Sunshine Law as it relates to public records and ethics at the December 2011/ Board meeting.

Procurement

Authority Bylaws currently provide for delegation of expenditure authority of up to $50 thousand to the Executive Director. Board approval is required for all purchases of goods or services exceeding $50 thousand.

Consultant Contract Reporting

TBARTA has not secured a general consultant. Those services have been provided by the Department's District Seven, making this governance item not applicable at this time. In FY 2011, TBARTA utilized procured services for Legal Support, Audit Services, and Accounting Services. None of these have sub consultants that are required to be reported.

Compliance with Bond Covenants

TBARTA has not issued bonds; therefore, this governance item is not yet applicable.

Other

The Board has adopted a number of policies and procedures to help guide the business of TBARTA. The Commission will monitor compliance with these policies and future policies as they are fully implemented.

Summary

The Commission review of TBARTA was conducted with the cooperation and assistance of TBARTA and relied heavily on documentation and assertions provided by Authority management. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures that have been adopted by TBARTA, and a review of the audited financial statements.

In the FY 2010 Audit Report (dated December 15, 2011), the auditors noted that TBARTA did not file the Financial Audit Report with the Auditor General's Office or the Financial Report with the Department of Financial Services within one year of TBARTA's fiscal year end as statutorily required. The auditors also noted that TBARTA was not in statutory compliance because expenditures exceeded the TBARTA adopted budget in FY 2010. These compliance issues were primarily attributed to the BACS merger that occurred on May 1, 2010. The audit also identified two deficiencies in internal control that were considered material weaknesses (accounting entries for accruals and proper support for journal entries and authorization) and one instance of noncompliance required to be reported under Government Auditing Standards (file audited financial statements on a timely basis). The auditors also provided six management recommendations to: adhere to the capitalization policy, file audit reports timely, properly approve and amend the annual budget, document approved pay rates, approve time sheets, and review internal controls over payroll processing. The FY 2011 financial statement audit is currently in the review process and has not been released.

Although meeting notices are posted on TBARTA's website and in the Florida Administrative Weekly, TBARTA did not advertise Board meetings in a manner consistent with the provisions of Section 189.417, Florida Statues. TBARTA management indicated that they will re-review the requirements and determine if newspaper publication is additionally warranted.

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. 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.

Based on the Commission's limited review of Board meeting minutes, TBARTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by

TBARTA, except for the three compliance issues noted in the audit and public meeting advertising, 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. The Commission acknowledges with appreciation the assistance of the TBARTA Board and staff in providing the resources necessary to conduct this review and to complete this report.

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Tampa Bay Area Regional Transportation Authority

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April 26, 2012

Florida Transportation Commission
605 Suwannee Street, MS 9
Tallahassee, Florida 32399-0450

The Tampa Bay Area Regional Transportation Authority (TBARTA) wishes to thank the Florida Transportation Commission for its diligent and thorough review of TBARTA operations and activities as part of the FY 2011 Transportation Authority Monitoring and Oversight Report. TBARTA is committed to the highest standards of performance and accountability and we appreciate the opportunity to further improve our operations and service to the public.

In response to deficiencies listed in the FY 2010 audit and noted in the FTC report, the TBARTA Board has carefully reviewed all policies and procedures to ensure full compliance with state and federal laws, rules and regulations. Following discussion with staff, legal counsel and accounting professionals, sufficient processes have been implemented to ensure TBARTA continues to meet all financial reporting requirements. An independent CPA firm has been engaged to assist TBARTA with meeting these requirements and we are confident that all process deficiencies have been addressed to prevent any future issues or concerns.

It is important to note that the issues raised in the audit occurred as a result of the many financial and accounting challenges associated with the merger of two unique and disparate organizations. This transition is now complete and TBARTA has successfully integrated the programs, services and operations of Bay Area Commuter Services (BACS). The merger has resulted in a more efficient and effective organization with significantly increased service to the public at greatly reduced costs. For FY 2011/2012, we were able to reduce our operating expenses by 23%, increase our commuter services program by over 20% and secure nearly $1.5 million in additional resources to expand our services to the region.

Since its creation in 2007, TBARTA has had to adapt to rapidly changing circumstances and funding challenges. Through these changes, the TBARTA Board and staff have worked to maintain the highest standards of transparency and accountability. We are confident that these changes have made the organization stronger, more efficient and of greater benefit to the public. We look forward to an exciting future as we work to improve mobility and transportation options for the citizens of the Tampa Bay region.

Sincerely,

Robert M. Clifford, AICP
Executive Director

Summary of Fiscal Year 2011 Findings

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Summary of Fiscal Year 2011 Findings

Miami-Dade Expressway Authority (MDX)

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

MDX met or exceeded 15 of the 17 management objectives established for performance measures. The two performance measure objectives not met include safety and minority participation. Even though MDX did not meet the performance measure for MBE, MDX far exceeded its 10 percent policy requirement for SBE by achieving 17.9 percent SBE participation, based on contacts awarded. Overall, MDX achieved a combined 37.3 percent, or $42.7 million, MBE/SBE participation based upon total contracts paid during FY 2011.

Operating indicator trend analysis showed that FY 2011 infrastructure assets increased $24 million over FY 2010 due to completion of hardware and software development for full ORT toll system conversion, infrastructure improvements for ORT on SR 874, SR 878, and SR 924, and system-wide landscaping improvements. FY 2011 operating revenue increased 8.9 percent over FY 2010 levels. This increase is attributed to the conversion of conventional tolling to ORT on SR 924, SR 874, and SR 878. Routine maintenance costs for FY 2011 increased $0.6 million, or 9.2 percent, primarily due to periodic maintenance expenses related to the installation of anti-theft devices on certain street lighting and signing overlays, and increases in roadway and plaza maintenance, consultant maintenance support, ITS maintenance and right of way maintenance. Despite an increase of 87.5 percent in FY 2011 toll transactions, toll collection costs (net of exclusions) only increased 3.7 percent, or $522 thousand. The increase in toll transactions is attributed to the implementation of ORT and closing up free movements on three of the five MDX facilities. ORT was implemented on the Snapper Creek Expressway (SR 878) in July 2010 (FY 2011); this facility was not previously tolled. FY 2011 toll collection costs remained relatively flat due to a decrease in the more costly cash transactions, a relatively modest increase in SunPass processing costs assessed to MDX by Turnpike Enterprise, and the “lump sum” and “performance based” contract for MDX toll-by plate and violation enforcement.

In the area of governance, the FY 2011 independent financial statement audit reflected an unqualified opinion. Three recommendations for improvement were provided in the Auditor’s Management Letter relating to an audit of the Account Management Toll Enforcement Center’s third party service provider, improved communication of the MDX Whistleblower policy, and various information technology issues. For procurement, Commission staff noted that the Executive Director is authorized to approve a Supplemental Agreement for a single contract up to $2 million, and extend contract time without limits for those contracts with amounts not exceeding the Executive Director’s delegated authority, without prior approval of a Standing Committee or the MDX Board. All Supplemental Agreements approved by the Executive Director are included as part of the monthly reporting to the Standing Committee and Board. Although Board meeting notices are posted on the Authority’s website, for part of FY 2011 MDX failed to advertise the meetings pursuant to Section 189.417, Florida Statutes. As soon as MDX recognized this omission, it was corrected in March 2011. A process is now in place to assure on-going compliance with this publication requirement.

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 public meeting advertising as noted above.

The Commission recognizes the positive performance results by MDX and encourages MDX to continue to develop and pursue action plans to help meet established performance measure objectives. The Commission acknowledges with appreciation the assistance of the MDX Board and staff in providing the resources necessary to conduct this review and to complete this report.

Orlando-Orange County Expressway Authority (OOCEA)

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

OOCEA met or exceeded all 17 management objectives established for performance measures. Improvement was noted for the minority participation objective. This objective was not met in FY 2010 but was met in FY 2011.

Operating indicator trend analysis showed that transportation assets increased in FY 2011 primarily due to an increase of $153 million in construction in progress. In FY 2011, work continued on the SR 414/SR 429 interchange and construction started on the widening of 1.3 miles of SR 408, improvements to the SR 408/SR 417 interchange and the Dallas Boulevard Plaza on SR 528. Renewal and replacement costs for FY 2011 are reported at $1.7 million. This increase of $1.2 million over FY 2010 represents planned expenditures in OOCEA's five year Work Plan. FY 2011 operating revenue increased by $7.0 million, or 2.7 percent, over FY 2010 and total operating expenses increased by $2.9 million, or 4.0 percent. Although the underlying bond ratings for OOCEA bonds remained unchanged during FY 2011, Moody's Investor Services, Inc. downgraded the rating from A1 to A2 in October 2011 (FY 2012). The downgrade was primarily attributed to lower than forecasted traffic and revenue growth combined with reduced operating revenue support from the Department.

In the area of governance, the OOCEA Board amended the Code of Ethics policy based on recommendations contained in the 2010 Ethics Policy Compliance Review conducted by Internal Audit. The Ethics policy was further amended in February 2012 requiring additional disclosure of business associates by Board members. The FY 2011 independent financial statement audit reflected an unqualified opinion.

OOCEA significantly increased the number of internal audits and reviews and has instituted many reforms based on recommendations contained therein. An outside consulting firm provides Internal Audit support services to OOCEA's Audit Committee and Board and independently verifies and reports the status of all audit/review recommendations. The status of all recommendations for OOCEA improvements that have not yet been implemented is provided in Appendix C. The following list identifies audits and reviews that were issued during, or subsequent to, FY 2011.

- Information Technology Audit (July 2010) - Compared OOCEA's practices and procedures to the Payment Card Industry (PCI) Data Security Standard (DSS) - report is exempt from public records disclosure.

- TransCore Contract Review (November 2010) - Validated costs incurred under the TransCore software maintenance contract.

- 2010 Contracts Audit (January 2011) - Audited contracts for a sample of large engineering, maintenance, operations, and/or construction projects and performed a review of potential fraud risk areas associated with vendor performance for selected contracts.

- Vendor Billing Audits (February 2011) - Reviewed selected vendor invoicing procedures with a focus on how the vendors develop and support invoices sent to OOCEA for work completed under their respective contracts.

- Accounting System Access and Segregation of Duties (March 2011) - Reviewed accounting and financial processes within OOCEA for appropriate segregation of duties among OOCEA personnel and verified that supporting system access controls were in place to limit individuals according to their job responsibilities.

- Limited Procurement Compliance Audit (May 2011) - Audited OOCEA's compliance with Procurement policies and procedures in five specific areas.

- IT Strategic Alignment Benchmark (July 2011) - Benchmarked OOCEA against other Information Technology (IT) organizations to identify IT areas that do not align with strategic business requirements and to identify changes that need to take place in order to drive higher performance.

- 2011 Fraud Risk Assessment (September 2011) - In conjunction with the FY 2012 Internal Audit planning process, Internal Audit executed a fraud risk assessment. Of the 14 fraud scenarios identified, only one area was selected for further testing (Unauthorized/ improper use of corporate credit cards/misuse of company funds).

- Human Resources Process Review (September 2011) - Reviewed Human Resources with a focus on policies, procedures and related internal controls around key processes. Also, OOCEA's succession strategies were compared to leading practices to identify opportunities for improvement.

Based on the Commission's review of Board meeting minutes, OOCEA policies and procedures, Florida Statutes, Financial Statements, Bond Covenants and other documentation provided by the Authority, there were no instances noted of noncompliance with applicable laws or regulations in the areas of conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission. One instance was noted where an ethics complaint was filed with the OOCEA Ethics Officer whereby disciplinary action was taken by management specific to the employee in question for violation of personnel policies.

The Commission recognizes OOCEA for its ongoing efforts to address operational findings and recommendations contained in the numerous audits and reviews of the Authority. The increase in internal audits is a direct result of OOCEA's actions to identify areas for improvement. The Commission recognizes the positive performance results and acknowledges, with appreciation, the assistance of the OOCEA Board and staff in providing the resources necessary to conduct this review and to complete this report.

Santa Rosa Bay Bridge Authority (SRBBA)

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

The SRBBA Board is the governing body responsible for oversight of the Authority. The Authority does not have funding for administrative expenses because all revenue is used to pay debt service on outstanding bonds. The SRBBA Board met in January 2009 and adopted an amendment to the Lease-Purchase Agreement, whereby the Department provides funding for administrative expenses, as approved by the Department at its sole discretion. The Authority is required to reimburse the Department in the same manner and priority as operating and maintenance expenses (after debt service payments).

Subsequent to the amended Lease-Purchase Agreement, the Board met in April 2009 and did not meet again until April 2010. The Board met three times in FY 2011 (August 2010, October 2010 and December 2010) and did not meet again until December 2011 because of a lack of quorum necessary to conduct business. Within a five month period of time (November 2010 through March 2011), six members resigned from the SRBBA Board. Currently, there is only one vacant position on the Board.

SRBBA met or exceeded 7 of the 12 applicable management objectives established for performance measures. The five performance measure objectives not met include: electronic toll collection transactions; cost to collect a toll transaction; and, the three objectives established for debt service coverage. SRBBA is in default on its bonds by failing to meet toll covenants relating to debt service coverage and reserve account requirements and for failure to make the July 1, 2011 required principal and interest payment and the required interest payment due January 1, 2012. 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 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.

Operating indicator trend analysis showed that FY 2011 toll revenue increased by 1.7 percent while toll transactions decreased by 1.3 percent from FY 2010 levels. The increase in toll revenue is due to the January 2011 toll rate increase. The decrease in transactions can be attributed to the elasticity associated with the toll rate increase, as well as the continued uncertainty of the economic recovery. 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 2011 increased approximately $500 thousand, or 44.1 percent, over FY 2010 while total operating revenues increased $73 thousand, or 1.7 percent. The significant increase in operating expenses is related to periodic maintenance expenses for bridge repairs. 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 the area of governance, SRBBA has not had a required independent financial statement audit performed for several years. Quarterly financial statements are not being prepared and are not being submitted to the Trustee as required in the bond resolution. 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. In April 2010, the SRBBA Board approved the Trustee to resume the duties of Disseminating Agent. The Trustee is currently providing required notices to bondholders. SRBBA does not currently have a traffic and revenue consultant. As such, recommendations for revisions to the toll schedule, as required in Section 5.02 of the bond resolution, cannot be considered by the Board. It was also noted that public records requests and various correspondence was not always responded to by SRBBA in a timely manner.

In November 2010, the SEC requested numerous SRBBA documents and requested that the SRBBA Chairman, Vice Chairman, General Counsel and FDOT’s Administrative Assistant testify before the SEC. Requested documents were provided and no further information regarding the SEC inquiry is available at this time. At the December 2010 SRBBA Board meeting, concerns were expressed by Board members about their potential liability and legal costs that might be incurred as a result of any SEC investigation because there is no funding or insurance to protect Board members. In September 2011, the Trustee agreed to pay for Directors and Officers liability insurance for Board members and to fund legal counsel for SRBBA. As such, necessary appointments were made to reform an active SRBBA Board in December 2011 so that decisions can be made about how to deal with the continuing default.

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

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

Tampa-Hillsborough County Expressway Authority (THEA)

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

THEA met or exceeded all 16 of the applicable management objectives established for performance measures. The one performance measure not applicable to THEA was consultant contract management. Improvement was noted for the cost to collect a toll transaction and the two debt service coverage objectives in FY 2011. In January 2011 (FY 2011), THEA utilized $60 million of reversible expressway settlement funds to defease $54 million in bond principle, thereby significantly improving debt service coverage ratios.

Operating indicator trend analysis showed that the increase in infrastructure assets is primarily due to $8.5 million of infrastructure improvements related to THEA's AET system. FY 2011 total operating expenses decreased $1.7 million, or 10.5 percent, over FY 2010 while operating revenues increased $0.5 million, or 1.1 percent. FY 2011 total toll collection expenses decreased $1.8 million, or 31.3 percent, primarily due to the new toll service provider and the full conversion of all THEA facilities to AET in September 2010. FY 2011 routine maintenance expenses decreased $0.2 million, or 6.0 percent over FY 2010 while administrative expenses increased $0.2 million, or 9.6 percent.

In the area of governance, the FY 2011 independent financial statement audit reflected an unqualified opinion. No recommendations for improvement were noted in the Auditor's Management Letter.

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 THEA's efforts in securing private toll collection services and implementing All Electronic Tolling on the entire Expressway System in order to reduce costs. The Commission further recognizes THEA for improving its debt service coverage through defeasing bonds with REL settlement funds. 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.

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 6 of the 12 fixed route objectives established for performance measures. The six fixed route measures that require improvement include: operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, operating expense per passenger mile, revenue miles between safety incidents, and revenue miles versus vehicle miles. Four of the six objectives not met include operating expense components. The Commission encourages LYNX to focus on containing those costs moving forward.

LYNX provides significant public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2011 operating expenses increased $1.6 million, or 1.9 percent, while operating revenues increased $3.5 million, or 10.4 percent, over FY 2010. LYNX logged 2.2 million, or 8.9 percent, more passenger trips and the average trip length decreased by 0.2 miles in FY 2011. As a result, passenger miles increased 6.6 million, or 4.9 percent. Revenue miles increased 0.7 percent, while revenue hours remained virtually unchanged from FY 2010. The farebox recovery ratio increased from 24.9 percent in FY 2010 to 28.7 percent in FY 2011 and the average fare increased from $0.85 in FY 2010 to $0.91 in FY 2011.

In the area of governance, the FY 2011 independent financial statement audit expressed an unqualified opinion on CFRTA's financial statements. No issues related to compliance, internal control, findings or questioned costs were reported by the auditors. In the Independent Auditor's Management Letter, the auditors had no findings or recommendations and noted that corrective action was taken by the Authority to address the one prior year finding.

The Orange County Comptroller's Office conducted an audit of CFRTA that included a review of internal controls relating to cash fare revenue collections, performance measure reporting, and compliance with the executed Funding Agreements with Orange County. The February 2012 Audit Report indicated that LYNX materially complied with the requirements and terms of the Funding Agreements and that internal controls were adequate. However, nine recommendations for improvement were provided by the auditors. LYNX management concurred or partially concurred with all the recommendations for improvement and steps to implement the recommendations are underway or planned.

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

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

Jacksonville Transportation Authority (JTA)

JTA is a multi-modal public transportation authority operating within Duval County and portions of three adjacent counties. JTA continues to expand its service parameters and relies on fare revenues, federal and state grants, local option sales surtax revenues and contractual payments of local option gas taxes to fund transit and highway operations.

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

JTA met or exceeded 8 of the 12 objectives established for performance measures for bus. The four measures that require improvement include: operating expense per revenue mile, operating expense per revenue hour, ratio of operating revenue to operating expense and revenue miles between safety incidents. JTA met or exceeded 8 of the 12 performance measures for Skyway. The four measures that require improvement include: operating expense per revenue mile, per revenue hour, and per passenger trip; and the ratio of operating revenue to operating expense. JTA met or exceeded all four of the applicable performance measures for Highways.

JTA continues to provide fixed route bus service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2011 operating expenses decreased 1.3 percent, while operating revenues increased 5.8 percent over FY 2010. Weekday ridership increased 5.6 percent while revenue service hours increased 3.5 percent. JTA logged 6.9 percent fewer revenue miles in FY 2011. Passenger trips increased 6.7 percent, and average trip length remained virtually the same at 5.8 miles, resulting in a 7.1 percent increase in passenger miles. The farebox recovery ratio increased from 15.6 percent to 16.8 percent, while the average fare held steady at $0.82. The Commission encourages JTA to continue to focus on reducing expenditures.

JTA's Skyway operating expenses increased 6.9 percent, while operating revenues decreased 16.1 percent over FY 2010. Revenue miles and revenue hours have fallen each year since FY 2004, except for a slight improvement noted in FY 2011. Operating revenues show annual declines since FY 2007. The farebox recovery ratio of 3.2 percent is the all-time low reported by JTA. FY 2011 average weekday ridership increased 17.4 percent over FY 2010 while passenger trips increased 6.9 percent. Skyway's average fare of $0.37 is the lowest average fare reported since 2003 (based on available data). JTA attributed the fare decline due to changes in the passenger base, increased fare-free trips taken by transferring bus patrons who ride Skyway without a transfer fare, and technological issues with the antiquated fare collection system that allowed more passengers to avoid paying fares. The Skyway fleet is approaching an average age of 13 years. The Commission encourages JTA to continue to examine efforts to grow Skyway's ridership in order to enhance the system's productivity.

In the area of Governance, the FY 2010 Independent Financial Statement Audit reflected an unqualified opinion. The Auditor's Report on Internal Control Over Financial Reporting and on Compliance identified two deficiencies in internal control. A material weakness in internal control was noted for actuarial valuation of JTM Pension Plans, and a significant internal control deficiency was noted for segregation of duties in the Finance and Accounting Departments. The Auditor's Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Program and State Project indicated that Federal Financial Reports were not timely submitted to the Federal Transit Administration as required in the grant agreement. In the Independent Auditor's Management Letter, the auditors noted that corrective action was taken by JTA to address last year's management recommendations. The auditors identified five management recommendations regarding: capital asset inventory, logical access to IT systems, farebox cash receipts, ticket booth cash receipts and personnel files.

In addition, the Department's District Two Modal Development Office conducted an on-site review of JTA's Skyway to provide an overall assessment of JTA's compliance with safety and security regulations. The review report, dated September 2011, identified four deficiencies related to: the hazard management process, safety and security personnel roles in system modifications, past due scheduled maintenance and documentation, and configuration management process changes. The report also identified two areas of concerns, JTA safety and security training program documentation and a checklist for independent security reviews.

Although Board meeting notices are posted on JTA's website, agendas and minutes of Board meetings are not posted. The Commission recommends that JTA consider expanding the public Board meeting information posted on its website www.jtafla.com.

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

The Commission encourages JTA to continue its efforts to achieve all of its performance objectives. In addition, the Commission acknowledges with appreciation the cooperation and assistance on the part of the JTA Board and staff in providing the resources necessary to complete this review.

South Florida Regional Transportation Authority (SFRTA/Tri-Rail)

SFRTA is a full-service public transportation authority operating within a 5,128-square-mile service area throughout Broward, Miami-Dade, and Palm Beach counties. SFRTA continues to expand its service parameters and relies on fare revenues, federal and state grants, and significant financial support from its local partners to fund commuter rail operations.

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

SFRTA met or exceeded 9 of the 11 objectives established for performance measures. The two measures that require improvement include operating revenue per operating expense 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 2011 operating expenses increased 8.5 percent, while operating revenue increased 6.9 percent over FY 2010. The farebox recovery ratio decreased to 22.3 percent (a 2.6 percent decrease) while the average fare grew from $2.85 to $2.86 (a 0.4 percent increase). FY 2011 average weekday ridership increased 6.3 percent over FY 2010 but decreased 10.6 percent over the record high of 14,430 reported in FY 2009. The ridership decline in FY 2010 is attributed to deteriorating economic conditions, lower gas prices and the impact of the June 2009 fare increase. The ridership increase in FY 2011 is primarily due to the rising cost of gas, improved economic conditions and a more reliable Tri-Rail Service. SFRTA logged 5.7 percent more passenger trips in FY 2011 while the average trip length increased 1.7 percent, resulting in a 7.5 percent increase in passenger miles. Revenue hours increased 0.7 percent, while revenue miles decreased 0.4 percent. To improve the operating revenue per operating expense ratio, SFRTA is encouraged to focus on containing operating costs. In addition, the Commission suggests that SFRTA continue its plans to decrease the number of customer complaints.

In the area of Governance, the FY 2011 annual Independent Financial Statement Audit reflected an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to Each Major State Program and State Project identified one significant deficiency in internal control relating to Nextfare access controls. In the Independent Auditor's Management Letter, the auditors identified five management recommendations for improvement relating to: authorization for bank 'cash shipments' for ticket vending machines, Capital Asset Policy update, various IT recommendations, Nextfare access controls, and security awareness. At the January 28, 2011 Board meeting, ethics training was provided to Board Members and senior staff in the areas of ethics, conflicts of interest, financial disclosure, Sunshine Law and public records.

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

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

Northwest Florida Transportation Corridor Authority (NFTCA)

The Commission review of NFTCA was conducted with the cooperation and assistance of NFTCA and relied heavily on documentation and assertions provided by NFTCA. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, funding agreements, policies and procedures that have been adopted by NFTCA, and a review of the audited financial statements. Limited tests of compliance with applicable statutes were performed and, based on those results, it was determined that NFTCA is meeting most of its statutory responsibilities and the governance criteria established by the Commission. However, the 2011 updated Master

Plan was not timely presented to governing bodies and legislative delegation members by July 27, 2011, as required. The 2011 updated Master Plan was presented on April 2, 2012.

NFTCA adopted a 2011 updated Corridor Master Plan in April 2011. An independent audit of NFTCA financial statements for FY 2010 has been completed and the FY 2011 audit is currently underway. The FY 2010 audit reflected an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting identified two significant deficiencies in internal control over financial reporting that were considered material weaknesses. These deficiencies relate to the preparation of financial statements and adjustments to the financial records. A planning-level Feasibility Study for a portion of the Northwest Florida Bypass (formerly Eglin Bypass) was completed by the Department in April 2011. The study included an assessment of the financial feasibility of the tolled corridor. Results of the Feasibility Study indicate that the alternatives defined in the study did not generate sufficient toll revenues, but other alternatives might be feasible. 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. As part of the next Master Plan update, NFTCA is conducting a business case analysis to help select and plan transportation projects by assessing their respective economic benefits, developing an investment plan and proposing viable funding strategies. This business case analysis includes an extensive public outreach program involving regional planning councils and workshops involving other key stakeholders in the region.

The Commission acknowledges with appreciation the assistance of the NFTCA Board, and NFTCA's General Planning Consultant in providing the resources necessary to conduct this review and to complete this report.

Osceola County Expressway Authority (OCX)

The Commission review of OCX was conducted with the cooperation and assistance of OCX and relied heavily on documentation and assertions provided by OCX. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures that have been adopted by OCX, and a review of the draft OCX 2040 Master Plan.

On July 1, 2010, pursuant to House Bill 1271, the newly created OCX became subject to Commission oversight. On September 13, 2010, Commission staff made a presentation to a joint meeting with the Osceola County Board of County Commissioners and the Cities of Kissimmee and St. Cloud regarding the Commission and its oversight role of OCX. The new OCX Board met for the very first time on June 21, 2011.

OCX currently has no funding or staff and Osceola County has elected to provide staff assistance and other support to OCX during the start up period. Jeffery Jones, Strategic Initiatives Director for Osceola County, is the registered agent for OCX under the Special District Program. Osceola County is currently providing OCX with meeting facilities, a website, legal and financial services, and a design and planning consultant to assist in developing the OCX 2040 Master Plan.

OCX conducted two Board workshops on the draft OCX 2040 Master Plan in March 2012. On April 10, 2012, the OCX Board reviewed the comments received at the two public meetings held in March 2012 and will schedule a public hearing on the draft OCX 2040 Master Plan for May 8, 2012 to hear final comments before adoption. The draft 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. OCX is currently finalizing grant agreements with the Department whereby the Department will provide $2.5 million to the Authority. The funds will primarily be used for two PD&E Studies that will be conducted by Florida's Turnpike Enterprise.

Although meeting notices are posted on the Authority's website and at the County Administration Building, OCX has not advertised Board meetings as required under Section 189.417, Florida Statues. The Commission recommends that OCX consider amending its policy to require that Board meetings be advertised in a manner consistent with the provisions of Section 189.417, Florida Statutes.

Based on the Commission's 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, except for public meeting advertising noted above.

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 when funding becomes available to expand operations through the hiring of employees and as project procurements begin. The Commission acknowledges with appreciation the assistance of the OCX Board and Osceola County staff in providing the resources necessary to conduct this review and to complete this report.

Tampa Bay Area Regional Transportation Authority (TBARTA)

The Commission review of TBARTA was conducted with the cooperation and assistance of TBARTA and relied heavily on documentation and assertions provided by Authority management. The Commission's approach primarily consisted of a review of agendas and minutes of Board meetings, policies and procedures that have been adopted by TBARTA, and a review of the audited financial statements.

In the FY 2010 Audit Report (dated December 15, 2011), the auditors noted that TBARTA did not file the Financial Audit Report with the Auditor General's Office or the Financial Report with the Department of Financial Services within one year of TBARTA's fiscal year end as statutorily required. The auditors also noted that TBARTA was not in statutory compliance because expenditures exceeded the TBARTA adopted budget in FY 2010. These compliance issues were primarily attributed to the BACS merger that occurred on May 1, 2010.

The audit also identified two deficiencies in internal control that were considered material weaknesses (accounting entries for accruals and proper support for journal entries and authorization) and one instance of noncompliance required to be reported under Government Auditing Standards (file audited financial statements on a timely basis). The auditors also provided six management recommendations to: adhere to the capitalization policy, file audit reports timely, properly approve and amend the annual budget, document approved pay rates, approve time sheets, and review internal controls over payroll processing. The FY 2011 financial statement audit is currently in the review process and has not been released.

Although meeting notices are posted on TBARTA's website and in the Florida Administrative Weekly, TBARTA did not advertise Board meetings in a manner consistent with the provisions of Section 189.417, Florida Statues. TBARTA management indicated that they will re-review the requirements and determine if newspaper publication is additionally warranted.

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. 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.

Based on the Commission's review of Board meeting minutes, TBARTA policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by TBARTA, except for the three compliance issues noted in the audit and public meeting advertising, 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. The Commission acknowledges with appreciation the assistance of the TBARTA Board and staff in providing the resources necessary to conduct this review and to complete this report.

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PLAN FOR FISCAL YEAR 2012

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Plan for Fiscal Year 2012

The Florida Transportation Commission (Commission) acted expeditiously to begin monitoring the transportation authorities as prescribed in House Bill (HB) 985 of the 2007 regular session of the Florida Legislature. Performance measures and management targets were established and governance areas for authority reporting were adopted. The Commission established a committee to oversee the development of a monitoring process and production of the initial report. Since the Commission was mindful that the first year effort would represent the start of an on-going process that would evolve and improve over time, it was anticipated that the original 2007 measures that were calculated and published might require some adjustment.

Immediately following publication of the Fiscal Year (FY) 2007 year one report in March 2008, the Commission initiated activities required to begin preparations for the FY 2008 annual performance review. Through a series of workshops and teleconferences, the Commission, with the assistance of the authorities, formally adopted performance measures and operating indicators for FY 2008 that included previous performance measures and operating indicators in addition to performance measures that had been modified or were introduced as new performance measures and operating indicators. The Commission reaffirmed “governance” criteria that provide an assessment of each of the governing boards overall management of the respective authority. The established criteria allow the Commission to assess each authority’s compliance with Florida “sunshine laws” related to ethical conduct, conflicts of interest, and public meetings; compliance with generally accepted accounting principles; and, adherence to applicable laws and bond covenants.

The Commission continues to replicate the successful process used for monitoring and oversight and is committed to carrying out its designated responsibilities in a deliberative manner and encourages input, feedback or suggestions to help improve the report and monitoring process.

The Commission’s committee to oversee the continuing effort of transportation authority monitoring is being reformed and will consider any enhancements or changes to performance measures, management objectives, operating indicators, governance areas, and reporting format during scheduled workshops and teleconferences. Activities for FY 2012 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 2012 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 2012 legislature to identify any legislative changes that may affect its oversight role. During the summer and fall of 2012, 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 2013 legislature that provides the status and findings of transportation authorities under its oversight.

APPENDIX A—LEGISLATIVE EXCERPTS

2010 LEGISLATURE

HB 1271—An act relating to transportation; amending S. 212.055, 341.051, 341.3025 and 343.64, F.S.; amending various sections of Tampa-Hillsborough County Expressway Authority Law and creating the Osceola County Expressway Authority; approved by Governor Crist on June 4, 2010; effective date July 1, 2010.

SB 2470—An act relating to regional transportation; creating the Northeast Florida Regional Transportation Study Commission; approved by Governor Crist on June 4, 2010; effective date July 1, 2010.

2011 LEGISLATURE

SB 2152—An act relating to transportation; repeals the Brevard County Expressway Authority, Broward County Expressway Authority, Pasco County Expressway Authority, St. Lucie County Expressway Authority, Seminole County Expressway Authority, and Southwest Florida Expressway Authority; repeals various sections of law relating to and authorizing lease purchase agreements between certain transportation authorities (Northwest Florida Transportation Corridor Authority, Tampa Bay Area Regional Transportation Authority, Osceola County Expressway Authority and Jacksonville Transportation Authority) and the Florida Department of Transportation; approved by Governor Scott on May 26, 2011; effective date July 1, 2011.

Chapter 2011-69 Laws of Florida (SB 2000)—An act making appropriations; providing moneys for the annual period beginning July 1, 2011, and ending June 30, 2012; approved by Governor Scott, with vetoes, on May 26, 2011. Vetoes include; $11.2 million in payments to expressway authorities from the State Transportation Trust Fund; and an appropriation to the Tampa Bay Area Regional Transportation Authority for the unexpended balance of funds previously appropriated.

persons holding legal or equitable interest in the motor vehicle; amending s. 479.156, F.S.; conforming cross-references; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (1) of section 212.055, Florida Statutes, is amended to read:

212.055 Discretionary sales surtaxes; legislative intent; authorization and use of proceeds.—It is the legislative intent that any authorization for imposition of a discretionary sales surtax shall be published in the Florida Statutes as a subsection of this section, irrespective of the duration of the levy. Each enactment shall specify the types of counties authorized to levy; the rate or rates which may be imposed; the maximum length of time the surtax may be imposed, if any; the procedure which must be followed to secure voter approval, if required; the purpose for which the proceeds may be expended; and such other requirements as the Legislature may provide. Taxable transactions and administrative procedures shall be as provided in s. 212.054.

(1) CHARTER COUNTY AND REGIONAL TRANSPORTATION SYSTEM SURTAX.—

(a) Each charter county that has adopted a charter, ~~and~~ each county the government of which is consolidated with that of one or more municipalities, and each county that is within or under an interlocal agreement with a regional transportation or transit authority created under chapter 343 or chapter 349 may levy a discretionary sales surtax, subject to approval by a majority vote of the electorate of the county or by a charter amendment approved by a majority vote of the electorate of the county.

(b) The rate shall be up to 1 percent.

(c) The proposal to adopt a discretionary sales surtax as provided in this subsection and to create a trust fund within the county accounts shall be placed on the ballot in accordance with law at a time to be set at the discretion of the governing body.

(d) Proceeds from the surtax shall be applied to as many or as few of the uses enumerated below in whatever combination the county commission deems appropriate:

1. Deposited by the county in the trust fund and shall be used for the purposes of development, construction, equipment, maintenance, operation, supportive services, including a countywide bus system, on-demand transportation services, and related costs of a fixed guideway rapid transit system;

2. Remitted by the governing body of the county to an expressway, transit, or transportation authority created by law to be used, at the discretion of such authority, for the development, construction, operation, or maintenance of roads or bridges in the county, for the operation and maintenance of a bus system, for the operation and maintenance of on-demand transportation services, for the payment of principal and interest on existing bonds issued for the construction of such roads or bridges, and, upon approval by the county commission, such proceeds may be pledged for bonds issued to refinance

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existing bonds or new bonds issued for the construction of such roads or bridges;

3. Used by the ~~charter~~ county for the development, construction, operation, and maintenance of roads and bridges in the county; for the expansion, operation, and maintenance of bus and fixed guideway systems; <u>for the expansion, operation, and maintenance of on-demand transportation services;</u> and for the payment of principal and interest on bonds issued for the construction of fixed guideway rapid transit systems, bus systems, roads, or bridges; and such proceeds may be pledged by the governing body of the county for bonds issued to refinance existing bonds or new bonds issued for the construction of such fixed guideway rapid transit systems, bus systems, roads, or bridges and no more than 25 percent used for nontransit uses; and

4. Used by the ~~charter~~ county for the planning, development, construction, operation, and maintenance of roads and bridges in the county; for the planning, development, expansion, operation, and maintenance of bus and fixed guideway systems; <u>for the planning, development, construction, operation, and maintenance of on-demand transportation services;</u> and for the payment of principal and interest on bonds issued for the construction of fixed guideway rapid transit systems, bus systems, roads, or bridges; and such proceeds may be pledged by the governing body of the county for bonds issued to refinance existing bonds or new bonds issued for the construction of such fixed guideway rapid transit systems, bus systems, roads, or bridges. Pursuant to an interlocal agreement entered into

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pursuant to chapter 163, the governing body of the ~~charter~~ county may distribute proceeds from the tax to a municipality, or an expressway or transportation authority created by law to be expended for the purpose authorized by this paragraph. Any ~~charter~~ county that has entered into interlocal agreements for distribution of proceeds to one or more municipalities in the county shall revise such interlocal agreements no less than every 5 years in order to include any municipalities that have been created since the prior interlocal agreements were executed.

(e) As used in this subsection, the term "on-demand transportation services" means transportation provided between flexible points of origin and destination selected by individual users with such service being provided at a time that is agreed upon by the user and the provider of the service and that is not fixed-schedule or fixed-route in nature.

Section 2. Paragraph (b) of subsection (3) of section 310.0015, Florida Statutes, is amended to read:

310.0015 Piloting regulation; general provisions.—

(3) The rate-setting process, the issuance of licenses only in numbers deemed necessary or prudent by the board, and other aspects of the economic regulation of piloting established in this chapter are intended to protect the public from the adverse effects of unrestricted competition which would result from an unlimited number of licensed pilots being allowed to market their services on the basis of lower prices rather than safety concerns. This system of regulation benefits and protects the public interest by maximizing safety, avoiding uneconomic

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the payment, collection, and enforcement of tolls, as authorized in chapters 316, 318, 320, 322, and 338, including, but not limited to, rules for the implementation of video or other image billing and variable pricing ~~guaranteed toll accounts~~.

Section 25. Subsection (7) is added to section 341.051, Florida Statutes, to read:

341.051 Administration and financing of public transit and intercity bus service programs and projects.—

(7) INTEROPERABLE FARE COLLECTION SYSTEMS.—

(a) The Legislature recognizes the importance of encouraging the seamless use of local and regional public transportation systems by residents of and visitors to the state wherever possible. The paramount concern is to encourage the implementation of fare collection systems that are interoperable and compatible with multiple public transportation systems throughout the state.

(b) Notwithstanding any other provision of law to the contrary, in order to facilitate the ease of transfer from one public transportation system to another, any public transit system which connects directly with a new public rail system put into service after December 1, 2010, and which is adding a new fare media system or is upgrading its existing fare media system shall use a universally accepted contactless fare media that is compatible with the American Public Transportation Association's Contactless Fare Media System Standard or the applicable bankcard contactless media standards and allows users to purchase fares at a single point of sale with coin, cash, or credit card. This paragraph does not require the use of a universally accepted contactless fare media for the paratransit element of any transit system or by any public transit system that does not share one or more points of origin or destination with a public rail system.

For purposes of this section, the term "net operating costs" means all operating costs of a project less any federal funds, fares, or other sources of income to the project.

Section 26. Subsection (7) of section 341.3025, Florida Statutes, is renumbered as subsection (8), and a new subsection (7) is added to that section to read:

341.3025 Multicounty public rail system fares and enforcement.—

(7)(a) The Legislature recognizes the importance of encouraging the seamless use of local and regional public transportation systems by residents of and visitors to the state wherever possible. The paramount concern is to encourage the implementation of fare collection systems that are interoperable and compatible with multiple public transportation systems throughout the state.

(b) Notwithstanding any other provision of law to the contrary, in order to facilitate the ease of transfer from one public transportation system to another, any new public rail system that is constructed after December 1, 2010, by the state, an agency of the state, a regional transportation authority, or one or more counties or municipalities shall use a universally accepted contactless fare media that is compatible with the American Public Transportation Association's Contactless Fare

Media System Standard or the applicable bankcard contactless media standards and allows users to purchase fares at a single point of sale with coin, cash, or credit card. Additionally, any existing public rail system that is adding a new fare media system or is upgrading its existing fare media system shall use a universally accepted contactless fare media that is compatible with the American Public Transportation Association's Contactless Fare Media System Standard or the applicable bankcard contactless media standards and allows users to purchase fares at a single point of sale with coin, cash, or credit card.

Section 27. Paragraph (q) is added to subsection (2) of section 343.64, Florida Statutes, to read:

343.64 Powers and duties.—

(2) The authority may exercise all powers necessary, appurtenant, convenient, or incidental to the carrying out of the aforesaid purposes, including, but not limited to, the following rights and powers:

(q) Notwithstanding s. 343.65, to borrow money in a principal amount not to exceed $10 million in any calendar year to refinance all or part of the costs or obligations of the authority, including, but not limited to, obligations of the authority as a lessee under a lease.

Section 28. Subsection (3) of section 348.51, Florida Statutes, is amended to read:

348.51 Definitions.—The following terms whenever used or referred to in this part shall have the following meanings, except in those instances where the context clearly indicates otherwise:

(3) "Bonds" means and includes the notes, bonds, refunding bonds, or other evidences of indebtedness or obligations, in either temporary or definitive form, which ~~of~~ the authority is authorized to issue ~~issued~~ pursuant to this part.

Section 29. Section 348.545, Florida Statutes, is amended to read:

348.545 Facility improvement; bond financing authority.—Pursuant to s. 11(f), Art. VII of the State Constitution, the Legislature hereby approves for bond financing by the Tampa-Hillsborough County Expressway Authority improvements to toll collection facilities, interchanges to the legislatively approved expressway system, and any other facility appurtenant, necessary, or incidental to the approved system. Subject to terms and conditions of applicable revenue bond resolutions and covenants, such costs ~~financing~~ may be financed in whole or in part by revenue bonds issued pursuant to s. 348.56(1)(a) or (b), whether currently issued or issued in the future, or by a combination of such bonds.

Section 30. Subsections (1) and (2) of section 348.56, Florida Statutes, are amended to read:

348.56 Bonds of the authority.—

(1)(a) Bonds may be issued on behalf of the authority pursuant to the State Bond Act.

(b) Alternatively, the authority shall have the power and is hereby authorized from time to time to issue bonds in such principal amount as, in the opinion of the authority, shall be necessary to provide sufficient moneys for achieving its corporate purposes, including construction, reconstruction, improvement, extension, repair, maintenance and operation of the expressway system, the cost of acquisition of all real property, interest on bonds during construction and for a reasonable period thereafter, establishment of reserves to secure bonds, and all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers.

(2)(a) Bonds issued by the authority pursuant to paragraph (1)(a) or paragraph (1)(b) shall be authorized by resolution of the members of the authority and shall bear such date or dates, mature at such time or times, not exceeding 40 years from their respective dates, bear interest at such rate or rates, not exceeding the maximum rate fixed by general law for authorities, be in such denominations, be in such form, either coupon or fully registered, carry such registration, exchangeability and interchangeability privileges, be payable in such medium of payment and at such place or places, be subject to such terms of redemption and be entitled to such priorities of lien on the revenues, other available moneys, and the Hillsborough County gasoline tax funds as such resolution or any resolution subsequent thereto may provide. The bonds shall be executed either by manual or facsimile signature by such officers as the authority shall determine, provided that such bonds shall bear at least one signature which is manually executed thereon. The coupons attached to such bonds shall bear the facsimile signature or signatures of such officer or officers as shall be designated by the authority. Such bonds shall have the seal of

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the authority affixed, imprinted, reproduced, or lithographed thereon.

(b) The bonds issued pursuant to paragraph (1)(a) or paragraph (1)(b) shall be sold at public sale in the same manner provided in the State Bond Act~~, and the net interest cost to the authority on such bonds shall not exceed the maximum rate fixed by general law for authorities. If all bids received on the public sale are rejected, the authority may then proceed to negotiate for the sale of the bonds at a net interest cost which shall be less than the lowest net interest cost stated in the bids rejected at the public sale~~. However, if the authority determines, by official action at a public meeting, that a negotiated sale of such bonds is in the best interest of the authority, the authority may negotiate the sale of such bonds with the underwriter or underwriters designated by the authority and the Division of Bond Finance within the State Board of Administration with respect to bonds issued pursuant to paragraph (1)(a) or solely by the authority with respect to bonds issued pursuant to paragraph (1)(b). The authority's determination to negotiate the sale of such bonds may be based, in part, upon the written advice of the authority's financial adviser. Pending the preparation of definitive bonds, temporary bonds or interim certificates may be issued to the purchaser or purchasers of such bonds and may contain such terms and conditions as the authority may determine.

Section 31. Section 348.565, Florida Statutes, is amended to read:

348.565 Revenue bonds for specified projects.—The existing

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facilities that constitute the Tampa-Hillsborough County Expressway System are hereby approved to be refinanced by ~~the issuance of~~ revenue bonds issued by the Division of Bond Finance of the State Board of Administration pursuant to s. 11(f), Art. VII of the State Constitution and the State Bond Act or by revenue bonds issued by the authority pursuant to s. 348.56(1)(b). In addition, the following projects of the Tampa-Hillsborough County Expressway Authority are approved to be financed or refinanced by the issuance of revenue bonds in accordance with this part and ~~pursuant to~~ s. 11(f), Art. VII of the State Constitution:

(1) Brandon area feeder roads.

(2) Capital improvements to the expressway system, including safety and operational improvements and toll collection equipment.

(3) Lee Roy Selmon Crosstown Expressway System widening.

(4) The connector highway linking the Lee Roy Selmon Crosstown Expressway to Interstate 4.

Section 32. Subsection (1) of section 348.57, Florida Statutes, is amended to read:

348.57 Refunding bonds.—

(1) Subject to public notice as provided in s. 348.54, the authority is authorized to provide by resolution for the issuance from time to time of bonds pursuant to s. 348.56(1)(b) for the purpose of refunding any bonds then outstanding regardless of whether the bonds being refunded were issued by the authority pursuant to this chapter or on behalf of the authority pursuant to the State Bond Act. The authority is

further authorized to provide by resolution for the issuance of bonds for the combined purpose of:

(a) Paying the cost of constructing, reconstructing, improving, extending, repairing, maintaining and operating the expressway system.

(b) Refunding bonds then outstanding. The authorization, sale and issuance of such obligations, the maturities and other details thereof, the rights and remedies of the holders thereof, and the rights, powers, privileges, duties and obligations of the authority with respect to the same shall be governed by the foregoing provisions of this part insofar as the same may be applicable.

Section 33. Section 348.70, Florida Statutes, is amended to read:

348.70 This part complete and additional authority.—

(1) The powers conferred by this part shall be in addition and supplemental to the existing respective powers of the authority, the department, the county, and the city, if any, and this part shall not be construed as repealing any of the provisions of any other law, general, special, or local, but shall be deemed to supersede such other law or laws in the exercise of the powers provided in this part insofar as such other law or laws are inconsistent with the provisions of this part and to provide a complete method for the exercise of the powers granted herein. The construction, reconstruction, improvement, extension, repair, maintenance, and operation of the expressway system, and the issuance of bonds hereunder to finance all or part of the cost thereof, may be accomplished

upon compliance with the provisions of this part without regard to or necessity for compliance with the provisions, limitations, or restrictions contained in any other general, special, or local law, including, but not limited to, s. 215.821, and no approval of any bonds issued under this part by the qualified electors or qualified electors who are freeholders in the state or in the county or in the city or in any other political subdivision of the state shall be required for the issuance of such bonds.

(2) This part does not repeal, rescind, or modify any other law or laws relating to the State Board of Administration, the Department of Transportation, or the Division of Bond Finance of the State Board of Administration, but shall supersede such other law or laws as are inconsistent with the provisions of this part, including, but not limited to, s. 215.821.

Section 34. Part XI of chapter 348, Florida Statutes, consisting of sections 348.9950, 348.9951, 348.9952, 348.9953, 348.9954, 348.9955, 348.9956, 348.9957, 348.9958, 348.9959, 348.9960, and 348.9961, is created to read:

348.9950 Short title.—This part may be cited as the "Osceola County Expressway Authority Law."

348.9951 Definitions.—Terms used in this part, except where the context clearly indicates otherwise, shall have the same meanings as those defined in the Florida Expressway Authority Act.

348.9952 Osceola County Expressway Authority.—

(1) There is created a body politic and corporate, an

agency of the state, to be known as the Osceola County Expressway Authority.

(2)(a) The governing body of the authority shall consist 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 whom shall be appointed by the governing body of the county and two of whom shall be appointed by the Governor. The sixth member shall be the district secretary of the department serving in the district that includes Osceola County, who shall serve as an ex officio, nonvoting member. The term of each appointed member shall be for 4 years, except that the first term of the initial members appointed by the Governor shall be 2 years each. Each appointed member shall hold office until his or her successor has been appointed and has qualified. A vacancy occurring during a term 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 a person who is an officer or employee of any municipality or of Osceola County in any other capacity may not be an appointed member of the authority. A member of the authority is eligible for reappointment.

(b) Members of the authority may be removed from office by the Governor for misconduct, malfeasance, or nonfeasance in office.

(3)(a) The authority shall elect one of its members as chair. The authority shall also elect a secretary and a treasurer, who may be members of the authority. The chair, secretary, and treasurer shall hold such offices at the will of the authority.

(b) Three members of the authority constitute a quorum, and the vote of three members is necessary for any action taken by the authority. A vacancy in the authority does not impair the right of a quorum of the authority to exercise all of the rights and perform all of the duties of the authority.

(4)(a) The authority may employ an executive secretary, an executive director, its own counsel and legal staff, technical experts, engineers, and other employees, permanent or temporary, as it may require, and may determine the qualifications and fix the compensation of such persons, firms, or corporations. Additionally, the authority may employ a fiscal agent or agents. However, the authority shall solicit sealed proposals from at least three persons, firms, or corporations for the performance of any services as fiscal agents. The authority may delegate to one or more of its agents or employees such of its power as it deems necessary to carry out the purposes of this part, subject always to the supervision and control of the authority.

(b) Members of the authority are 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 members shall not draw salaries or other compensation.

(c) 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.

(d) The authority shall cooperate with and participate in any efforts to establish a regional expressway authority.

(e) Notwithstanding any other provision of law, including s. 339.175(3), the authority is not entitled to voting membership in a metropolitan planning organization in which Osceola County, or any of the municipalities therein, are also voting members.

348.9953 Purposes and powers.—The purposes and powers of the authority shall be the same as those identified in the Florida Expressway Authority Act. In implementing this act, the authority shall institute procedures to encourage the awarding of contracts for professional services and construction to certified minority business enterprises as defined in s. 288.703. The authority shall develop and implement activities to encourage the participation of certified minority business enterprises in the contracting process.

348.9954 Bonds.—Bonds may be issued on behalf of the authority as provided by the State Bond Act and subject to the provisions of the Florida Expressway Authority Act.

348.9955 Lease-purchase agreement.—The authority may enter into lease-purchase agreements with the department as provided in the Florida Expressway Authority Act.

348.9956 Department may be appointed agent of authority for construction.—The authority may appoint the department as its agent as provided in the Florida Expressway Authority Act.

348.9957 Acquisition of lands and property.—The authority may acquire such rights, title, or interest in private or public property and such property rights, including easements, rights of access, air, view, and light by gift, devise, purchase, or condemnation by eminent domain proceedings, as the authority may deem necessary for the purposes of this part and subject to the provisions of the Florida Expressway Authority Act.

348.9958 Cooperation with other units, boards, agencies, and individuals.—Any county, municipality, drainage district, road and bridge district, school district, or other political subdivision, board, commission, or individual in or of the state may make and enter into any contract, lease, conveyance, partnership, or other agreement with the authority within the provisions and for purposes of this part. The authority may make and enter into any contract, lease, conveyance, partnership, or other agreement with any political subdivision, agency, or instrumentality of the state or any federal agency, corporation, or individual for the purpose of carrying out the provisions of this part.

348.9959 Legislative intent; covenant of the state.—It is the intent of the Legislature that the state pledge to and agree with any person, firm, corporation, or federal or state agency subscribing to or acquiring the bonds to be issued by the authority for the purposes of this part that the state will not limit or alter the rights hereby vested in the authority and the department until all bonds at any time issued together with the interest thereon are fully paid and discharged insofar as the same affects the rights of the holders of bonds issued hereunder. It is also the intent of the Legislature that the state further pledge to and agree with the United States that in the event any federal agency shall construct or contribute any funds for the completion, extension, or improvement of the

Osceola County Expressway System, or any part or portion thereof, the state will not alter or limit the rights and powers of the authority and the department in any manner that would be inconsistent with the continued maintenance and operation of the Osceola County Expressway System, or the completion, extension, or improvement thereof, or that would be inconsistent with the due performance of any agreements between the authority and any such federal agency. The authority and the department shall continue to have and may exercise all powers herein granted so long as the same shall be necessary or desirable for the carrying out of the purposes of this part and the purposes of the United States in the completion, extension, or improvement of the Osceola County Expressway System or any part or portion thereof.

348.9960 Exemption from taxation.—

(1) As provided under and limited by the Florida Expressway Authority Act, the Osceola County Expressway Authority is not required to pay taxes or assessments of any kind or nature whatsoever upon any property acquired by it or used by it for such purpose or upon revenues at any time received by it.

(2) The bonds issued by or on behalf of the authority, their transfer, and the income therefrom, including any profits made on the sale thereof, shall at all times be free from taxation of any kind by the state or by any political subdivision or other taxing agency or instrumentality thereof. The exemption granted by this subsection does not apply to any tax imposed under chapter 220 on interest, income, or profits on

debt obligations owned by corporations.

348.9961 Automatic dissolution.—If, before January 1, 2020, the authority has not encumbered any funds to further its purposes and powers as authorized in s. 348.9953 to establish the system, the Osceola County Expressway Authority is dissolved.

Section 35. Subsection (6) of section 369.317, Florida Statutes, is amended to read:

369.317 Wekiva Parkway.—

(6) The Orlando-Orange County Expressway Authority is hereby granted the authority to act as a third-party acquisition agent, pursuant to s. 259.041 on behalf of the Board of Trustees or chapter 373 on behalf of the governing board of the St. Johns River Water Management District, for the acquisition of all necessary lands, property and all interests in property identified herein, including fee simple or less-than-fee simple interests. The lands subject to this authority are identified in paragraph 10.a., State of Florida, Office of the Governor, Executive Order 03-112 of July 1, 2003, and in Recommendation 16 of the Wekiva Basin Area Task Force created by Executive Order 2002-259, such lands otherwise known as Neighborhood Lakes, a 1,587+/-acre parcel located in Orange and Lake Counties within Sections 27, 28, 33, and 34 of Township 19 South, Range 28 East, and Sections 3, 4, 5, and 9 of Township 20 South, Range 28 East; Seminole Woods/Swamp, a 5,353+/-acre parcel located in Lake County within Section 37, Township 19 South, Range 28 East; New Garden Coal; a 1,605+/-acre parcel in Lake County within Sections 23, 25, 26, 35, and 36, Township 19 South, Range 28

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Legislature concerning advance-funding the costs of capacity projects in its member counties; providing for funding of the study; providing an effective date.

WHEREAS, pursuant to House Bill 1213, 2009, the Department of Transportation directed the Jacksonville Transportation Authority to prepare a report to recommend to the Legislature the framework for a regional transportation authority for the northeast region of the state comprised of Baker, Clay, Duval, Flagler, Nassau, Putnam, and St. Johns Counties, and

WHEREAS, the report was completed and received by the Legislature on February 1, 2010, and

WHEREAS, based upon the recommendations of the report, it is necessary and appropriate to create a study commission to continue the work commenced, NOW, THEREFORE,

Be It Enacted by the Legislature of the State of Florida:

Section 1. <u>Northeast Florida Regional Transportation Study Commission.-</u>

<u>(1) There is created the Northeast Florida Regional Transportation Study Commission, which shall be composed of 20 members designated and to be appointed as follows:</u>

<u>(a) Two citizens of Baker County appointed by the Board of County Commissioners of Baker County.</u>

<u>(b) Two citizens of Clay County appointed by the Board of County Commissioners of Clay County.</u>

<u>(c) Four citizens of Duval County appointed by the City Council of the City of Jacksonville.</u>

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(d) Two citizens of Flagler County appointed by the Board of County Commissioners of Flagler County.

(e) Two citizens of Nassau County appointed by the Board of County Commissioners of Nassau County.

(f) Two citizens of Putnam County appointed by the Board of County Commissioners of Putnam County.

(g) Two citizens of St. Johns County appointed by the Board of County Commissioners of St. Johns County.

(h) The chair of the Jacksonville Transportation Authority, who shall serve as chair of the commission.

(i) The Department of Transportation's district secretary serving in district II, who shall be a nonvoting member of the commission.

(j) The chair of the Northeast Florida Regional Council, who shall be a nonvoting member of the commission.

(k) The chair of the North Florida Transportation Planning Organization, who shall be a nonvoting member of the commission.

(2)(a) Members shall serve until the work of the commission is completed and the commission is terminated, except that persons serving under paragraphs (1)(h)-(k) shall cease membership if they no longer serve in the position indicated in paragraphs (1)(h)-(k) and shall be replaced by the person replacing them in such position.

(b) Members of the commission shall serve without compensation but shall be reimbursed for all necessary expenses in the performance of their duties, including travel expenses, in accordance with s. 112.061, Florida Statutes.

(c) A county commission, or the city council in the case of Duval County, may remove or suspend a member appointed by it for

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cause, including, but not limited to, failure to attend two or more meetings of the commission during any 9-month period.

(3) The staff of the Jacksonville Transportation Authority shall act as staff to the commission and, subject to the appropriation of funding by the board of the Jacksonville Transportation Authority and such other funds as the commission may receive, shall supply such information, assistance, and facilities as are deemed necessary for the commission to carry out its duties under this act.

(4) The commission shall have such committees with such membership, duties, and other matters as the chair shall determine. Members of such committees need not be members of the commission and may include persons from airport authorities, port authorities, rail or other transportation industries, and others. All committees shall report to the commission at each commission meeting and shall present their final reports for consideration by the commission in accordance with the direction of the chair.

(5)(a) The commission shall meet at the times and locations as the chair shall determine. There shall be regular monthly meetings, to the extent reasonably convenient, that are held in one or more central locations; however, at least one meeting must be held in each of the counties throughout the region. Each meeting must include provision for public comments.

(b) The commission shall make available to the public its meeting minutes, reports, and recommendations upon request and, to the extent feasible, shall publish its reports and recommendations electronically. The Jacksonville Transportation Authority shall make its Internet website available to the

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commission for such purposes.

(6) By December 31, 2012, the commission shall prepare and submit to the Governor, the President of the Senate, and the Speaker of the House of Representatives a report detailing its findings and making specific legislative recommendations, including a regional transportation elements plan, the defining characteristics of transportation elements of regional significance, and an implementation plan for undertaking a regional transportation elements plan, and which may include the establishment of the regional transportation authority, draft legislation consistent with this section, and any other recommendations it deems appropriate.

(7) A county’s membership in the commission, and the participation of a county’s appointees in the work of the commission, is not intended to constitute the consent of the county to inclusion within the jurisdiction of a regional transportation authority.

(8) This section shall expire and the commission shall terminate upon delivery of the final report required in subsection (6).

Section 2. Subsection (1) of section 8 of chapter 2009-89, Laws of Florida, is amended to read:

Section 8. (1) The Northwest Florida Regional Transportation Planning Organization, an interlocal agency under part I of chapter 163, Florida Statutes, is authorized to study the feasibility of advance-funding the costs of capacity projects in its member counties and making recommendations to the Legislature by February 1, 2011 ~~2010~~. The Department of Transportation may assist the organization in conducting the

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study. The study shall be funded by the Northwest Florida Regional Transportation Planning Organization from its existing resources and by such other funds that may be provided from its constituent counties.

Section 3. This act shall take effect July 1, 2010.

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An act relating to transportation; amending s. 120.80, F.S.; providing that requirements relating to rulemaking and statements of estimated regulatory costs do not apply to the adjustment of tolls; amending s. 338.26, F.S.; requiring that excess funds generated from Alligator Alley tolls be used to develop and operate a fire station to provide fire, rescue, and emergency management services in adjacent counties along Alligator Alley; repealing s. 343.805(6), F.S., relating to the definition of the term "lease-purchase agreement" as it relates to the Northwest Florida Transportation Corridor Authority and the Department of Transportation; amending s. 343.835, F.S.; deleting references to lease-purchase agreements; amending s. 343.836, F.S.; deleting references to lease-purchase agreements in remedies to bondholders as they relate to the U.S. 98 Corridor System; repealing s. 343.837, F.S., relating to lease-purchase agreements that provide for the leasing of the U.S. 98 Corridor System to the Department of Transportation; repealing s. 343.885, F.S., relating to the enforceability of pledges by bondholders; repealing s. 343.91(1)(h), F.S., relating to the definition of the term "lease-purchase agreement" as it relates to the Tampa Bay Area Regional Transportation Authority and the Department of Transportation; amending s. 343.94, F.S.; deleting references to lease-purchase agreements; amending s.

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343.944, F.S.; deleting references to lease-purchase agreements in remedies to bondholders as they relate to the Tampa Bay Area Regional Transportation Authority; repealing s. 343.945, F.S., relating to the enforceability of pledges to the Tampa Bay Area Regional Transportation Authority; repealing s. 343.946, F.S., relating to lease-purchase agreements that provide for the leasing of projects of the Tampa Bay Area Regional Transportation Authority to the Department of Transportation; repealing s. 348.0002(11), F.S., relating to the definition of the term “lease-purchase agreement” as it relates to expressway authorities and the Department of Transportation; amending s. 348.0004, F.S.; authorizing authorities created pursuant to the Florida Expressway Authority Act to own expressway systems; deleting the power of such authorities to lease such systems; deleting obsolete provisions; amending s. 348.0005, F.S.; deleting a reference to the Department of Transportation to conform to changes made by the act; repealing s. 348.0006, F.S., which provides for lease-purchase agreements in the Florida Expressway Authority Act; repealing part II of ch. 348, F.S., which provides for the creation and operation of the Brevard County Expressway Authority; repealing part III of ch. 348, F.S., which provides for the creation and operation of the Broward County Expressway Authority; repealing part VI of ch. 348, F.S., which provides for the creation and operation of

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the Pasco County Expressway Authority; repealing part VII of ch. 348, F.S., which provides for the creation and operation of the St. Lucie County Expressway and Bridge Authority; repealing part VIII of ch. 348, F.S., which provides for the creation and operation of the Seminole County Expressway Authority; repealing part X of ch. 348, F.S., which provides for the creation and operation of the Southwest Florida Expressway Authority; repealing s. 348.9955, F.S., relating to the power of the Osceola Expressway Authority to enter into lease-purchase agreements with the Department of Transportation; repealing s. 349.02(1)(d), F.S., relating to the definition of the term “lease-purchase agreement” as it relates to the Jacksonville Transportation Authority and the Department of Transportation; amending s. 349.04, F.S.; deleting the authority of the Jacksonville Transportation Authority to enter lease-purchase agreements; amending s. 349.05, F.S.; deleting authorization for lease-purchase agreements in bond agreements of the Jacksonville Transportation Authority; repealing s. 349.07, F.S., relating to lease-purchase agreements that provide for the leasing of the Jacksonville Expressway System to the Department of Transportation; amending s. 349.15, F.S.; deleting certain bond authority of the department; amending s. 364.02, F.S.; revising definitions; providing legislative intent; providing that any purchase of new equipment, machinery, or

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other inventory by state agencies as a result damage caused by fire, smoke, water, or any incident be limited to purchases that are absolutely necessary and are irreparable; requiring that all state agencies develop and adopt assessment protocols for evaluating and determining whether equipment, machinery, or other inventory needs repair or restored; amending ss. 196.012, 199.183, 212.08, 290.007, 350.0605, 364.602, and 489.103, F.S.; conforming cross-references; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (17) is added to section 120.80, Florida Statutes, to read:

120.80 Exceptions and special requirements; agencies.—

(17) DEPARTMENT OF TRANSPORTATION.—Sections 120.54(3)(b) and 120.541 do not apply to the adjustment of tolls pursuant to s. 338.165(3).

Section 2. Subsection (3) of section 338.26, Florida Statutes, is amended to read:

338.26 Alligator Alley toll road.—

(3) Fees generated from tolls shall be deposited in the State Transportation Trust Fund, and any amount of funds generated annually in excess of that required to reimburse outstanding contractual obligations, to operate and maintain the highway and toll facilities, including reconstruction and restoration, ~~and~~ to pay for those projects that are funded with Alligator Alley toll revenues and that are contained in the

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1993-1994 adopted work program or the 1994-1995 tentative work program submitted to the Legislature on February 22, 1994, and to develop and operate a fire station at mile marker 63 on Alligator Alley to provide fire, rescue, and emergency management services to the adjacent counties along Alligator Alley, may be transferred to the Everglades Fund of the South Florida Water Management District. The South Florida Water Management District shall deposit funds for projects undertaken pursuant to s. 373.4592 in the Everglades Trust Fund pursuant to s. 373.45926(4)(a). Any funds remaining in the Everglades Fund may be used for environmental projects to restore the natural values of the Everglades, subject to compliance with any applicable federal laws and regulations. Projects shall be limited to:

(a) Highway redesign to allow for improved sheet flow of water across the southern Everglades.

(b) Water conveyance projects to enable more water resources to reach Florida Bay to replenish marine estuary functions.

(c) Engineering design plans for wastewater treatment facilities as recommended in the Water Quality Protection Program Document for the Florida Keys National Marine Sanctuary.

(d) Acquisition of lands to move STA 3/4 out of the Toe of the Boot, provided such lands are located within 1 mile of the northern border of STA 3/4.

(e) Other Everglades Construction Projects as described in the February 15, 1994, conceptual design document.

Section 3. Subsection (6) of section 343.805, Florida Statutes, is repealed.

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Section 4. Paragraph (b) of subsection (2) and paragraph (a) of subsection (3) of section 343.835, Florida Statutes, are amended to read:

343.835 Bonds of the authority.—

(2) Any such resolution or resolutions authorizing any bonds hereunder may contain provisions that are part of the contract with the holders of such bonds, as to:

(b) The completion, improvement, operation, extension, maintenance, repair, or lease~~, or lease-purchase agreement~~ of the system, and the duties of the authority and others~~, including the department,~~ with reference thereto.

(3) The authority may employ fiscal agents as provided by this part or the State Board of Administration may, upon request of the authority, act as fiscal agent for the authority in the issuance of any bonds that are issued pursuant to this part, and the State Board of Administration may, upon request of the authority, take over the management, control, administration, custody, and payment of any or all debt services or funds or assets now or hereafter available for any bonds issued pursuant to this part. The authority may enter into any deeds of trust, indentures, or other agreements with its fiscal agent, or with any bank or trust company within or without the state, as security for such bonds and may, under such agreements, sign and pledge all or any of the revenues, rates, fees, rentals, or other charges or receipts of the authority. Such deed of trust, indenture, or other agreement may contain such provisions as are customary in such instruments or, as the authority authorizes, including, but without limitation, provisions as to:

(a) The completion, improvement, operation, extension, maintenance, repair, and lease of ~~or lease-purchase agreement relating to~~ U.S. 98 corridor improvements and the duties of the authority and others~~, including the department,~~ with reference thereto.

Section 5. Section 343.836, Florida Statutes, is amended to read:

343.836 Remedies of the bondholders.—

(1) The rights and the remedies in this section conferred upon or granted to the bondholders are in addition to and not in limitation of any rights and remedies lawfully granted to such bondholders by the resolution or resolutions providing for the issuance of bonds or by a ~~lease-purchase agreement,~~ deed of trust, indenture, or other agreement under which the bonds may be issued or secured. If the authority defaults in the payment of the principal of or interest on any of the bonds issued pursuant to the provisions of this part after such principal of or interest on the bonds becomes due, whether at maturity or upon call for redemption, ~~or the department defaults in any payments under, or covenants made in, any lease-purchase agreement between the authority and the department,~~ and such default continues for a period of 30 days, or if the authority ~~or the department~~ fails or refuses to comply with the provisions of this part or any agreement made with, or for the benefit of, the holders of the bonds, the holders of 25 percent in aggregate principal amount of the bonds then outstanding may appoint a trustee to represent such bondholders for the purposes hereof, if such holders of 25 percent in aggregate principal amount of the bonds then outstanding shall first give notice of their intention to appoint a trustee to the authority ~~and to the~~

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~~department~~. Such notice shall be deemed to have been given if given in writing, deposited in a securely sealed postpaid wrapper, mailed at a regularly maintained United States post office box or station, and addressed~~, respectively,~~ to the chair of the authority ~~and to the secretary of the department at the principal office of the department~~.

(2) Such trustee and any trustee under any deed of trust, indenture, or other agreement may, and upon written request of the holders of 25 percent or such other percentages as are specified in any deed of trust, indenture, or other agreement aforesaid in principal amount of the bonds then outstanding shall, in any court of competent jurisdiction, in his, her, or its own name:

(a) By mandamus or other suit, action, or proceeding at law or in equity, enforce all rights of the bondholders, including the right to require the authority to fix, establish, maintain, collect, and charge rates, fees, rentals, and other charges adequate to carry out any agreement as to or pledge of the revenues or receipts of the authority to carry out any other covenants and agreements with or for the benefit of the bondholders, and to perform its and their duties under this part.

~~(b) By mandamus or other suit, action, or proceeding at law or in equity, enforce all rights of the bondholders under or pursuant to any lease-purchase agreement between the authority and the department, including the right to require the department to make all rental payments required to be made by it under the provisions of any such lease-purchase agreement, to require the department to carry out any other covenants and~~

~~agreements with or for the benefit of the bondholders, and to perform its and their duties under this part.~~

(b)~~(c)~~ Bring suit upon the bonds.

(c)~~(d)~~ By action or suit in equity, require the authority ~~or the department~~ to account as if it were the trustee of an express trust for the bondholders.

(d)~~(e)~~ By action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the bondholders.

(3) Any trustee, when appointed as aforesaid or acting under a deed of trust, indenture, or other agreement, and whether or not all bonds have been declared due and payable, may appoint a receiver who may enter upon and take possession of the system or the facilities or any part or parts thereof, the rates, fees, rentals, or other revenues, charges, or receipts from which are or may be applicable to the payment of the bonds so in default, and~~, subject to and in compliance with the provisions of any lease-purchase agreement between the authority and the department,~~ operate and maintain the same for and on behalf of and in the name of the authority~~, the department,~~ and the bondholders, and collect and receive all rates, fees, rentals, and other charges or receipts or revenues arising therefrom in the same manner as the authority ~~or the department~~ might do, and shall deposit all such moneys in a separate account and apply such moneys in such manner as the court shall direct. In any suit, action, or proceeding by the trustee, the fees, counsel fees, and expenses of the trustee and the receiver, if any, and all costs and disbursements allowed by the court shall be a first charge on any rates, fees, rentals, or

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other charges, revenues, or receipts derived from the system or the facilities or services or any part or parts thereof, ~~including payments under any such lease-purchase agreement as aforesaid,~~ which rates, fees, rentals, or other charges, revenues, or receipts may be applicable to the payment of the bonds so in default. Such trustee, in addition to the foregoing, possesses all of the powers necessary for the exercise of any functions specifically set forth herein or incident to the representation of the bondholders in the enforcement and protection of their rights.

(4) This section or any other section of this part does not authorize any receiver appointed pursuant hereto for the purpose~~, subject to and in compliance with the provisions of any lease-purchase agreement between the authority and the department,~~ of operating and maintaining the system or any facilities or part or parts thereof, to sell, assign, mortgage, or otherwise dispose of any of the assets of whatever kind and character belonging to the authority. It is the intention of this part to limit the powers of such receiver~~, subject to and in compliance with the provisions of any lease-purchase agreement between the authority and the department,~~ to the operation and maintenance of the system or any facility or part or parts thereof, as the court may direct, in the name and for and on behalf of the authority~~, the department,~~ and the bondholders. In any suit, action, or proceeding at law or in equity, a holder of bonds on the authority, a trustee, or any court may not compel or direct a receiver to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the authority. A receiver also may not be

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authorized to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the authority in any suit, action, or proceeding at law or in equity.

Section 6. Section 343.837, Florida Statutes, is repealed.

Section 7. Section 343.885, Florida Statutes, is repealed.

Section 8. Section 343.91(1)(h), Florida Statutes, is repealed.

Section 9. Paragraph (b) of subsection (3) and paragraph (a) of subsection (4) of section 343.94, Florida Statutes, are amended to read:

343.94 Bond financing authority.—

(3) Any such resolution or resolutions authorizing any bonds hereunder may contain provisions that are part of the contract with the holders of such bonds, as to:

(b) The completion, improvement, operation, extension, maintenance, repair, or lease of~~, or lease-purchase agreement relating to,~~ the system and the duties of the authority and others, including the department, with reference thereto.

(4) The authority may employ fiscal agents as provided by this part or the State Board of Administration may, upon request of the authority, act as fiscal agent for the authority in the issuance of any bonds that are issued pursuant to this part, and the State Board of Administration may, upon request of the authority, take over the management, control, administration, custody, and payment of any or all debt services or funds or assets now or hereafter available for any bonds issued pursuant to this part. The authority may enter into any deeds of trust, indentures, or other agreements with its fiscal agent, or with

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any bank or trust company within or without the state, as security for such bonds and may, under such agreements, sign and pledge all or any of the revenues, rates, fees, rentals, or other charges or receipts of the authority. Such deed of trust, indenture, or other agreement may contain such provisions as are customary in such instruments or as the authority authorizes, including, but without limitation, provisions as to:

(a) The completion, improvement, operation, extension, maintenance, repair, and lease of~~, or lease-purchase agreement relating to,~~ highway, bridge, and related transportation facilities and appurtenances and the duties of the authority and others~~, including the department,~~ with reference thereto.

Section 10. Section 343.944, Florida Statutes, is amended to read:

343.944 Remedies of the bondholders.—

(1) The rights and the remedies in this section conferred upon or granted to the bondholders are in addition to and not in limitation of any rights and remedies lawfully granted to such bondholders by the resolution or resolutions providing for the issuance of bonds or by a ~~lease-purchase agreement,~~ deed of trust, indenture, or other agreement under which the bonds may be issued or secured. If the authority defaults in the payment of the principal of or interest on any of the bonds issued pursuant to the provisions of this part after such principal of or interest on the bonds becomes due, whether at maturity or upon call for redemption~~, or the department defaults in any payments under, or covenants made in, any lease-purchase agreement between the authority and the department,~~ and such default continues for a period of 30 days, or if the authority

or the department fails or refuses to comply with the provisions of this part or any agreement made with, or for the benefit of, the holders of the bonds, the holders of 25 percent in aggregate principal amount of the bonds then outstanding may appoint a trustee to represent such bondholders for the purposes hereof, if such holders of 25 percent in aggregate principal amount of the bonds then outstanding shall first give notice of their intention to appoint a trustee to the authority ~~and to the department~~. Such notice shall be deemed to have been given if given in writing, deposited in a securely sealed postpaid wrapper, mailed at a regularly maintained United States post office box or station, and addressed, respectively, to the chair of the authority ~~and to the secretary of the department at the principal office of the department~~.

(2) Such trustee and any trustee under any deed of trust, indenture, or other agreement may and, upon written request of the holders of 25 percent or such other percentages as are specified in any deed of trust, indenture, or other agreement aforesaid in principal amount of the bonds then outstanding, shall, in any court of competent jurisdiction, in his, her, or its own name:

(a) By mandamus or other suit, action, or proceeding at law or in equity, enforce all rights of the bondholders, including the right to require the authority to fix, establish, maintain, collect, and charge rates, fees, rentals, and other charges adequate to carry out any agreement as to or pledge of the revenues or receipts of the authority, to carry out any other covenants and agreements with or for the benefit of the bondholders, and to perform its and their duties under this part.

~~(b) By mandamus or other suit, action, or proceeding at law or in equity, enforce all rights of the bondholders under or pursuant to any lease-purchase agreement between the authority and the department, including the right to require the department to make all rental payments required to be made by it under the provisions of any such lease-purchase agreement and to require the department to carry out any other covenants and agreements with or for the benefit of the bondholders and to perform its and their duties under this part.~~

(b)~~(c)~~ Bring suit upon the bonds.

(c)~~(d)~~ By action or suit in equity, require the authority or the department to account as if it were the trustee of an express trust for the bondholders.

(d)~~(e)~~ By action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the bondholders.

(3) Any trustee, when appointed as aforesaid or acting under a deed of trust, indenture, or other agreement, and regardless of whether all bonds have been declared due and payable, may appoint a receiver who may enter upon and take possession of the system or the facilities or any part or parts thereof, the rates, fees, rentals, or other revenues, charges, or receipts from which are or may be applicable to the payment of the bonds so in default~~,~~ and~~, subject to and in compliance with the provisions of any lease purchase agreement between the authority and the department,~~ operate and maintain the same for and on behalf of and in the name of the authority~~, the department,~~ and the bondholders, and collect and receive all

ENROLLED
2011 Legislature **SB 2152, 1st Engrossed**

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rates, fees, rentals, and other charges or receipts or revenues arising therefrom in the same manner as the authority ~~or the department~~ might do, and shall deposit all such moneys in a separate account and apply such moneys in such manner as the court shall direct. In any suit, action, or proceeding by the trustee, the fees, counsel fees, and expenses of the trustee and the receiver, if any, and all costs and disbursements allowed by the court shall be a first charge on any rates, fees, rentals, or other charges, revenues, or receipts derived from the system or the facilities or services or any part or parts thereof, ~~including payments under any such lease-purchase agreement as aforesaid,~~ which rates, fees, rentals, or other charges, revenues, or receipts may be applicable to the payment of the bonds so in default. Such trustee, in addition to the foregoing, possesses all of the powers necessary for the exercise of any functions specifically set forth herein or incident to the representation of the bondholders in the enforcement and protection of their rights.

(4) This section or any other section of this part does not authorize any receiver appointed pursuant hereto for the purpose~~, subject to and in compliance with the provisions of any lease-purchase agreement between the authority and the department,~~ of operating and maintaining the system or any facilities or part or parts thereof to sell, assign, mortgage, or otherwise dispose of any of the assets of whatever kind and character belonging to the authority. It is the intention of this part to limit the powers of such receiver~~, subject to and in compliance with the provisions of any lease-purchase agreement between the authority and the department,~~ to the

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operation and maintenance of the system or any facility or part or parts thereof, as the court may direct, in the name of and for and on behalf of the authority~~, the department,~~ and the bondholders. In any suit, action, or proceeding at law or in equity, a holder of bonds on the authority, a trustee, or any court may not compel or direct a receiver to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the authority. A receiver also may not be authorized to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the authority in any suit, action, or proceeding at law or in equity.

Section 11. <u>Section 343.945, Florida Statutes, is repealed.</u>

Section 12. <u>Section 343.946, Florida Statutes, is repealed.</u>

Section 13. <u>Subsection (11) of section 348.0002, Florida Statutes, is repealed.</u>

Section 14. Paragraph (a) of subsection (1), paragraph (e) of subsection (2), and paragraph (d) of subsection (9) of section 348.0004, Florida Statutes, are amended, present paragraphs (f) through (l) of subsection (2) of that section are redesignated as paragraphs (e) through (k), respectively, and present paragraphs (e) through (h) of subsection (9) of that section are redesignated as paragraphs (d) through (g), respectively, to read:

348.0004 Purposes and powers.—

(1)(a) An authority created and established pursuant to the Florida Expressway Authority Act may acquire, hold, construct, improve, maintain, operate, <u>and</u> own~~, and lease~~ an expressway system.

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(2) Each authority may exercise all powers necessary, appurtenant, convenient, or incidental to the carrying out of its purposes, including, but not limited to, the following rights and powers:

~~(c) To enter into and make lease-purchase agreements with the department until any bonds secured by a pledge of rentals thereunder, and any refundings thereof, are fully paid as to both principal and interest.~~

(9) The Legislature declares that there is a public need for the rapid construction of safe and efficient transportation facilities for traveling within the state and that it is in the public's interest to provide for public-private partnership agreements to effectuate the construction of additional safe, convenient, and economical transportation facilities.

~~(d) The department may lend funds from the Toll Facilities Revolving Trust Fund, as outlined in s. 338.251, to public-private partnerships. To be eligible a private entity must comply with s. 338.251 and must provide an indication from a nationally recognized rating agency that the senior bonds for the project will be investment grade or must provide credit support, such as a letter of credit or other means acceptable to the department, to ensure that the loans will be fully repaid.~~

Section 15. Paragraph (b) of subsection (2) of section 348.0005, Florida Statutes, is amended to read:

348.0005 Bonds.—

(2)

(b) The bonds of an authority in any county as defined in s. 125.011(1), issued pursuant to the provisions of this part, whether on original issuance or refunding, must be authorized by

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resolution of the authority, after approval of the issuance of the bonds at a public hearing, and may be either term or serial bonds, shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, be payable semiannually, be in such denominations, be in such form, either coupon or fully registered, shall carry such registration, exchangeability and interchangeability privileges, be payable in such medium of payment and at such place or places, be subject to such terms of redemption and be entitled to such priorities on the revenues, rates, fees, rentals, or other charges or receipts of the authority including any county gasoline tax funds received by an authority pursuant to the terms of any interlocal or lease-purchase agreement between an authority~~, the department,~~ or a county, as such resolution or any resolution subsequent thereto may provide. The bonds must be executed by such officers as the authority determines under the requirements of s. 279.06.

Section 16. Section 348.0006, Florida Statutes, is repealed.

Section 17. Part II of chapter 348, Florida Statutes, consisting of ss. 348.216, 348.217, 348.218, 348.219, 348.22, 348.221, 348.222, 348.223, 348.224, 348.225, 348.226, 348.227, 348.228, 348.229, and 348.23, is repealed.

Section 18. Part III of chapter 348, Florida Statutes, consisting of ss. 348.24, 348.241, 348.242, 348.243, 348.244, 348.245, 348.246, 348.247, 348.248, 348.249, and 348.25, is repealed.

Section 19. Part VI of chapter 348, Florida Statutes, consisting of ss. 348.80, 348.81, 348.82, 348.83, 348.84,

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348.86, 348.87, 348.88, 348.89, 348.90, 348.91, 348.92, 348.93, and 348.94, is repealed.

Section 20. Part VII of chapter 348, Florida Statutes, consisting of ss. 348.9401, 348.941, 348.942, 348.943, 348.944, 348.945, 348.946, 348.947, 348.948, 348.949, and 348.9495, is repealed.

Section 21. Part VIII of chapter 348, Florida Statutes, consisting of ss. 348.95, 348.951, 348.952, 348.953, 348.954, 348.955, 348.956, 348.957, 348.958, 348.959, 348.96, 348.961, 348.962, and 348.963, is repealed.

Section 22. Part X of chapter 348, Florida Statutes, consisting of ss. 348.993, 348.9931, 348.9932, 348.9933, 348.9934, 348.9935, 348.9936, 348.9938, 348.9939, 348.994, 348.9941, 348.9942, 348.9943, 348.9944, 348.9945, 348.9946, 348.9947, 348.9948, is repealed.

Section 23. Section 348.9955, Florida Statutes, is repealed.

Section 24. Paragraph (d) of subsection (1) of s. 349.02, Florida Statutes, is repealed.

Section 25. Paragraphs (e) and (g) of subsection (2) of section 349.04, Florida Statutes, are amended, and present paragraphs (f) through (u) of that subsection are redesignated as paragraphs (e) through (t), respectively, to read:

349.04 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 right and power:

~~(e) To enter into and make lease-purchase agreements with~~

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~~the department for terms not exceeding 40 years, or until any bonds secured by a pledge of rentals thereunder, and any refundings thereof, are fully paid as to both principal and interest, whichever is longer.~~

(g)1. To borrow money and 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 funding or refunding, at or prior to maturity, any bonds theretofore issued by the authority, or by the Florida State Improvement Commission to finance part of the cost of the Jacksonville Expressway System, and purposes related thereto, and for the purpose of financing or refinancing all or part of the costs of completion, improvement, or extension of the Jacksonville Expressway System, and appurtenant facilities, including all approaches, streets, roads, bridges, and avenues of access for the Jacksonville Expressway System and for any other purpose authorized by this chapter, such bonds to mature in not exceeding 40 years from the date of the issuance thereof; ~~and~~ to secure the payment of such bonds or any part thereof by a pledge of any or all of its revenues, rates, fees, rentals, or other charges, including all or any portion of the Duval County gasoline tax funds received by the authority ~~pursuant to the terms of any lease-purchase agreement between the authority and the department~~; and in general to provide for the security of such bonds and the rights and remedies of the holders thereof.

2. In the event that the authority determines to fund or refund any bonds theretofore issued by the authority, or by the commission as aforesaid, prior to the maturity thereof, the

proceeds of such funding or refunding bonds shall, pending the prior redemption of the bonds to be funded or refunded, be invested in direct obligations of the United States; and it is the express intention of this chapter that such outstanding bonds may be funded or refunded by the issuance of bonds pursuant to this chapter notwithstanding that part of such outstanding bonds will not mature or become redeemable until 6 years after the date of issuance of bonds pursuant to this chapter to fund or refund such outstanding bonds.

Section 26. Subsections (2) and (3) of section 349.05, Florida Statutes, are amended to read:

349.05 Bonds of the authority; bonds not debt or pledges of credit of state.—

(2) Any such resolution or resolutions authorizing any bonds hereunder may contain provisions, and valid and legally binding covenants of the authority, which shall be part of the contract with the holders of such bonds, as to:

(a) The pledging of all or any part of the revenues, rates, fees, rentals, including the sales surtax adopted pursuant to s. 212.055(1) (including all or any portion of the county gasoline tax funds received by the authority), or other charges or receipts of any nature of the authority, whether or not derived by the authority from the Jacksonville Expressway System or its other transportation facilities;

(b) The completion, improvement, operation, extension, maintenance, repair, <u>or</u> lease~~, or lease-purchase agreement~~ of said system or transportation facilities, and the duties of the authority and others, including the department, with reference thereto;

(c) Limitations on the purposes to which the proceeds of the bonds, then or thereafter to be issued, or of any loan or grant, may be applied;

(d) The fixing, charging, establishing, and collecting of rates, fees, rentals, or other charges for use of the services and facilities of the Jacksonville Expressway System or any part thereof or its other transportation facilities;

(e) The setting aside of reserves or sinking funds or repair and replacement funds and the regulation and disposition thereof;

(f) Limitations on the issuance of additional bonds;

(g) The terms and provisions of any lease-purchase agreement, deed of trust, or indenture securing the bonds or under which the same may be issued; and

(h) Any other or additional provisions, covenants, and agreements with the holders of the bonds which the authority may deem desirable and proper.

(3) The State Board of Administration may, upon request by the authority, act as fiscal agent for the authority in the issuance of any bonds that may be issued pursuant to this chapter, and the State Board of Administration may, upon request by the authority, take over the management, control, administration, custody, and payment of any or all debt services or funds or assets now or hereafter available for any bonds issued pursuant to this chapter. The authority may enter into deeds of trust, indentures, or other agreements with a corporate trustee or trustees, which shall act as fiscal agent for the authority and may be any bank or trust company within or without the state, as security for such bonds and may, under such

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agreements, assign and pledge all or any of the revenues, rates, fees, rentals, or other charges or receipts of the authority, including all or any portion of local option taxes or county gasoline tax funds received by the authority, thereunder. Such deed of trust, indenture, or other agreement may contain such provisions as are customary in such instruments or as the authority may authorize, including, without limitation, provisions as to:

(a) The completion, improvement, operation, extension, maintenance, repair, and lease of~~, or lease-purchase agreement relating to,~~ all or any part of transportation facilities authorized in this chapter to be constructed, acquired, developed, or operated by the authority and the duties of the authority and others~~, including the department,~~ with reference thereto;

(b) The application of funds and the safeguarding of funds on hand or on deposit;

(c) The rights and remedies of the trustee and the holders of the bonds; and

(d) The terms and provisions of the bonds or the resolutions authorizing the issuance of the same.

Section 27. <u>Section 349.07, Florida Statutes, is repealed.</u>

Section 28. Section 349.15, Florida Statutes, is amended to read:

349.15 Remedies; pledges enforceable by bondholders.—Any holder of bonds issued under this chapter, except to the extent such rights may be restricted by the resolution, deed of trust, indenture, or other proceeding relating to the issuance of such bonds, may by civil action, mandamus, or other appropriate

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action, suit, or proceeding in law or in equity, in any court of competent jurisdiction, protect and enforce any and all rights of such bondholder granted under the proceedings authorizing the issuance of such bonds and enforce any pledge made for payment of the principal and interest on bonds, or any covenant or agreement relative thereto, against the authority ~~or directly against the department, as may be appropriate~~. ~~It is the express intention of this chapter that any pledge by the department of rates, fees, revenues, county gasoline tax funds, or other funds, as rentals, to the authority or any covenants or agreements relative thereto may be enforceable in any court of competent jurisdiction against the authority or directly against the department by any holder of bonds issued by the authority.~~

Section 29. Section 364.02, Florida Statutes, is amended to read:

364.02 Definitions.—As used in this chapter, the term:

(1) "Basic local telecommunications service" means voice-grade, single-line, flat-rate residential local exchange service that provides dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multifrequency dialing, and access to the following: emergency services such as "911," all locally available interexchange companies, directory assistance, operator services, <u>and</u> relay services~~, and an alphabetical directory listing~~. For a local exchange telecommunications company, the term includes any extended area service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

(2) "Broadband service" means any service that consists of

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CHAPTER 2011-69
Senate Bill No. 2000

A bill to be entitled

An act making appropriations; providing moneys for the annual period beginning July 1, 2011, and ending June 30, 2012, to pay salaries, and other expenses, capital outlay - buildings, and other improvements, and for other specified purposes of the various agencies of state government; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

The moneys contained herein are appropriated from the named funds for Fiscal Year 2011-2012 to the state agency indicated, as the amounts to be used to pay the salaries, other operational expenditures, and fixed capital outlay of the named agencies, and are in lieu of all moneys appropriated for these purposes in other sections of the Florida Statutes.

SECTION 1 - EDUCATION ENHANCEMENT "LOTTERY" TRUST FUND

The moneys contained herein are appropriated from the Education Enhancement "Lottery" Trust Fund to the state agencies indicated.

EDUCATION, DEPARTMENT OF

Funds provided in sections 1 and 2 of this act as Grants and Aids-Special Categories or as Grants and Aids-Aid to Local Governments may be advanced quarterly throughout the fiscal year based on projects, grants, contracts, and allocation conference documents. Of the funds provided in Specific Appropriations 3, 4, 5, 48, 53, 56 through 65, and 126, 60 percent shall be released at the beginning of the first quarter and the balance at the beginning of the third quarter.

PROGRAM: EDUCATION - FIXED CAPITAL OUTLAY

1 FIXED CAPITAL OUTLAY
CLASSROOMS FIRST AND 1997 SCHOOL CAPITAL
OUTLAY BOND PROGRAMS - OPERATING FUNDS AND
DEBT SERVICE
FROM EDUCATIONAL ENHANCEMENT TRUST
FUND 162,109,596

Funds in Specific Appropriation 1 are for the cash and debt service requirements of the Classrooms First and 1997 School Capital Outlay Bond programs established in Chapter 97-384, Laws of Florida.

Funds in Specific Appropriation 1 shall be transferred using nonoperating budget authority into the Lottery Capital Outlay and Debt Service Trust Fund, pursuant to section 1013.71, Florida Statutes, for the payment of debt service and projects. There is appropriated from the Lottery Capital Outlay and Debt Service Trust Fund, an amount sufficient to enable the payment of debt service resulting from these transfers.

2 FIXED CAPITAL OUTLAY
DEBT SERVICE - CLASS SIZE REDUCTION
LOTTERY CAPITAL OUTLAY PROGRAM
FROM EDUCATIONAL ENHANCEMENT TRUST
FUND 154,883,241

Funds provided in Specific Appropriation 2 shall be transferred using nonoperating budget authority to the Lottery Capital Outlay and Debt Service Trust Fund, pursuant to section 1013.71, Florida Statutes, for the payment of debt service. There is appropriated from the Lottery Capital Outlay and Debt Service Trust Fund, an amount sufficient to enable the payment of debt service resulting from these transfers.

Funds provided in Specific Appropriation 2 are for Fiscal Year 2011-2012 debt service on all bonds authorized pursuant to section 1013.737, Florida Statutes, including any other continuing payments necessary or incidental to the repayment of the bonds. These funds may be used to refinance any or all bond series if it is in the best interest of the state as determined by the Division of Bond Finance.

SECTION 5 - NATURAL RESOURCES/ENVIRONMENT/GROWTH MANAGEMENT/TRANSPORTATION

TOTAL: INFORMATION TECHNOLOGY
FROM TRUST FUNDS 38,579,624

TOTAL POSITIONS 231.00
TOTAL ALL FUNDS 38,579,624

FLORIDA'S TURNPIKE SYSTEMS

FLORIDA'S TURNPIKE ENTERPRISE

APPROVED SALARY RATE 22,035,906

1964 SALARIES AND BENEFITS POSITIONS 433.00
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 30,287,510

1965 OTHER PERSONAL SERVICES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 316,769

1966 EXPENSES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 21,044,911

1967 OPERATING CAPITAL OUTLAY
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 143,611

1968 SPECIAL CATEGORIES
ACQUISITION OF MOTOR VEHICLES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 61,633

1969 SPECIAL CATEGORIES
CONSULTANT FEES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 1,168,631

1970 SPECIAL CATEGORIES
CONTRACTED SERVICES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 20,860,753

1971 SPECIAL CATEGORIES
TOLL OPERATION CONTRACTS
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 67,274,257

~~1972 SPECIAL CATEGORIES~~
~~PAYMENT TO EXPRESSWAY AUTHORITIES~~
~~FROM STATE TRANSPORTATION~~
~~(PRIMARY) TRUST FUND . . . . 11,152,281~~

~~From the funds in Specific Appropriation 1972, $500,000 in nonrecurring funds is provided for an Expressway Authority designated in s. 348.9952, Florida Statutes.~~

1973 SPECIAL CATEGORIES
FLORIDA HIGHWAY PATROL SERVICES
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 19,311,625

1974 SPECIAL CATEGORIES
HUMAN RESOURCES DEVELOPMENT
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 134,949

1975 SPECIAL CATEGORIES
OVERTIME
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 147,739

1976 SPECIAL CATEGORIES
TRANSPORTATION MATERIALS AND EQUIPMENT
FROM STATE TRANSPORTATION
(PRIMARY) TRUST FUND 5,668,409

CODING: Language ~~stricken~~ has been vetoed by the Governor appropriated in the Grants and Aids - Public Safety Enhancements Category from the Highway Safety Operating Trust Fund in the Department of Highway Safety and Motor Vehicles for Fiscal Year 2010-2011 for the purpose of funding a federal grant from the National Highway Traffic Safety Administration through the Florida Department of Transportation. This section shall become effective upon becoming law.

~~SECTION 69. The unexpended balance of funds appropriated in Section 76 of chapter 2010-152, Laws of Florida, to the Tampa Bay Area Regional Transportation Authority shall revert immediately and is appropriated in Fiscal Year 2011-2012 for the same purpose.~~

SECTION 70. The unexpended balance of funds provided pursuant to chapter 2010-152, section 78, Laws of Florida, and approved budget amendment: EOG #2009-0082, dated April 15, 2009, for the Transportation Infrastructure - American Recovery and Reinvestment Act of 2009 (088825) appropriation category in the Department of Transportation, shall revert immediately and is appropriated for Fiscal Year 2011-2012 to the department for the same purpose.

SECTION 71. From the funds appropriated in Specific Appropriation 2125 of chapter 2010-152, Laws of Florida, for the Office of Tourism, Trade and Economic Development for Transportation Projects, and approved budget amendment EOG #2010-W0034, $20,000,000 shall revert immediately and is appropriated to the Department of Transportation from the State Transportation Trust Fund for the purpose of funding work program transportation projects.

SECTION 72. The unexpended balance of funds provided in Specific Appropriation 2182B of Chapter 2010-153, Laws of Florida, shall revert and is reappropriated for Fiscal Year 2011-2012. Funds may be released by the Legislative Budget Commission, pursuant to notice and review provisions in section 216.177, Florida Statutes, to adjust agency data processing categories in accordance with revised utilization estimates associated with consolidations of enterprise information technology resources into primary data centers.

SECTION 73. The unexpended balance of funds appropriated pursuant to Chapter 2010-282, Laws of Florida to the Florida Energy and Climate Commission remaining unspent on June 30, 2011, for the Florida Energy STAR Residential HVAC Rebate Program and the Solar Energy Incentives Program, is reverted and is appropriated for the 2011-12 fiscal year to the Commission for the purpose of the original appropriation.

SECTION 74. The unexpended balance of funds provided to the Agency for Enterprise Information Technology in Specific Appropriation 2174A of Chapter 2008-152, Laws of Florida, for the Information Security Planning Session-sustainment, and the Sustainment Costs for Monitoring Center and Security Tools, and subsequently allocated by budget amendment EOG #B2009-0014 in the 2008-2009 fiscal year; and reverted and appropriated to the Agency for Enterprise Information Technology in the 2009-2010 fiscal year pursuant to Section 83 of Chapter 2009-081, Laws of Florida; and reverted and appropriated to the Agency for Enterprise Information Technology in the 2010-11 fiscal year pursuant to Section 131 of Chapter 2010-152, Laws of Florida, is hereby reverted and is appropriated for the 2011-2012 fiscal year to the Agency for Enterprise Information Technology for the same purpose.

SECTION 75. The unexpended balance of funds provided to the Agency for Enterprise Information Technology in Specific Appropriation 2096A of Chapter 2009-81, Laws of Florida, for the Sustainment Costs for Monitoring Center and Security Tools, and Information Technology Security Incident Response Program, and subsequently allocated by budget amendment EOG #B2010-0014, ; and reverted and appropriated to the Agency for Enterprise Information Technology in the 2010-11 fiscal year pursuant to Section 132 of Chapter 2010-152, Laws of Florida is hereby reverted and is appropriated for the 2011-2012 fiscal year to the Agency for Enterprise Information Technology for the same purpose.

SECTION 76. The Legislature hereby adopts by reference the changes to the approved operating budget as set forth in Budget Amendment EOG #B2011-0599 as submitted on April 15, 2011, by the Governor on behalf of the Agency for Health Care Administration and the Department of Elder Affairs for approval by the Legislative Budget Commission. The Governor shall modify the approved operating budget for Fiscal Year 2010-2011 consistent with the amendment. This section is effective upon becoming law.

SECTION 77. The Legislature hereby adopts by reference the changes to the approved operating budget as set forth in Budget Amendment EOG

CODING: Language ~~stricken~~ has been vetoed by the Governor

Operating/Purchasing Trust Fund	5,800,000
DEPARTMENT OF LEGAL AFFAIRS	
Elections Commission Trust Fund	1,300,000
JUSTICE ADMINISTRATION COMMISSION	
State Attorneys Revenue Trust Fund	2,000,000
~~STATE COURTS~~	
~~State Courts Revenue Trust Fund~~	~~4,700,000~~
DEPARTMENT OF COMMUNITY AFFAIRS	
Local Government Housing Trust Fund	133,187,355
State Housing Trust Fund	56,343,754
Emergency Management Preparedness and Assistance Trust Fund	3,500,000
DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES	
Highway Safety Operating Trust Fund	5,000,000

For transfer to State School Trust Fund:

DEPARTMENT OF TRANSPORTATION	
State Transportation Trust Fund	150,000,000

Funds specified above from each trust fund shall be transferred in four equal installments on a quarterly basis during the fiscal year, except as noted:

1. Funds from the Local Government Housing Trust Fund, shall be transferred by June 30, 2012.

2. Funds from the Pari-Mutuel Wagering Trust Fund and the Alcoholic Beverages and Tobacco Trust Fund shall be transferred in April 2012.

3. The transfer of funds from the State Transportation Trust fund to the State School Trust Fund for Fiscal Year 2011-2012 shall occur in September and December of 2011, and in January and April of 2012.

SECTION 111. The Chief Financial Officer is hereby authorized to transfer $214,500,000 to the budget stabilization fund for Fiscal Year 2011-2012 as required by section 215.32(2)(c), Florida Statutes.

SECTION 112. Any section of this act, or any appropriation herein contained, if found to be invalid shall in no way affect other sections or specific appropriations contained in this act.

SECTION 113. Except as otherwise provided herein, this act shall take effect July 1, 2011, or upon becoming law, whichever occurs later; however, if this act becomes law after July 1, 2011, then it shall operate retroactively to July 1, 2011.

TOTAL THIS GENERAL APPROPRIATION ACT

FROM GENERAL REVENUE FUND	23,182,748,671	
FROM TRUST FUNDS		46,493,890,488
TOTAL POSITIONS	122,235.75	
TOTAL ALL FUNDS		69,676,639,159
TOTAL APPROVED SALARY RATE	*4,987,462,959*	

Approved by the Governor May 26, 2011.

Filed in Office Secretary of State May 26, 2011.

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APPENDIX B—AUTHORITY DATA

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Growth in Value of Transportation Assets		$ 679,114,786	$ 744,392,739	$ 854,981,450	$ 969,421,861	$ 1,092,757,958
Land Acquisition		121,501,562	241,303,659	250,621,556	260,087,004	268,353,339
Infrastructure Assets		129,683,111	289,036,903	324,296,911	318,265,641	342,007,681
Construction in Progress		427,930,113	214,052,177	280,062,983	391,069,216	482,396,938
Preservation of Transportation Assets		$ 11,204,080	$ 3,904,474	$ 4,598,681	$ 6,021,728	$ 6,577,417
Renewal & Replacement of Infrastructure		-	-	-	-	-
Routine Maintenance of Infrastructure		11,204,080	3,904,474	4,598,681	6,021,728	6,577,417
SHS Maintenance Condition Rating	90	90.7	90.1	90.7	90.9	91.5
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	95.9%	93.7%	89.1%	91.8%	91.4%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	97.5%	98.4%	98.4%	98.4%	97.6%
SHS Bridge Structures with posted weight restrictions	0%	0.0%	0.0%	0.0%	0.0%	0.0%
Toll Collection Transactions						
Electronic Transactions	> 75% by 6/30/12	64.2%	72.7%	74.8%	75.8%	93.9%
Revenue from Electronic Transactions		57.7%	62.8%	65.7%	68.2%	76.0%
Annual Revenue Growth						
Toll & Operating Revenue		6.9%	40.7%	-2.5%	-1.1%	8.9%
Revenue Variance						
Actual Revenue with "recovery of fines"		98.4%	99.2%	100.0%	99.7%	98.3%
Actual Revenue without "recovery of fines"	< 4% (96%)	96.4%	96.1%	97.0%	97.5%	97.5%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.786	0.614	0.562	0.843	N/A
Customer Service						
Customers satisfied with level of service	> 90%	95.8%	95.4%	94.6%	N/A	96.3%

Operations & Budget:

	Objective	2007	2008	2009	2010	2011
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	-2.3%	2.2%	-20.2%	2.1%	2.8%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	75.0%	80.0%	100.0%	100.0%	100.0%
Completed within 10% above original contract amount	≥ 90%	50.0%	80.0%	100.0%	100.0%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.12	$0.13	$0.14	$0.12	$0.07
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		28.8%	38.9%	40.5%	36.2%	37.1%
Routine Maintenance Expense as a % of Operating Expense		25.9%	7.6%	8.3%	11.2%	12.0%
Administrative Expense as a % of Operating Expense		13.5%	10.8%	13.4%	11.2%	10.2%
Operating Expense as a % of Operating Revenue		52.1%	44.2%	48.9%	47.6%	44.5%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	98.8%	91.1%	91.4%	94.6%	92.7%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		28.5%	20.5%	23.8%	22.6%	21.9%

Applicable Laws:

	Objective	2007	2008	2009	2010	2011
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	24.0%	19.9%	14.2%	21.4%	31.3%

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.82	1.64	1.59	1.56	1.64
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.82	1.36	1.37	1.40	1.45
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	2007	2008	2009	2010	2011
Right-of-Way						
Agency Appraisals		$ 5,095,300	$ 1,420,000	$ 392,000	$ 2,200,000	$ 653,400
Initial Offers		$ 4,969,080	$ 1,420,000	$ 500,500	$ 1,868,483	$ 412,500
Owners Appraisals		$ 3,790,000	$ 2,959,288	$ 2,528,000	$ 1,868,483	$ 2,180,000
Final Settlements		$ 6,418,000	$ 2,250,000	$ 1,305,980	$ 1,868,483	$ 922,888

Performance Measures Florida Transportation Commission 2011

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY (OOCEA)

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2007	2008	2009	2010	2011
Growth in Value of Transportation Assets		$ 2,282,878,000	$ 2,580,258,000	$ 2,820,113,000	$ 2,859,868,000	$ 3,029,657,000
Land Acquisition		423,270,000	434,210,000	529,446,000	535,489,000	537,831,000
Infrastructure Assets		1,196,661,000	1,445,300,000	1,798,514,000	2,096,290,000	2,110,704,000
Construction in Progress		662,947,000	700,748,000	492,153,000	228,089,000	381,122,000
Preservation of Transportation Assets		$ 37,216,000	$ 25,000,000	$ 15,002,000	$ 14,099,000	$ 15,371,000
Renewal & Replacement of Infrastructure		24,734,000	10,532,000	1,307,000	522,000	1,694,000
Routine Maintenance of Infrastructure		12,482,000	14,468,000	13,695,000	13,577,000	13,677,000
SHS Maintenance Condition Rating	90	89.0	92.0	94.0	92.0	93.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	84.9%	98.4%	100.0%	98.6%	100.0%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	100.0%	99.2%	100.0%	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	65.9%	68.6%	70.7%	73.3%	74.6%
Revenue from Electronic Transactions		64.2%	67.0%	69.0%	71.8%	73.1%
Annual Revenue Growth						
Toll & Operating Revenue		5.5%	1.1%	0.2%	22.7%	2.7%
Revenue Variance						
Actual Revenue with "recovery of fines"		97.6%	97.5%	97.3%	97.4%	98.0%
Actual Revenue without "recovery of fines"	< 4% (96%)	97.2%	97.3%	97.0%	97.2%	97.5%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.326	0.713	0.534	0.172	N/A
Customer Service						
Customers satisfied with level of service	> 90%	N/A	91.0%	N/A	N/A	90.5%

Operations & Budget:

	Objective	2007	2008	2009	2010	2011
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	25.2%	-2.5%	2.9%	-6.3%	-17.4%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	100.0%	100.0%	100.0%	100.0%	100.0%
Completed within 10% above original contract amount	≥ 90%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.11	$0.11	$0.11	$0.11	$0.11
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		36.8%	40.6%	45.8%	44.0%	43.6%
Routine Maintenance Expense as a % of Operating Expense		13.6%	16.5%	19.5%	18.3%	17.8%
Administrative Expense as a % of Operating Expense		6.4%	6.4%	7.5%	7.0%	6.9%
Operating Expense as a % of Operating Revenue		44.7%	42.2%	33.8%	29.0%	29.3%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	83.1%	89.7%	96.4%	94.6%	96.8%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		22.5%	24.1%	22.1%	18.1%	18.0%

Applicable Laws:

	Objective	2007	2008	2009	2010	2011
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	15.1%	16.5%	16.4%	9.7%	13.5%

Performance Measures Florida Transportation Commission 2011

Five Year Trend for Toll Authority Performance Measures and Reportable Indicators

Toll Authority Name: ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY (OOCEA)

Official Reporting Period: July 1 through June 30

Revenue Management & Bond Proceeds:

	Objective	2007	2008	2009	2010	2011
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.59	1.30	1.47	1.74	1.62
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.57	1.28	1.45	1.73	1.61
Authority Compliance with Bond Covenants for Debt Service Coverage	Yes	Yes	Yes	Yes	Yes	Yes
Underlying Bond Ratings from Agencies						
S&P Bond Rating		A	A	A	A	A
Moody's Bond Rating		A1	A1	A1	A1	A1
Fitch Bond Rating		A	A	A	A	A

Property Acquisition:

	Objective	2007	2008	2009	2010	2011
Right-of-Way						
Agency Appraisals		$ 38,379,665	$ 22,096,248	$ 14,972,300	$ 5,764,738	$ 5,220,800
Initial Offers		$ 14,423,493	$ 22,096,248	$ 7,587,422	$ 4,020,640	$ 3,377,800
Owners Appraisals		$ 18,176,809	$ -	$ 13,551,210	$ -	$ 11,644,750
Final Settlements		$ 45,707,728	$ 30,577,263	$ 20,594,598	$ 7,566,819	$ 9,534,609

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Growth in Value of Transportation Assets[1]		$ 107,772,448	$ 107,703,469	$ 107,634,490	$ 107,565,514	$ -
Land Acquisition[1]		-	-	-	-	-
Infrastructure Assets[1]		107,772,448	107,703,469	107,634,490	107,565,514	-
Construction in Progress[1]		-	-	-	-	-
Preservation of Transportation Assets		$ 118,224	$ 123,611	$ 98,387	$ 135,305	$ 159,514
Renewal & Replacement of Infrastructure		-	-	-	-	-
Routine Maintenance of Infrastructure		118,224	123,611	98,387	135,305	159,514
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	32.4%	35.4%	35.1%	35.7%	36.2%
Revenue from Electronic Transactions		29.2%	32.2%	32.5%	33.0%	33.5%
Annual Revenue Growth						
Toll & Operating Revenue		-4.1%	-0.5%	-8.4%	-3.8%	1.7%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.9%	95.9%	96.0%	96.9%	96.1%
Actual Revenue without "recovery of fines"	< 4% (96%)	96.9%	95.9%	96.0%	96.9%	96.1%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.0	0.0	0.0	0.0	N/A
Customer Service						
Customers satisfied with level of service	> 90%	95.8%	95.4%	94.6%	N/A	96.3%

Operations & Budget:

	Objective	2007	2008	2009	2010	2011
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	$0.61	$0.71	$0.63	$0.62	$0.63
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		86.2%	80.6%	84.3%	84.4%	59.4%
Routine Maintenance Expense as a % of Operating Expense		10.0%	9.5%	8.3%	11.9%	9.8%
Administrative Expense as a % of Operating Expense		0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expense as a % of Operating Revenue		24.7%	27.3%	27.0%	26.9%	38.2%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	106.3%	96.7%	82.4%	99.4%	95.1%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		23.8%	24.6%	25.1%	26.0%	26.4%

Applicable Laws:

	Objective	2007	2008	2009	2010	2011
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 2011

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	2007	2008	2009	2010	2011
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	0.68	0.59	0.52	0.47	0.43
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	0.68	0.59	0.52	0.47	0.43
Authority Compliance with Bond Covenants for Debt Service Coverage	Yes	No	No	No	No	No
Underlying Bond Ratings from Agencies						
S&P Bond Rating		B-	B-	CC	CC	D
Moody's Bond Rating		B1	B2	B3	Caa3	Ca
Fitch Bond Rating		BB-	BB-	CCC	C	D

Property Acquisition:

	Objective	2007	2008	2009	2010	2011
Right-of-Way						
Agency Appraisals		$ -	$ -	$ -	$ -	$ -
Initial Offers		$ -	$ -	$ -	$ -	$ -
Owners Appraisals		$ -	$ -	$ -	$ -	$ -
Final Settlements		$ -	$ -	$ -	$ -	$ -

[1] Land Acquisition, Infrastructure Assets, and Construction in Progress amounts based on the Authority's Federal FY (October 1 through September 30). All other data based on the State FY (July 1 through June 30).

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Growth in Value of Transportation Assets		$ 670,744,462	$ 674,797,333	$ 609,065,708	$ 608,395,000	$ 616,032,754
Land Acquisition		91,037,064	91,037,064	91,037,064	91,037,064	91,037,064
Infrastructure Assets		571,918,661	576,018,569	509,038,603	501,321,191	510,060,221
Construction in Progress		7,788,737	7,741,700	8,990,041	16,036,745	14,935,469
Preservation of Transportation Assets		$ 2,346,663	$ 3,530,188	$ 4,022,050	$ 3,523,872	$ 3,264,976
Renewal & Replacement of Infrastructure		261,733	-	-	49,037	-
Routine Maintenance of Infrastructure		2,084,930	3,530,188	4,022,050	3,474,835	3,264,976
SHS Maintenance Condition Rating	90	86.0	87.7	90.0	91.5	92.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	100.0%	100.0%	98.1%	100.0%	100.0%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	86.2%	86.2%	86.2%	96.9%	96.9%
SHS Bridge Structures with posted weight restrictions	0%	0.0%	0.0%	0.0%	0.0%	0.0%
Toll Collection Transactions						
Electronic Transactions	> 75% by 6/30/12	64.0%	68.8%	72.0%	74.3%	80.0%
Revenue from Electronic Transactions		64.7%	70.1%	73.3%	75.0%	79.1%
Annual Revenue Growth						
Toll & Operating Revenue		27.2%	11.1%	-2.7%	-0.8%	1.1%
Revenue Variance						
Actual Revenue with "recovery of fines"		96.0%	95.6%	96.5%	96.8%	97.8%
Actual Revenue without "recovery of fines"	< 4% (96%)	95.9%	95.2%	96.2%	96.6%	97.7%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.53)	0.000	1.699	0.000	0.000	N/A
Customer Service						
Customers satisfied with level of service	> 90%	95.8%	95.4%	94.6%	N/A	96.3%

Operations & Budget:

	Objective	2007	2008	2009	2010	2011
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	8.4%	N/A	-17.6%	N/A	N/A
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	N/A	N/A	100.0%	N/A	100.0%
Completed within 10% above original contract amount	≥ 90%	N/A	N/A	100.0%	N/A	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.16	$0.17	$0.18	$0.16	$0.10
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		46.2%	38.2%	39.3%	36.6%	28.1%
Routine Maintenance Expense as a % of Operating Expense		15.1%	20.6%	23.2%	21.9%	22.9%
Administrative Expense as a % of Operating Expense		14.1%	16.0%	12.1%	13.6%	16.6%
Operating Expense as a % of Operating Revenue		37.0%	41.3%	43.1%	39.7%	35.2%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	< 110%	97.7%	92.5%	94.7%	92.1%	75.4%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		22.7%	24.3%	26.9%	23.2%	18.0%

Applicable Laws:

	Objective	2007	2008	2009	2010	2011
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	4.7%	13.9%	28.0%	15.8%	8.8%

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Maint))/Comm Debt	> 1.5	1.16	1.28	1.13	1.16	2.00
Comprehensive Debt ((Rev-Interest)-(Toll+Maint))/All Debt	> 1.2	1.15	1.13	1.07	1.11	1.38
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	2007	2008	2009	2010	2011
Right-of-Way						
Agency Appraisals		$ -	$ -	$ -	$ -	$ -
Initial Offers		$ -	$ -	$ -	$ -	$ -
Owners Appraisals		$ -	$ -	$ -	$ -	$ -
Final Settlements		$ -	$ -	$ -	$ -	$ -

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Average Headway (minutes)						
Average time for vehicle to complete its portion of total route miles one time	<30 Minutes	25.4	25.8	24.0	28.3	25.7
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$5.30	$ 5.68	$ 6.06	$ 6.13	$ 5.78	$ 5.85
Operating Expense Per Revenue Hour						
Operating expense divided by revenue hours	<$75	$79.84	$84.19	$84.71	$82.01	$83.59
Operating Revenue Per Operating Expense						
Revenue generated through operation of the transit authority divided by operating expense	>30%	38.2%	36.1%	37.6%	39.9%	43.3%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$3	$ 3.16	$ 3.44	$ 3.67	$ 3.41	$ 3.19
Operating Expense Per Passenger Mile						
Operating expenses divided by passenger miles	<$0.47	$ 0.55	$ 0.57	$ 0.61	$ 0.63	$ 0.61
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents	>5% above 2009 (124,513)	129,103	118,001	118,584	131,642	108,997
Revenue Miles Between Failures						
Revenue miles divided by revenue vehicle system failures. A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system	>10,500	8,041	11,396	8,806	9,620	14,041
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.91	0.90	0.88	0.88	0.89
Customer Service						
Average time from complaint to response	14 days	14	7	6	8	11
Customer complaints divided by boardings	<1 per 5,000 boardings	0.7	0.6	0.5	0.6	0.7
On-time Performance						
% trips end to end on time < 5 minutes late	>80%	83%	85%	86%	83%	82%

Reportable Indicators

	2007	2008	2009	2010	2011
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 52.05	$ 59.08	$ 56.76	$ 46.78	$ 46.84
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	22.6%	22.6%	23.1%	24.9%	28.7%
Service Area Population					
Approximation of overall market size	1,536,900	1,536,900	1,536,900	1,805,921	1,837,359
Service Area Population Density					
Persons per square mile based on the service area population and size	605.6	605.6	605.6	711.5	723.9
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 79,998,520	$ 90,795,044	$ 87,231,880	$ 84,482,228	$ 86,069,842
Operating Revenue					
Revenue generated through the operation of the transit authority	$ 30,556,487	$ 32,818,381	$ 32,842,406	$ 33,730,496	$ 37,238,587
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	14,072,186	14,986,072	14,230,128	14,612,279	14,714,555
Total Annual Revenue Hours					
Vehicle hours operated in active service	1,001,947	1,078,484	1,029,713	1,030,195	1,029,656
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	285	288	288	267	270
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	240	238	234	223	225

Performance Measures Florida Transportation Commission 2011

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

	2007	2008	2009	2010	2011
Ratio of Revenue Vehicles to Peak Vehicles (spare ratio)					
Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service	15.8%	17.4%	18.8%	16.5%	16.7%
Annual Passenger Trips					
Passenger boardings on transit vehicles	25,322,312	26,427,067	23,747,795	24,780,704	26,996,158
Average Trip Length					
Average length of passenger trip, generally derived through sampling	5.8	6.0	6.0	5.4	5.2
Annual Passenger Miles					
Passenger trips multiplied by average trip length	145,856,517	158,562,402	142,486,770	133,815,802	140,380,022
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	23.3	23.3	23.3	23.0	23.0
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.71	$ 0.78	$ 0.85	$ 0.85	$ 0.91
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.80	1.76	1.67	1.70	1.83
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	25.3	24.5	23.1	24.1	26.2
Passenger Trips Per Capita					
Passenger trips divided by service area population	16.5	17.2	15.5	13.7	14.7
Average Age of Fleet in Years					
Average age of fleet in years	5.7	3.8	3.6	4.1	4.4
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 19,693,978	$ 20,084,510	$ 25,746,155	$ 23,476,890	$ 25,402,118
Weekday Ridership					
Average ridership on weekdays	81,445	82,825	75,810	79,035	85,473
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	95%	89%	84%	100%	73%
% of capital spent on system expansion	5%	11%	16%	0%	27%
Intermodal Connectivity					
Number of intermodal transfer points available	5	5	6	5	5

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Average Headway (minutes)						
Average time for vehicle to complete its portion of total route miles one time	<30 Minutes	18.2	20.8	18.9	17.7	21.3
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$6.50	$ 6.33	$ 6.92	$ 6.03	$ 6.59	$ 6.98
Operating Expense Per Revenue Hour						
Operating expense divided by revenue hours	<$91.00	$ 96.26	$ 104.77	$ 90.91	$ 98.28	$ 93.71
Operating Revenue Per Operating Expense						
All revenue generated through operation of the transit authority divided by operating expense	>20%	13.2%	14.1%	18.3%	17.2%	18.4%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$5.30	$ 6.00	$ 6.42	$ 5.24	$ 5.26	$ 4.87
Operating Expense Per Passenger Mile						
Operating expense divided by passenger miles	<$1.00	$ 1.02	$ 1.21	$ 1.01	$ 0.91	$ 0.84
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents for bus	>5% above 2009 (227,975)	1,927,760	477,345	217,119	231,844	204,422
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	13,849	8,302	8,327	12,292	14,124
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.96	0.96	0.97	0.95	0.96
Customer Service						
Average time from complaint to response	14 Days	10	8	7	7	8
Customer complaints divided by boardings	<1 per 5,000 boardings	0.5	0.5	0.8	0.9	1.0
On-time Performance						
% trips end to end on time < 5 minutes late	>80%	77.0%	80.0%	80.0%	81.1%	82.2%

Reportable Indicators

		2007	2008	2009	2010	2011
Operating Expense Per Capita (Potential Customer)						
Annual operating budget divided by the service area population		$ 73.70	$ 77.61	$ 63.10	$ 64.43	$ 50.93
Farebox Recovery Ratio						
Passenger fares divided by operating expenses		12.0%	12.7%	15.4%	15.6%	16.8%
Service Area Population						
Approximation of overall market size		827,453	850,962	850,962	853,300	1,065,219
Service Area Population Density						
Persons per square mile based on the service area population and size		3,419.2	3,516.4	3,516.4	3,080.5	1,160.4
Operating Expense						
Spending on operations, including administration, maintenance, and operation of service vehicles		$ 60,981,288	$ 66,045,992	$ 53,695,432	$ 54,979,921	$ 54,251,641
Operating Revenue						
Revenues generated through the operation of the transit authority		$ 8,031,294	$ 9,281,644	$ 9,837,889	$ 9,435,655	$ 9,986,689
Total Annual Revenue Miles						
Vehicle miles operated in active service (available to pick up revenue passengers)		9,638,800	9,546,900	8,901,889	8,346,395	7,768,038
Total Annual Revenue Hours						
Vehicle hours operated in active service		633,500	630,400	590,626	559,406	578,955
Total Revenue Vehicles						
Vehicles available to meet annual maximum service requirements		183	184	182	154	153
Peak Vehicles						
Vehicles operated to meet annual maximum (peak) service requirements		179	147	135	135	125

Performance Measures Florida Transportation Commission 2011

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

	2007	2008	2009	2010	2011
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	2.2%	20.1%	25.8%	12.3%	18.3%
Annual Passenger Trips					
Passenger boardings on transit vehicles	10,171,201	10,290,987	10,253,890	10,443,111	11,138,076
Average Trip Length					
Average length of passenger trip, generally derived through sampling	5.9	5.3	5.2	5.8	5.8
Annual Passenger Miles					
Passenger trips multiplied by average trip length	59,798,506	54,542,231	53,320,228	60,297,003	64,600,841
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	21.2	21.3	21.9	21.9	21.3
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.72	$ 0.82	$ 0.81	$ 0.82	$ 0.82
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.06	1.08	1.15	1.25	1.43
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	16.1	16.3	17.4	18.7	19.2
Passenger Trips Per Capita					
Passenger trips divided by service area population	12.3	12.1	12.0	12.2	10.5
Average Age of Fleet in Years					
Average age of fleet in years	7.0	7.9	6.8	6.6	7.4
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 6,317,816	$ 6,536,357	$ 11,005,843	$ 1,890,958	$ 4,966,717
Weekday Ridership					
Average ridership on weekdays	34,948	34,927	34,872	35,484	37,457
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	21%	34%	100%	100%	100%
% of capital spent on system expansion	79%	66%	0%	0%	0%
Intermodal Connectivity					
Number of intermodal transfer points available	3	3	3	3	3

Note: Beginning in FY 2009, JTA altered its cost allocation plan (overhead) to mirror FY 2004 practices that included engineering costs in the basis data for allocating overhead. This resulted in a decrease in expenses charged to bus operations and an increase in expenses charged to engineering.

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Average Headway (minutes)						
Average time for train to complete its portion of total route miles one time	<6 Minutes	3.5	3.5	3.5	3.4	3.5
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$23.00	$ 18.14	$ 27.32	$ 30.49	$ 32.74	$ 34.65
Operating Expense per Revenue Hour						
Operating expense divided by revenue hours	<$310.00	$ 242.65	$ 366.36	$ 407.34	$ 439.55	$ 462.82
Operating Revenue Per Operating Expense						
All revenue generated through operation of the transit authority divided by operating expense	>15%	11.5%	8.3%	7.2%	6.4%	5.0%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$11.00	$ 7.44	$ 12.69	$ 13.35	$ 11.51	$ 11.50
Operating Expense Per Passenger Mile						
Operating expense divided by passenger miles	<$27.50	$ 18.02	$ 31.72	$ 33.38	$ 28.31	$ 27.20
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents for bus	>5% above 2009 (41,348)	63,550	46,660	39,379	55,113	55,659
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	25,420	33,329	8,950	9,726	27,830
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.99	0.99	0.99	0.99	0.99
Customer Service						
Average time from complaint to response	14 Days	1	1	1	1	8
Customer complaints divided by boardings	<1 per 5,000 boardings	0.1	0.0	0.1	0.0	0.2
On-time Performance						
Successful cycles divided by scheduled cycles	>80%	98.0%	98.0%	98.0%	98.2%	99.2%

Reportable Indicators

	2007	2008	2009	2010	2011
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 5.57	$ 7.49	$ 7.06	$ 6.34	$ 6.61
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	7.3%	5.6%	5.1%	4.2%	3.2%
Service Area Population					
Approximation of overall market size	827,453	850,962	850,962	853,300	874,673
Service Area Population Density					
Persons per square mile based on the service area population and size	3,419.2	3,516.4	3,516.4	3,080.5	1,796.0
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 4,610,441	$ 6,374,693	$ 6,004,260	$ 5,413,928	$ 5,785,721
Operating Revenue					
Revenues generated through the operation of the transit authority	$ 530,015	$ 529,465	$ 431,327	$ 345,453	$ 289,978
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	254,200	233,300	196,896	165,338	166,977
Total Annual Revenue Hours					
Vehicle hours operated in active service	19,000	17,400	14,740	12,317	12,501
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	10	10	10	10	10
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	7	7	7	7	7

Performance Measures Florida Transportation Commission 2011

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

	2007	2008	2009	2010	2011
Ratio of Revenue Vehicles to Peak Vehicles (spare ratio)					
Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service	30.0%	30.0%	30.0%	30.0%	30.0%
Annual Passenger Trips					
Passenger boardings on transit vehicles	619,414	502,364	449,730	470,389	502,941
Average Trip Length					
Average length of passenger trip, generally derived through sampling	0.4	0.4	0.4	0.4	0.4
Annual Passenger Miles					
Passenger trips multiplied by average trip length	255,906	200,946	179,892	191,209	212,744
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	17.0	17.0	16.0	15.0	15.0
Average Fare					
Passenger fare revenues divided by passenger trips	$ 0.54	$ 0.71	$ 0.68	$ 0.48	$ 0.37
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	2.44	2.15	2.28	2.85	3.01
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	32.6	28.9	30.5	38.2	40.2
Passenger Trips Per Capita					
Passenger trips divided by service area population	0.7	0.6	0.5	0.6	0.6
Average Age of Fleet in Years					
Average age of fleet in years	8.6	9.6	10.6	11.6	12.6
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 1,550,690	$ 4,893,359	$ 4,629,892	$ -	$ 133,402
Weekday Ridership					
Average ridership on weekdays	1,800	1,736	1,559	1,674	1,965
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	95%	34%	100%	100%	100%
% of capital spent on system expansion	5%	66%	0%	0%	0%
Intermodal Connectivity					
Number of intermodal transfer points available	3	3	3	3	3

Note: Beginning in FY 2009, JTA altered its cost allocation plan (overhead) to mirror FY 2004 practices that included engineering costs in the basis data for allocating overhead. This resulted in a decrease in expenses charged to Skyway operations and an increase in expenses charged to engineering.

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	-0.9%	-7.1%	-1.3%	-5.2%	-11.1%
Construction Contracts						
Completed within 20% above original contract time	≥ 80%	100.0%	100.0%	100.0%	100.0%	100.0%
Completed within 10% above original contract amount	≥ 90%	100.0%	100.0%	100.0%	100.0%	100.0%

Applicable Laws:

	Objective	2007	2008	2009	2010	2011
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90% of agency target:	18.4%	14.0%	14.3%	14.3%	14.6%

Property Acquisition:

	Objective	2007	2008	2009	2010	2011
Right-of-Way						
Agency Appraisals		$ 5,811,230	$ 2,911,494	$ 2,087,600	$ 4,863,525	$ 54,900
Initial Offers		$ 4,308,815	$ 2,677,544	$ 1,566,300	$ 4,863,525	$ 54,900
Owners Appraisals		$ 9,204,156	$ 2,295,700	$ 5,670,376	$ 19,975,000	$ -
Final Settlements		$ 6,783,850	$ 4,355,659	$ 3,842,275	$ 7,888,325	$ 65,900

Performance Measures Florida Transportation Commission 2011

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	2007	2008	2009	2010	2011
Average Headway (minutes)						
Average time for train to complete its portion of total route miles one time	<30 Minutes	29.4	22.4	26.6	30.6	28.7
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<$18	$ 16.15	$ 17.06	$ 15.12	$ 15.56	$ 16.96
Operating Revenue Per Operating Expense						
Revenue generated through operation of the transit authority divided by operating expenses	>25%	17.7%	18.8%	22.3%	23.3%	23.0%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<$15	$ 12.26	$ 12.61	$ 10.67	$ 12.48	$ 12.82
Operating Expense Per Passenger Mile						
Operating expenses divided by passenger miles	<$0.45	$ 0.43	$ 0.40	$ 0.37	$ 0.43	$ 0.43
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	38,057	17,742	64,826	96,413	68,570
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.93	0.94	0.97	0.98	0.97	0.97
Customer Service						
Average time from complaint to response	14 days	14	11	32	29	13.85
Customer complaints divided by boardings	<1 per 5,000 boardings	1.1	0.3	0.6	0.9	2.0
On-time Performance						
% trips end to end on time < 6 minutes late	>80%	70.0%	78.4%	73.4%	86.3%	89.7%

Reportable Indicators

	2007	2008	2009	2010	2011
Operating Expense Per Capita (Potential Customer)					
Annual operating budget divided by the service area population	$ 7.54	$ 8.94	$ 8.20	$ 8.19	$ 8.88
Farebox Recovery Ratio					
Passenger fares divided by operating expenses	17.4%	17.9%	21.6%	22.9%	22.3%
Service Area Population					
Approximation of overall market size	5,541,080	5,448,962	5,497,997	5,497,997	5,497,997
Service Area Population Density					
Persons per square mile based on the service area population and size	1,081	1,063	1,072	1,072	1,072
Operating Expense					
Spending on operations, including administration, maintenance, and operation of service vehicles	$ 41,794,730	$ 48,726,979	$ 45,075,706	$ 45,007,680	$ 48,842,085
Operating Revenue					
Revenue generated through the operation of the transit authority	$ 7,412,341	$ 9,155,673	$ 10,045,435	$ 10,507,019	$ 11,231,078
Total Annual Revenue Miles					
Vehicle miles operated in active service (available to pick up revenue passengers)	2,587,883	2,856,470	2,981,997	2,892,398	2,879,940
Total Annual Revenue Hours					
Vehicle hours operated in active service	100,481	76,620	87,315	96,240	96,960
Total Revenue Vehicles					
Vehicles available to meet annual maximum service requirements	63	47	47	47	45
Operating Expense Per Revenue Hour					
Cost of operating an hour of revenue service	$ 415.95	$ 635.96	$ 516.24	$ 467.66	$ 503.73
Peak Vehicles					
Vehicles operated to meet annual maximum (peak) service requirements	52	34	34	34	38

Performance Measures Florida Transportation Commission 2011

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

	2007	2008	2009	2010	2011
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	17.5%	27.7%	27.7%	27.7%	15.6%
Annual Passenger Trips					
Passenger boardings on transit vehicles	3,408,486	3,863,684	4,223,350	3,606,055	3,810,823
Average Trip Length					
Average length of passenger trip, generally derived through sampling	28.5	31.7	29.0	29.0	29.5
Annual Passenger Miles					
Passenger trips multiplied by average trip length	97,141,851	122,478,783	122,477,150	104,575,595	112,381,170
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	19.0	19.0	19.0	19.5	19.5
Average Fare					
Passenger fare revenues divided by passenger trips	$ 2.13	$ 2.25	$ 2.31	$ 2.85	$ 2.86
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.32	1.35	1.42	1.25	1.32
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	33.9	50.4	48.4	37.5	39.3
Passenger Trips Per Capita					
Passenger trips divided by service area population	0.62	0.71	0.77	0.66	0.69
Average Years Since Last Rebuild					
Locomotives (9)	5.2	6.2	7.2	8.2	9.2
Coaches (12)	6.2	7.2	8.2	9.2	10.2
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	$ 7,400,122	$ 9,043,899	$ 13,346,864	$ 16,534,534	$ 19,444,152
Weekday Ridership					
Average ridership on weekdays	11,545	13,228	14,430	12,139	12,900
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	0%	0%	0%	0%	0%
% of capital spent on system expansion	100%	100%	100%	100%	100%
Intermodal Connectivity					
Intermodal transfer points available through Tri-Rail	18	18	18	18	18

APPENDIX C—OOCEA AUDIT FINDINGS

EXPRESSWAY AUTHORITY

Prior Audit Recommendations Follow-Up

January 5, 2012

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Executive Summary

As part of the Fiscal Year 2012 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:

- 2009 Toll Revenue Audit
- 2009 Citizen's Advisory Committee Recommendations
- 2010 Ethics Audit
- 2010 Contracts Audit
- 2011 Vendor Billing Audits
- 2011 Limited Procurement Compliance Audit
- 2011 Fraud Risk Assessment
- 2011 Human Resources Process Review
- 2011 IT Strategic Alignment Benchmark

Internal Audit last reviewed the status of open audit recommendations in July 2011, on all audit reports and recommendations issued prior to the 2011 Fraud Risk Assessment. Results were reported to the Audit Committee at that time.

This review 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 July 22, 2011 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.

1

Recommendations Summary

Audit	Open as of July 22, 2011	New Recommendations	Completed Since July 22, 2011	In Process / Not Done as of January 5, 2012*	Past Due
2009 Toll Revenue Audit	1	0	1	0	0
2009 Citizen's Advisory Committee Recommendations	3	0	1	2	2
2010 Ethics Audit	1	0	0	1	1
2010 Contracts Audit	3	0	1	2	0
2011 Vendor Billing Audits	1	0	1	0	0
2011 Limited Procurement Compliance Audit	1	0	1	0	0
2011 Fraud Risk Assessment	0	7	6	1	1
2011 Human Resources Process Review	0	9	3	6	2
2011 IT Strategic Alignment Benchmark	0	2	1	1	0
Total	**10**	**18**	**15**	**13**	**6**

* 14 recommendations are classified as "In Process." Six of the open recommendations are "Past Due."

2

Audit of the Orlando - Orange County Expressway Authority
2009 Toll Revenue Audit
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
C. Reviews over accuracy of treadles / loops. The following is recommended: 1. Implement the tests of hardware accuracy as a continuous monitoring process that targets different parts of the system during each test and require that hardware accuracy tests be conducted at set intervals, including when there is ongoing construction.	Concur	Completed	As of October 2011, the Authority hired a full time Technology Analyst that concentrates solely on performing routine in-lane testing. The lanes are constantly monitored by plaza staff to assure proper operation. The treadles and loops automatically generate system alarms when problems are detected and repair technicians from the hardware maintenance contractor are notified. The hardware maintenance contractor's technicians provide 24 hour per day coverage to make sure problems are addressed as soon as possible.	N/A	Concur

Citizen's Advisory Committee
July 2009 Recommendations
Status of Recommendations

Committee Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
ADDITIONAL COST CONTROLS/SOURCES OF REVENUE					
3. Consolidate Back Office Operations - Management should work with the Turnpike to analyze the potential costs and benefits of consolidating back office operations. Even if the Miami and Tampa expressway authorities do not join this effort, the potential savings for the Turnpike and OOCEA on a combined basis would be in the millions of dollars.	Concur	Completed	Florida toll agencies are meeting regularly to find a sound way to consolidate. Since all agencies utilize different technology and business plans it will take time to plan and coordinate a consolidation mechanism. All agencies agree that there are many difficult issues to work through to achieve a successful consolidation. If a consolidation plan is developed that reduces costs and improves service to our toll customers, management is committed to work toward merging back offices. Meetings between the Authority and Turnpike continue. Meetings to accomplish consolidation of back office operations for Florida's toll agencies are being held through March 2012. A formal resolution to consolidate back office operations has been signed by the Authorities, FDOT and Florida's Turnpike.	12/31/13	Concur
OTHER MATTERS					
1. Continue Customer Satisfaction Survey and Compare Them Against a Current Benchmark - The benchmark format should become the standard for future surveys.	Concur	In Process (Past Due)	The customer satisfaction survey was completed in October 2010, however not enough responses were taken. A new customer service survey is currently in the process and in the finalization stages.	Original: 12/31/10 Revised: 2/1/12	Concur

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Citizen's Advisory Committee
July 2009 Recommendations
Status of Recommendations

Committee Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
7. Create a Performance Reporting System - Develop specific performance reporting for OOCEA and provide periodic reporting (at least semiannually) to the Board of actual results against goals, historical performance and benchmarks. Performance reporting can be developed around how OOCEA competes for its share of: o Customers and revenue o Financing dollars o Public trust	Concur	In Process (Past Due)	The Authority reports to the Board annually on specific performance measures developed by the Florida Transportation Commission that cover agency performance in operating efficiency, maintenance, customer service, minority participation, ethics, debt management, bond covenant compliance, financial soundness, public records, open meetings, procurement, contract performance and governance. The Authority has chosen to focus on the performance metrics in regards to their operations. Operations has established a list of performance measures they are currently compiling to bring forth to the Board. Due to consolidation, this has not been prioritized. Should consolidation occur, financial performance measures are to be modified. The Authority will develop a dashboard to present at each Board meeting that will provide an "At a Glance" portrayal of the organization's performance.	Original: 3/31/11 Revised: 12/31/12	Concur

5

Ethics Audit
June 2010 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
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 Process (Past Due)	The mission statement and / or values have been updated to include ethics and have been presented to the Board. The mission statement will be adopted by the Board in the near future. Laura Kelley provided a completion date of July 31, 2012.	Original: 8/31/10 Revised: 7/31/12	Concur

Contracts Audit
January 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
4. When the FTS contract expires in June 2011, for all future toll operations contracts the Authority should require a simplified rate structure and electronic timekeeping. This will reduce the Authority's overall cost (one FTE is employed by FTS to compile monthly invoices and support and other spend considerable time supporting the process).	Concur	In Process	As a part of the next RFP process the Authority will look to simplify the rate structures required of the contractor as well as require some acceptable form of electronic time keeping. Subsequent to the findings of this report, the FTS contract was extended for an additional year through the end of June 2012 due to some negotiated cost savings. The Authority is looking to extend the contract and requiring the RFP to include an electronic time keeping system as well as a way to implement a simplified billing process.	7/1/12	Concur

Contracts Audit
January 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
7. a) The Authority should update TRIMS user access rules to prevent the approval of adjustments to private accounts in excess of $200 by CSC Supervisors. 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	a) Complete b) In Process	a) The Authority's IT department has implemented a threshold change for PIN approval. Also Toll Operations requires passwords to be used for approvals in any new toll collection software procured by the Authority or its existing software if it is retained and that the password be changed on a regular basis by the system. 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.	a) N/A b) 12/31/13	Concur

Contracts Audit
January 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
8. The Authority should consider conducting a detailed review or audit of the current QA procedures employed by ACS for reasonableness and effectiveness.	Concur	Completed	A Quality Assurance audit of ACS was performed by Fred Nieves, Assistant Manager of Operations, in October 2011. With the approval of Interim Executive Director, Max Crumit, management is currently looking to hire an independent QA auditor. QA procedures were previously conducted by ACS.	N/A	Concur

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Vendor Billing Audits
February 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
2. Although documented invoicing procedures are not a requirement of the contract, we recommend that management communicate this to the vendor as a leading practice to help ensure the amount invoiced continues to be accurate. In addition, the Authority should require as part of the RFP process, potential vendors to have documented invoicing procedures.	Concur	Completed	As of September 2011, the Authority now requires documented invoicing procedures or policies during the procurement process and adds vendor invoice procedure requirements to all contracts.	N/A	Concur

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Limited Procurement Compliance Audit
May 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
1. a) The procurement policies and procedures should be made consistent and require all purchases $50,000 and up be approved by the Board. b) In addition, the Deputy Executive Director should verify that there are no items on the "Procurement Department Activities Report" that haven't been submitted to the Board for approval but that require Board approval in accordance with the policy and procedures manual.	Concur	a) Completed b) Completed	a) The Procurement Policy and Procedures Manual has been revised to eliminate the contradiction. Due to the Executive Director change that occurred during December 2011, the approval of these updates has been delayed. The Director of Procurement, Claude Miller, will present the revised draft of the Procurement Procedure Manual to the Interim Executive Director by the end of January 2012, with a tentative implementation date of March 1, 2012. b) As of September 2011, the Deputy Executive Director conducts a review of the "Procurement Department Activities Report" and verifies that there are no purchases on the report that should have been approved by the Board.	a) N/A b) N/A	Concur

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Human Resources Process Review
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
1. The Authority should develop formal procedures for each of the key HR processes including but not limited to the following: Recruiting and hiring Training Performance evaluations Setup, maintenance, and security of personnel records Benefits administration Performance, reward, and recognition Employee terminations The procedures should be reviewed at least annually for necessary updates and the last revision date should be documented on the face of the procedures.	Concur	In Process	The Manager of Human Resources will develop desktop procedures for all HR processes. These procedures will be reviewed and approved by the Deputy Executive Director. The procedures will be reviewed and updated as necessary, but no less than once a year.	6/30/12	Concur
2. Formal performance appraisals should be performed annually for all employees as stated in the Employee Handbook, regardless of whether or not pay increases will be given.	Concur	Completed	Performance appraisals have been conducted for all employees and will be performed annually in the future. One evaluation, for Patricia Freeman, Director of Business Development, has not been approved by the Executive Director. This is due to the timing of the completion of the evaluation and the transition period for Executive Director role.	N/A	Concur

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Human Resources Process Review
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
3. Even though OOCEA is small organization with a limited number of employees, an effective succession plan should be created to both meet the needs of the organization and allow for flexibility in regards to selecting permanent replacements. At a minimum, the following key management positions should be considered in the succession plan: Executive Director Deputy Executive Director Administration Deputy Executive Director Engineering, Operations, Construction and Maintenance Director of Information Technology Director of Business Development Director of Procurement Director of Construction Chief Financial Officer Manager of Human Resources Manager of Public Relations and Communications Program Manager Manager of Toll Operations Manager of Expressway Operations Manager of Maintenance Interim replacements should be determined and documented for each of the aforementioned positions as part of the annual review process. The interim replacements should perform the duties of that position until the time that a permanent replacement is named. This would satisfy the needs of the organization in the event an	Concur	Completed	The Authority has identified staff members that will serve as a backup for each of the above named positions in the event a key position requires a designated interim until the employee returns or is permanently replaced, depending on the situation. This plan is currently up to date by the Manager of Human Resources.	N/A	Concur

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Human Resources Process Review
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
4. (1) New hires should be required to complete all documentation prior to or on their start date. The Manager of HR should monitor the employee file until all documentation is received. Reminder notifications should also be sent to the employee via email during the first week of employment with an established deadline. (2) Personnel files should be organized corresponding to the New Hire Checklist for efficiency and ease in confirming that all documents have been received. (3) The employee files should be reviewed for order and completeness at least annually and documentation of the review should be maintained to evidence when the last review was performed and when the next one is due.	Concur	1a) In Process 1b) In Process 2a) In Process (Past Due) 2b) In Process 3) In Process (Past Due)	1a) A policy will be implemented to include that reminder notifications of missing new hire documentation will be sent to newly hired employees via email during the first week of employment with an established deadline. 1b) Desktop procedures will also address and reinforce the need for follow-up to ensure all documentation is received and filed. 2a) Personnel files will be organized corresponding to the New Hire Checklist for efficiency. 2b) The two personnel files for each employee will be consolidated into one for ease and efficiency. 3) The employee files will be reviewed for order and completeness at least annually and documentation of the review will be maintained to evidence when the last review was performed and when the next one is due. The incoming Manager of HR will implement the recommendations by the established due dates.	1a) 6/30/12 1b) 6/30/12 2a) Original: 12/31/11 Revised: 12/31/12 2b) 6/30/12 3) Original: 12/31/11 Revised: 12/31/12	Concur
5. The Employee Handbook should be updated to include an acknowledgement form. Employees should be required to sign and date the form and return it to the Manager of HR as an acknowledgement that they received the handbook.	Concur	a) Completed b) In Process	a) The acknowledgement form has been added to the back of the handbook on the intranet site. b) The Employee Handbook will be reviewed for any necessary updates and printed with updates and the acknowledgement form.	a) N/A b) 6/30/12	Concur

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Human Resources Process Review
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
6. A policy should be implemented that restricts social media searches to the HR department for all applicants. All other departments should be prohibited from performing these searches.	Concur	In Process (Past Due)	The Manager of Human Resources will prepare an updated procedure for the recruitment and hire of staff. The procedure will prohibit all employees, except the Manager of Human Resources, from conducting social media searches of applicants.	Original: 11/30/11 Revised: 12/31/12	Concur
7. The Authority should continue to update employee job descriptions when hiring for a position, but also should start reviewing and updating job descriptions annually as part of the performance appraisal process. In addition, HR should review and sign the job descriptions to control the risk of inappropriate job description changes that could lead to a pay increase request.	Concur	In Process	The Authority will continue to update employee job descriptions when hiring for a position, but will also start reviewing and updating job descriptions annually as part of the performance appraisal process. HR will review and sign the updated job descriptions.	6/30/12	Concur

Human Resources Process Review
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
8. Leading practices suggests that documentation evidence of controls that are being performed should be created and maintained for the following: a) New job announcements should be signed and dated by the department head as evidence of their review. b) A formal document should be created and used to capture candidate information during the interview process. This documentation should be kept in the employee file.	Concur	Completed	a) New job announcements are signed and dated by the department head as evidence of their review. b) A formal document has been created to capture candidate information during the interview process. This documentation is retained in a recruitment file.	N/A	Concur
9. Thirty-four states have implemented IIPP for worker safety and health protection. Florida is not one of those states. However, as a best practice, the Authority should consider developing an IIPP to include the following elements: management leadership, worker participation, hazard identification, hazard prevention and control, education and training, and program evaluation and improvement.	Concur	In Process	The Authority will develop IIPP that includes management leadership, worker participation, hazard identification, hazard prevention and control, education and training, and program evaluation and improvement.	12/31/12	Concur

Fraud Risk Assessment
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
1. A detailed review of card statements and purchases should be made by each cardholder's supervisor prior to approval. Detailed documentation justifying purchases should be required and, if not provided, the supervisor should not approve the card statement for payment.	Concur	Completed	Approval stamps for the P-Card Administrator's signature and supervisors' signatures are now being used to remind staff of required reviews and approvals. The P-Card Administrator stamp states all purchases were made in accordance with procurement policies and procedures. The supervisor stamp states that all staff purchases are reasonable, appropriate and properly documented. Supervisors are reviewing P-Card receipts for evidence of detailed documentation. Immediate supervisors are being reminded every month (via email from the Director of Procurement) that it is ultimately their responsibility to ensure that their employee's P-Card purchases are reasonable, appropriate and properly documented. A policy has been implemented to prohibit the purchase of IT related equipment without the prior approval of the Director of Information Technology.	N/A	Concur

Fraud Risk Assessment
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
2. The P-card procedures should be updated to reflect that P-card holders are not permitted to split a single transaction into multiple transactions in order to circumvent the P-card limits.	Concur	Completed	The Procurement Procedures Manual has been updated to reflect that P-Card holders are not permitted to intentionally divide a purchase into multiple purchases in order to circumvent the P-Card limits. The approval of these updates has been delayed due to Executive Director changes that occurred during December 2011. The Director of Procurement, Claude Miller, will present the drafted Procurement Procedure Manual to the Interim Executive Director by the end of January 2012 with a tentative implementation date of March 1, 2012.	N/A	Concur
3. The P-card policies should be updated to prohibit the use of customer reward cards where the benefits are to the purchaser and not the Authority.	Concur	Completed	The Procurement Procedures Manual has been updated to reflect that P-Card holders are not permitted to use rebates, discounts, gift cards/certificates, or reward cards where the benefits are to the purchaser and not the Authority. The approval of these updates has been delayed due to Executive Director changes that occurred during December 2011. The Director of Procurement, Claude Miller, will present the revised draft of the Procurement Procedure Manual to the Interim Executive Director by the end of January 2012, with a tentative implementation date of March 1, 2012.	N/A	Concur

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Fraud Risk Assessment
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
4. a) A thorough review of SIC codes should be performed and those for restricted vendors types should be blocked. b) The purchase of gift cards or making payments through services such as Pay Pal should be restricted. Some examples of the SIC Codes that may not be policy compliant are: 5810 Retail – Eating & Drinking Places 5812 Retail – Eating Places 5712 Retail – Furniture Stores 5734 Retail – Computer & Computer Software Stores 5944 Retail – Jewelry Stores	Concur	a. In Process (Past Due) b. Completed	a. The Director of Procurement, Claude Miller, is currently in the process of identifying which codes are appropriate for employee use. SIC Codes that are not applicable for company use should be restricted by February 1, 2012. b. The Procurement Procedures Manual has been updated to state that the purchase of gift cards and purchases through services such as Pay Pal are prohibited. The approval of these updates has been delayed due to Executive Director changes that occurred during December 2011. The Director of Procurement, Claude Miller, will present the revised draft of the Procurement Procedure Manual to the Interim Executive Director by the end of January 2012, with a tentative implementation date of March 1, 2012.	a) Original: 12/31/11 Revised: 2/1/12 b) N/A	Concur
5. The P-card Administrator should create a log to record issues that are found with employees P-card statements. This will help to ensure that all open issues are tracked and resolved in a timely fashion.	Concur	Completed	A log has been created to track issues with employees P-card statements. The use of such log was implemented in September 2011.	N/A	Concur

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Fraud Risk Assessment
September 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
6. Although testing results showed all P-cards tested were appropriately cancelled upon employee termination, the "Cancel Card" form should be used on a consistent basis to drive this behavior and make the process repeatable.	Concur	Completed	The "Cancel Card" form is being used to document canceled P-cards for terminated employees.	N/A	Concur
7. Although Internal Audit could infer that self-auditing procedures were taking place through the various testing procedures performed, the secondary reviewer of P-card transactions should evidence review via sign-off of each P-card statement and related support. Primary review responsibility of the statements for receipts and purchase justification should remain with the supervisors.	Concur	Completed	The P-Card Administrator is conducting a secondary review of all P-Card statements to ensure each transaction complies with Procurement policies and procedures, such as purchasing limits, documentation requirements, etc. The P-Card Administrator indicates in writing that the statement has been reviewed for compliance with Procurement policies and procedures. Supervisors continue to be responsible for the primary review and hold the right and responsibility of determining if a purchase is appropriate and reasonable.	N/A	Concur

IT Strategic Alignment Benchmark Results
July 2011 Recommendations
Status of Recommendations

Internal Auditor Recommendation	Management Response	Management Status at January 5, 2012	Management Verification / Explanation	Due Date	IA Evaluation
1. IT Strategy & Communications: An opportunity was identified for OOCEA's IT department to increase the frequency with which IT meets with the Business to discuss IT strategies / plans / projects in order to increase awareness and obtain buy-in from the Business.	Concur	Completed	IT Management is making efforts to hold IT Steering Committee meetings on a quarterly basis to allow for a status update, regardless of whether or not there are additional projects/tasks to be presented to the committee at the time. The last two IT Steering Committees were held during May 2011 and August 2011.	N/A	Concur
2. Business Linked Metrics: The Business and IT should investigate the potential value of developing IT metric reporting, with the intent to increase the Business' visibility of on-going projects and the amount of manpower being dedicated to the various IT initiatives.	Concur	In Process	IT Management met with representatives from the executive business leadership team in the fall of 2011 to explore the requirements/needs and feasibility of collecting IT metrics. Comments and suggestions were obtained to assist in the development of higher level metrics reporting. This initiative is ongoing.	12/31/2012	Concur

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