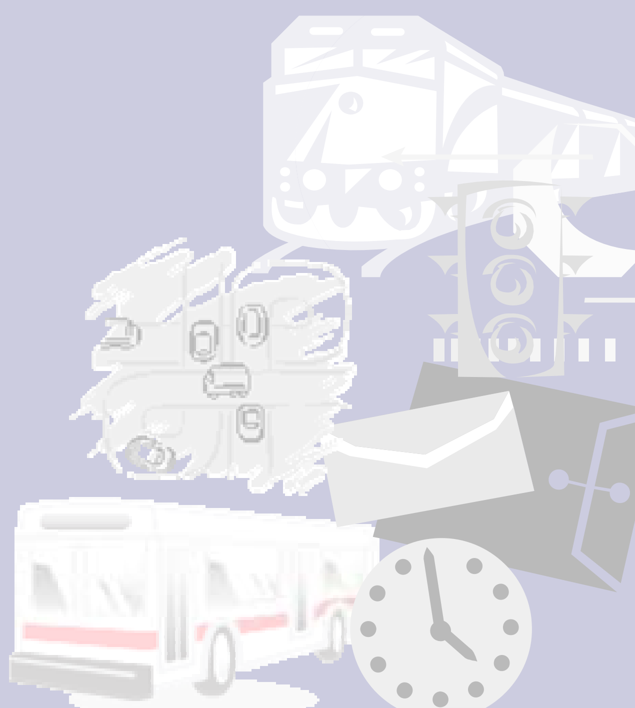
Transportation Authority Monitoring and Oversight

Year One Report

March 21, 2008



Florida Transportation Commission

FLORIDA TRANSPORTATION COMMISSION

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Sidney Calloway, Vice Chair
Martha T. Lanahan, Secretary
Marshall M. Criser III
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Charlie Crist
Governor

March 21, 2008

Honorable Charlie Crist, Governor
State of Florida
The Capitol
Tallahassee, Florida

Dear Governor Crist:

I take pleasure in transmitting the Florida Transportation Commission's *Transportation Authority Monitoring and Oversight, Year One Report*, which was adopted at our public meeting on March 3, 2008. This report is the culmination of an aggressive response to the additional monitoring responsibilities provided to the Florida Transportation Commission (Commission), as detailed in House Bill (HB) 985 passed by the 2007 Florida Legislature and signed into law June 19, 2007. In addition to the responsibility for oversight and monitoring of the Florida Department of Transportation, the Commission is now charged with the monitoring and oversight of 15 Transportation Authorities created under Chapters 343 and 348, Florida Statutes.

The Commission took a pro-active approach in responding to the mandates of the legislature by conducting eight teleconferences, four workshops and one roundtable forum with the affected authorities between July 1 and October 1, 2007. The result of these meetings was the adoption of performance measures and objectives, operating indicators and governance criteria that allow the Commission to assess the overall responsiveness of each authority in meeting their respective responsibilities to their customers and the public.

In addition to an Executive Summary and Introduction, the report is divided into three main sections: Established Toll Authorities; Transit Authorities; and Emerging Authorities. To varying degrees, each Authority was successful in meeting many of the measures established by the Commission. The Commission purposely set high standards for the Authorities with the expectation that long-term changes would be implemented. The performance results presented herein are based on Fiscal Year (FY) 2007 financial and operational data. The Commission recognizes that the Authorities had no opportunity in FY 2007 to make operational changes that would affect the outcome of the 2007 results. We do, however, expect the Authorities to utilize the findings within this report to begin efforts to improve areas of performance to more efficiently and effectively operate their respective systems.

In addition to gathering, analyzing and reporting performance and operating data, Commission staff conducted limited reviews of minutes of meetings, agendas, public meeting notices, and conflict of interest disclosures. With few exceptions or minor deviations, all of the Authorities are operating in accordance with Florida statutes or policies regarding ethics, conflicts of interest, open meetings and public records. With only two exceptions, they complied with the requirement to prepare audited financial statements in accordance with Generally Accepted Accounting Principles. With the exception of one Authority, those Authorities with outstanding bonds have complied with continuing disclosure requirements contained in bond covenants.

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The actual performance assessed relative to adopted objectives, the operating statistics and trends, and compliance with governance requirements are reported in each respective Authority's individual chapter. Additionally, 5-year trend data on each is contained in Appendix B.

The completion of this report could not have been accomplished without the cooperation of each Authority. The Commission has publicly expressed its appreciation to the board and staff of each Authority for the time and effort involved in providing the information necessary to carry out this responsibility.

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

Sincerely,

Marcos Marchena, Chairman
Florida Transportation Commission

cc: Honorable Carey Baker, Chair, Senate Committee on Transportation
Honorable Mike Fasano, Chair, Senate Transportation and Economic Development Appropriations Committee
Honorable Lisa Carlton, Chair, Senate Fiscal Policy and Calendar Committee
Honorable Richard Glorioso, Chair, House Committee on Infrastructure
Honorable Dean Cannon, Chair, House Economic Expansion and Infrastructure Council
Honorable Ray Sansom, Chair, House Policy and Budget Council
Ms. Stephanie Kopelousos, Secretary, Florida Department of Transportation
Mr. Jerry McDaniel, Director, Office of Policy and Budget, Governor's Office

Transportation Authority Monitoring and Oversight

Year One Report

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Executive Summary

In 2007, the Florida Transportation Commission was charged with an expanded oversight role. The legislature passed House Bill 985 and Governor Crist signed its provisions into law in July of that year. Specifically, the new role of the Commission is to monitor the transportation authorities that have been established in Chapters 343 and 348 of the Florida Statutes.

The agencies that are currently operating and are covered by the new law are:

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

As the Commission has been charged to *"Monitor the efficiency, productivity, and management of the authorities. . .,"* it acted swiftly to establish a set of performance measures for the toll and transit organizations and laid out areas of organizational governance that would be tracked.

The Florida Transportation Commission (FTC), 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 that are critical to the overall economic well-being and quality of life in Florida. The FTC worked with the agencies through the fall and winter in order to be in a position to report to the Governor and legislature on their findings and progress at the start of the 2008 legislative session.

For the expressway authorities, 16 performance measures with management targets were established, and for the transit agencies 12 measures were adopted. As significantly, the FTC developed "Governance" criteria that would provide for an assessment of each of the Boards overall management of their respective authorities. The criteria established allow FTC 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, applicable laws and bond covenants.

Because of the timing of the establishment of performance measures and targets, none of the agencies had the ability to use them as goals for 2007. In addition, because of the various structures of the organizations, their ability to influence the outcomes varies. That said, for fiscal year 2007, the performance measures results are listed.

- Miami-Dade Expressway Authority met or exceeded 13 of the 16 performance measure objectives.
- Orlando-Orange County Expressway Authority met or exceeded 12 of the 16 performance measure objectives.
- Of the 16 performance measures established only 11 are currently

applicable to the Santa Rosa Bay Bridge Authority. Of these 11 measures, SRBBA met or exceeded seven of the measures.
- Tampa-Hillsborough County Expressway Authority met 7 of the 14 applicable performance measure objectives and in some cases has limited ability to influence them.
- LYNX met or exceeded 5 of the 12 applicable objectives established for performance measurement.
- South Florida Regional Transportation Authority was successful in achieving 9 of the 12 performance measure objectives.

As mentioned, the Commission established reporting requirements in areas of organizational governance. Seven areas were identified, and the monitored agencies were required to submit documentation in each area for review by the FTC staff. A list of the seven governance areas and the agency reporting requirements follows.

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 handing 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 agency 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 agency 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 agency policies relating to delegated procurement authority including:
    - Organizational level of delegated authority
    - Dollar level associated with each level of delegation
    - Reporting requirements to board of delegated procurement actions

Consultant Contract Reporting
- Provide a list of all “General Consulting” contracts for functions such as General Engineering (GEC), Traffic and Revenue, General Construction Management, and Maintenance Management.
- For General Consultant sub contracts that in aggregate, or in total, exceed $25,000 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 with compliance of other requirements, e.g., annual facility inspections.

The following is a summary of the Commission's governance review and other findings for each of the transportation authorities now being monitored by the Florida Transportation Commission.

Miami-Dade Expressway Authority (MDX)

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

In the area of procurement, FTC staff noted that the Executive Director "could" potentially approve a change order or contract amendment for a single contract up to $1 million without prior approval of a Standing Committee or the MDX Board.

The FTC encourages MDX to develop and pursue action plans to help meet established performance measure objectives and to review established thresholds for contract amendment approval authority.

Orlando-Orange County Expressway Authority (OOCEA)

The FY 2007 independent financial statement audit reflected an unqualified opinion. Five recommendations for improvement provided in the Auditor's Management Letter are currently being implemented by OOCEA. The OOCEA Board also approved an independent operational audit of the Authority by the Orange County Comptroller's Office with an audit report being issued in October 2007. The audit included 81 recommendations for improvement in 7 areas. Based on the FTC's site visit, limited review of various documents and staff interviews, it was concluded that the OOCEA has made significant progress in implementing audit recommendations.

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

FTC encourages the OOCEA Board to convene workshops to provide refresher training in the area of Florida's "sunshine laws," to continue to implement changes as recommended in various audits and to develop and pursue action plans to help meet established performance measure objectives.

Santa Rosa Bay Bridge Authority (SRBBA)

The SRBBA did not meet its bond covenant debt service coverage requirement of 1.2 times coverage. This places SRBBA in technical default on its bonds. However, the Authority has drawn down on its debt service reserve account to meet the debt service payments. Due to escalating debt service requirements, it is possible that the revenues of SRBBA will continue to be insufficient to make future debt service payments solely from toll revenues. FTC will continue to monitor and report on the financial condition of SRBBA.

The Board of the SRBBA meets periodically and is conducting its meetings in compliance with procedure and Florida's "sunshine laws." However, the Board is limited in its ability to conduct business beyond the review of monthly revenues and expenses, implementing periodic toll rate increases necessary to keep the Authority from defaulting on its bonds, and providing for continuing disclosure requirements. Given these issues, however, the FTC finds that the SRBBA is a well-maintained facility meeting the needs of its customers. FTC will continue to monitor the Santa Rosa Bay Bridge Authority and the operations of the Garcon Point Bridge and coordinate with the Florida Department of Transportation on any issues that arise.

Tampa-Hillsborough County Expressway Authority (THEA)

In the area of governance, the FY 2007 independent financial statement audit reflected an unqualified opinion.

Pursuant to a request by the President of the Senate and the Speaker of the House, the Florida Auditor General conducted an independent operational audit of THEA and an audit report was issued in December 2006. FTC staff reviewed the Action Plan that was prepared by THEA in December 2007. According to Authority management, all audit recommendations for improvement cited in the Auditor General's Report have been completed and, if applicable, approved by the Board. All remaining policies and procedures are under review and will be submitted to the Board for approval by the end of FY 2008.

FTC encourages THEA to develop and pursue action plans to help meet established performance measure objectives and to consistently require the traffic engineering firm to prepare an annual Traffic Engineer's Report. Several performance measure objectives not met in the areas of operations and maintenance result from finance and business rules as defined in the existing Lease-Purchase Agreement. Any changes to the provisions of the Lease-Purchase Agreement would require joint consideration and approval by the THEA Board and FDOT.

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

Central Florida Regional Transportation Authority (LYNX)

In the area of governance, the FY 2006 independent financial statement audit for the Authority reflected an unqualified opinion. Based on the Commissions limited review of Audit Committee and Board of Directors meeting minutes, LYNX policies and procedures, Florida Statutes, Financial Statements, and other documentation provided by LYNX, no instances of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission were noted.

The Commission encourages the Authority to develop and establish a course of action focused on improving performance to achieve objectives.

South Florida Regional Transportation Authority (SFRTA)

SFRTA clearly exceeded the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 38,057. This objective may need to be adjusted moving forward given SFRTA's current level of performance in this area.

The FY 2007 annual independent audit for the year ending June 30, 2007 has yet to be issued. The audit is scheduled to be presented shortly. Given that the figures used in calculating the performance measures may change, FTC encourages the Authority to have their annual audit completed in a more timely fashion in the future.

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

The Commission encourages SFRTA to develop and establish a course of action focused on improving performance to achieve objectives.

Northwest Florida Transportation Corridor Authority (NFTCA)

After review of the agency's governance and management practices, nothing in the minutes of meetings indicates that the NFTCA Board members have received any training or briefings in conducting business in accordance with Florida "sunshine laws" and the FTC recommends the Board seek out such training or briefings at its earliest convenience.

At the time the NFTCA Board adopts final alignments for specific projects, it is FTC's expectation that any Board member disclose a conflict of interest, if such voting would provide a personal, private or professional interest that inures to that member's special private gain.

It is also recommended that NFTCA adopt a formal policy that it will comply with the provisions of either Chapter 120 or 189 in regards to Open Meetings. A review of the minutes of meetings identified some issues regarding responses to public comment and questions and whether the Board was timely in responding to public inquiries. It is recommended that the Board make every effort to respond to requests for information in a timely manner.

Southwest Florida Expressway Authority (SWFEA)

FTC performed limited tests of compliance with applicable statutes, and based on that review, has determined that SWFEA is meeting all statutory responsibilities and governance criteria established by FTC.

The Board has adopted a number of policies and procedures to help guide the business of SWFEA. FTC did not perform any review of adherence to these policies and procedures, but acknowledges that SWFEA has gone beyond the governance requirements established by the Florida Transportation Commission.

Tampa Bay Area Regional Transportation Authority (TBARTA)

FTC reviewed Board meeting agendas and their postings, minutes of Board meetings, and the policies and procedures that have been adopted by the TBARTA. Limited tests of compliance with applicable statutes were performed, and based on those findings, it was determined that TBARTA is meeting all of its statutory responsibilities and the governance criteria established by the Commission.

At this time, the Board has not received any briefings or seminars on "sunshine law" compliance and is encouraged to convene a workshop to receive such briefing.

CONCLUSION

The Florida Transportation Commission acted expeditiously to begin monitoring the transportation authorities as prescribed in House Bill 985 of the 2007 regular session of the Florida Legislature. Performance measures and management targets were established and governance areas for agency reporting were adopted.

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

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

Introduction

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

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

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

The legislature passed House Bill 985 and amended Section 20.23 of Florida Statutes to expand the role of the Florida Transportation Commission. On June 19, 2007, Governor Crist approved the bill, which became law on July 1, 2007. Specifically, the change in statute charges the Commission to:

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

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

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

> *1. The awarding of contracts.*
> *2. The selection of a consultant or contractor or the prequalification of any individual consultant or contractor. However, the commission may recommend to the secretary standards and policies governing the procedure for selection and prequalification of consultants and contractors.*
> *3. The selection of a route for a specific project.*
> *4. The specific location of a transportation facility.*
> *5. The acquisition of rights-of-way.*

6. The employment, promotion, demotion, suspension, transfer, or discharge of any department personnel.
7. The granting, denial, suspension, or revocation of any license or permit issued by the department."

(The relevant language from HB 985 is included as **Appendix A.**)

The Commission performed an analysis of all the transportation authorities created under Chapters 343 and 348, Florida Statutes, to determine those that are currently planning, developing and/or operating transportation facilities. Of the 15 authorities subject to FTC oversight, 9 are actively pursuing or operating facilities and 6 are considered by the Commission as "inactive." The status of "inactive" has been assigned to those organizations that have never met, have no facilities to operate, have disbanded, or were active at one time and have transferred their facilities. The following table shows the status of the authorities:

provided the Commission with objective performance criteria for both toll and transit authorities.

Through the summer and fall of 2007, FTC held a number of workshops and teleconferences with the affected authorities. These meetings allowed for input from the authorities on the similarities and differences that exist between the authorities related to organization, operations, revenues, financial provisions and statutory requirements. From these meetings, FTC was able to gain consensus on the establishment of performance measures for these agencies, recognizing that measures for toll authorities would be different than those of transit authorities.

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

Table 1 Status of authorities

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

In anticipation of the passage of HB 985, FTC convened a workshop May 24, 2007 to discuss the approach that would be taken to provide the appropriate oversight of the active transportation authorities covered by the pending legislation. In June, a meeting of the Performance Measures Working Group (PMWG), a cross-functional team established to create, modify and adopt performance measures for the assessment of FDOT's performance, was convened. This meeting

As significantly, FTC developed "Governance" criteria that would provide for an assessment of each Boards overall management of their respective authorities. The criteria established allow FTC 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, applicable laws and bond covenants.

At its meetings through the fall of 2007, the Commission formally adopted performance measures with specific management objectives or targets and the governance areas that would be monitored. Committed to being responsive to the legislature, FTC developed an ambitious schedule to provide oversight and report on its findings at the start of the 2008 legislative session. While the Commission fully expects to refine and modify its measurement and reporting methods with time, this report is the result of the efforts of the Commission, its staff, and the monitored authorities over the past seven months. A complete list of significant meetings related to this effort is provided in **Appendix C**. Also, a list of performance measures for toll and transit authorities considered, but not adopted, by the FTC is provided in **Appendix D**.

While annual reporting will be the main focus of the Commission's monitoring effort, agencies have been alerted that they are expected to notify FTC 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. This is the first such report and includes agency performance measures (including comparisons with established agency objectives), operating indicators, trend analysis, and status of agency compliance with the areas of governance. A detailed accounting of performance and other relevant data for each reporting agency is included in **Appendix B**.

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

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"Established" Toll Authorities

"Established" Toll Authorities Introduction

There are many agencies in the state of Florida that operate toll facilities and collect and reinvest toll revenues. Aside from Florida's Turnpike Enterprise which is a part of the Florida Department of Transportation, most, but not all, are established within Florida Statute Chapter 348, Parts I through X. Part I titled the "Florida Expressway Act and Related Provisions" details the authority for any county or counties to establish an expressway authority, and it prescribes the conditions under which these entities will be governed. Parts II through X authorize specific authorities, each with some differences in their establishment. Other entities that are described as "transportation authorities" and are not limited to the construction and operation of expressways are established in Chapter 343.

This section of the report deals with what the Florida Transportation Commission has designated as the "Established" Toll Agencies and includes:

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

As discussed in the introduction, performance measures, management objectives, operating indicators, and governance areas have been established for all of the agencies now under the review of the Commission. For these four agencies, all of the measures are the same, given that they are well established toll authorities that have been operating for sometime.

For each of the "Established Toll Agencies" the report includes:

- Background on the organization
- Board composition
- Summary of FDOT indebtedness
- Performance measures results for FY 2007
- Operating indicators for FY 2005 though FY 2007
- Governance assessment

The 16 performance measures that have been adopted by the Commission for toll agencies are included in the table below. While the following sections report on the results of the agencies' FY 2007 performance, **Appendix B** provides data on the last five fiscal years.

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

Table 2 Florida Transportation Commission Toll Agency performance measures

Performance Measure	Detail	Objective
Operations		
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%
Bridge Condition - Weight Restrictions	% SHS bridge structures with posted limit	0%
Electronic Toll Collection – (ETC) Transactions	Number of ETC transactions as % of total transactions	> 75% by 12/31/08
Revenue Variance	Variance from indicated revenue (without fines)	< 4%
Safety	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.52)
Customer Service	% customers satisfied with level of service	> 90%
Operations and Budget		
Consultant Contract Management	Final cost % increase above original award	< 5%
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	> 80%
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	> 90%
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	+/- 10%
Applicable Laws		
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%
Revenue Management and Bond Proceeds		
Debt Service Coverage –Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2

In addition to the performance measures, the Commission established a set of Operating Indicators that each agency has reported for the last five fiscal years. As with the Performance Measures, a summary is included in each agency's section of the report, with a full five-year accounting included in **Appendix B**. The 18 Operating Indicators adopted by the Commission are presented below. The indicators are grouped by the various areas for which statute requires monitoring (e.g., Operations, Budget, and Property Acquisition).

The issue of monitoring the governance of the authorities covered by HB 985 is probably the most challenging. After substantive discussion and deliberation, the Commission established seven broad areas of governance that will be monitored in order to provide an assessment of the on-going management of all of the organizations covered by the new law. Specifically, the areas of Ethics, Conflicts of Interest, Audits, Public Records/Open Meetings, Procurement, Consultant Contracts, and Compliance with Bond Covenants are reported.

For each of the Governance Areas, the agency and FTC responsibilities are outlined below and detailed in each agency's section of this report.

ETHICS

Agency Responsibilities

- Provide 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

Commission Responsibilities

- Review policy documents for comprehensiveness and compare with other monitored authorities
- Report on policies, incidents, or observations made during the year
- Include ethics review in annual report to the governor and legislature

Table 3 Florida Transportation Commission Toll Agency operating indicators

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 Total Operating Expense
	Routine Maintenance Expense as % of Total Operating Expense
	Administrative Expense as % of Total Operating Expense
	Operating Expense as % of Operating Revenue
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Total Operating Revenue
Property Acquisition	
Right-of-Way	Agency Appraisals
	Initial Offers
	Owners Appraisals
	Final Settlements

CONFLICT OF INTEREST

Agency Responsibilities

- Provide Commission with all requirements for board members and staff relating to disclosure and handing 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 agency policy and procedures
- Maintain records of those instances where abstentions or recusals occurred

Commission Responsibilities

- Review policy documents and compare with other monitored authorities
- Report on policies, incidents, or observations made during the year
- Include conflicts review in annual report to the governor and legislature

AUDIT

Agency Responsibilities

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

Commission Responsibilities

- Review audit findings
- Include review of audits in annual report

PUBLIC RECORDS & OPEN MEETINGS

Agency Responsibilities

- Provide agency 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

Commission Responsibilities

- Review policies and procedures
- Examine public notice venues for meeting notifications
- Summarize and report annually on compliance

PROCUREMENT

Agency Responsibilities

- Provide agency policies relating to delegated procurement authority including:
  - Organizational level of delegated authority
  - Dollar level associated with each level of delegation
  - Reporting requirements to board of delegated procurement actions

Commission Responsibilities

- Review procurement policies and procedures with a focus on delegated authority
- Compare with other agencies
- Report on status of delegated authority, compliance with reporting requirements and recommend any changes, if applicable

CONSULTANT CONTRACT REPORTING

Agency Responsibilities

- Provide a list of all “General Consulting” contracts for functions such as General Engineering (GEC), Traffic and Revenue, General Construction Management, and Maintenance Management
- For General Consultant sub contracts that in aggregate, or in total, exceed $25,000 provide:
  - Identity of sub contractor
  - Brief description of service
  - Cost of sub contract

Commission Responsibilities

- Review the nature and extent of the use of General Consultant sub consultants
- Report annually to governor and legislature

COMPLIANCE WITH BOND COVENANTS

Agency Responsibilities

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

Commission Responsibilities

- Review and report on requirements and compliance

The individual reports for each of the Established Toll Agencies, starting with the Miami Dade Expressway Authority follow.

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Miami-Dade Expressway Authority (MDX)

BACKGROUND

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

The governing body of MDX consists of 13 voting members. Seven members are appointed by the Miami-Dade County Commission, five members are appointed by the Governor, and the District Six Secretary of the Florida Department of Transportation (FDOT) 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.

Table 4 Current Miami-Dade County Expressway Authority Board Members

Name	Affiliation	Position
Mrs. Maritza Gutierrez	Creative Ideas Advertising, Inc.	Chair
Mr. Robert W. Holland, Esq.	Law Office of Robert W. Holland	Vice-Chair
Mr. Carlos A. Lacasa, Esq.	Ruden, McClosky, Smith, Shuster & Russell, P.A.	Treasurer
Mr. Gerry O'Reilly	Interim District Six Secretary	Ex-Officio Board Member
Mr. Nick A. Inamdar	The Gatehouse Group	Board Member
Mr. Maurice A. Ferre´	Office of Maurice A. Ferre´	Board Member
Mr. Felix M. Lasarte	Holland & Knight, LLP	Board Member
Mr Arthur Noriega, V	Miami Parking Authority	Board Member
Mr. Gonzalo Sanabria	Real Estate Works, Inc.	Board Member
Mrs. Yvonne Soler-McKinley	City Manager - South Miami	Board Member
Mr. Jorge Vigil, Esq.	Rasco, Reininger, Perez, Esquenazi & Vigil, P.L.	Board Member
Vacant		Board Member
Vacant		Board Member

MDX currently oversees, operates and maintains five expressways constituting approximately 34 centerline-miles and 223 lane-miles of roadway in Miami-Dade County. The four toll facilities include: Dolphin Expressway (SR 836), Airport Expressway (SR 112), Don Shula Expressway (SR 874), and Gratigny Expressway (SR 924). The Snapper Creek Expressway (SR 878) is not currently tolled. The Authority reported toll revenue of $82 million in FY 2007 based on 73 million transactions. MDX opened a new three-mile extension of the Dolphin Expressway (SR 836) in July 2007. This new segment is an Open Road Tolling (ORT) project that utilizes SunPass where the toll is collected through an overhead gantry allowing for an open road with no toll plaza.

The Authority currently estimates that only 45 percent of all vehicles using MDX facilities pay a toll because the facilities allow for numerous free movements (e.g., not all interchanges are tolled). MDX has approved an Open Road Tolling Master Plan that will examine technology and conduct community outreach efforts, so that the ORT concept can be implemented on all MDX facilities whereby everyone would pay a toll commensurate with the portion of the road they use.

Pursuant to an MDX/FDOT Transfer Agreement in December 1996, FDOT transferred operational and financial control of the five roadways and certain physical assets to MDX. Under the provisions of the Transfer Agreement, MDX agreed to pay FDOT $11.8 million in connection with the transfer. In FY 2007, MDX fully repaid the outstanding balance of the original $11.8 million obligation. The Authority also received loans and advances from the Toll Facility Revolving Trust Fund and State Infrastructure Bank to fund various projects. The following table indicates that approximately $61.2 million in outstanding debt is due to the Department as of June 30, 2007.

Table 5 MDX long-term debt payable to FDOT ($ in millions), year ended June 30, 2007

Transaction	$ (millions)
MDX/FDOT Transfer Agreement(1)	$0.0
Loans from Toll Facilities Revolving Trust Fund(2)	$3.6
Loans from State Infrastructure Bank(3)	$57.6
Total Due FDOT	$61.2

Source: MDX Notes to Audited Financial Statements.
(1) In FY 2007, MDX fully repaid the outstanding balance of the original $11.8 million obligation.
(2) To be repaid by FY 2019.
(3) To be repaid by FY 2018.

PERFORMANCE MEASURES

Pursuant to the Florida Transportation Commission's (FTC) expanded role in providing oversight to specified authorities, FTC 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. Consequently, FTC, 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 2007 results, as reported by MDX, are provided in the following table. Results for the last five fiscal years are included in **Appendix B**.

Table 6 Miami-Dade County Expressway Authority summary of performance measures, FY 2007

Performance Measure	Detail	Objective	Actual Results	Meets Objective
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	90.7	✓
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	95.9%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	97.5%	✓
Bridge Condition - Weight Restrictions	% SHS bridge structures with posted limit	0%	0%	✓
Electronic Toll Collection – (ETC) Transactions	Number of ETC transactions as % of total transactions	> 75% by 12/31/08	64.2%	✓ On Track
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	3.6%	✓
Safety(1)	Fatalities per 100 million vehicle miles traveled	> 10% below 5yr. avg. (.52)	1.16	X
Customer Service	% customers satisfied with level of service	> 90%	95.8%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	-2.3%	✓
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	> 80%	75.0%	X
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	> 90%	50.0%	X
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16	$0.12	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	+/- 10%	-2.6%	✓
Applicable Laws				
Minority Participation(2)	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	100+%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage –Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.82	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.82	✓

(1) Safety objective based on five year average of fatalities per 100 million VMT for the four established Authorities. Actual results based on CY 2006 data.

(2) Multiple goals established – see narrative in performance measure section below.

MDX met or exceeded 13 of the 16 performance measure objectives. This section will focus on those performance measures the Authority did not meet and provide 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 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 2006 data. Accident fatalities on MDX facilities have increased for the past three years. The Authority indicated that the 13 fatalities reported in 2006 are primarily attributed to late night accidents, where other factors contributed to the unfortunate incidents. In some cases, either motorcycles or lack of seat belt usage played a role in fatalities reported. Roadway conditions and high crash locations are constantly assessed for safety improvements and are part of a system review. MDX further indicated that a number of safety improvement projects have been undertaken or are planned. System wide striping, signage upgrades and guardrail improvements to protect all median closings are currently underway. Additionally, the implementation of the Rapid Incident Scene Clearance (RISC) Program and the impacts of the Florida Highway Patrol campaigns relating to seat belt usage and moving vehicles off the road will help avoid serious secondary accidents.

◆ ***Construction Contract Adjustments (Time)*** – Of the four construction contracts completed in FY 2007, three contracts (or 75%) were completed within 20 percent of the original contract time. This falls short of the 80 percent performance measure objective. MDX indicated that this was attributed to adjusting the contract time for increased scope on one project.

◆ ***Construction Contract Adjustments (Cost)*** – Of the four construction contracts completed in FY 2007, two contracts (or 50%) were completed within 10 percent of the original contract amount. This falls short of the 90 percent performance measure objective. MDX indicated that this was attributed to a toll plaza conversion project whereby dedicated SunPass lanes were converted to express SunPass lanes. The scope of the contract was increased at the request of MDX to address additional safety upgrades necessary for the overall effectiveness of the project. The scope of a second project was also increased.

Results from the Florida's Turnpike Enterprise Annual Customer Satisfaction Survey were used for reporting MDX Customer Service performance. The Enterprise mailed approximately 1.7 million surveys to active SunPass account holders statewide, and approximately 119 thousand surveys were completed and returned.

It should be noted that debt service coverage ratios, as standardized in FTC'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 2.47 in the Supplementary Schedules section of the FY 2007 audited financial statements. This compares to 1.82 as reported in the performance measures table. This difference is primarily attributed to investment income and administrative expenses, which are included in the MDX calculation, but are excluded in the performance measure calculation. Even with the different methodology used to calculate debt service coverage, the Authority met the performance measure objective.

In addition, for the Minority Participation performance measure, MDX Procurement Policy establishes a 25 percent goal for Minority and Disadvantaged businesses participation. All solicitation and contract documents include language encouraging such participation, and certification is based on ethnicity/gender with participation measured in aggregate of its contracts. MDX reported achieving 24 percent (or $32 million) MBE/DBE participation (or 96% of its 25% goal) based on capital and operating expenditures for FY 2007. MDX has also adopted a Small Business (SBE) Participation Policy (certification based on a firm's annual revenues), which requires that not less than 10 percent of the Authority's total annual contract dollars awarded be committed to SBEs. In order to meet this requirement, the Authority evaluates individual projects and identifies those projects most applicable for SBE participation based on available qualified and certified small businesses. These contracts are then competitively procured through various methods (such as RFP, ITB, etc.), as may be applicable. MDX reported achieving 20 percent SBE participation commitment (or $13 million), thereby exceeding the 10 percent SBE participation commitment goal.

OPERATING INDICATORS

FTC, 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. FTC did not establish objectives or goals for these indicators, as various Authorities have unique characteristics. FY 2007 operating indicators, as reported by MDX, are provided in the following table. Also, to assist in trend analysis, FY 2005 and FY 2006 operating indicators are also provided. Results for the last five fiscal years are included in **Appendix B**.

Table 7 Miami-Dade County Expressway Authority summary of operating indicators ($ in millions), FY 2005 through FY 2007

Indicator	Detail	Actual 05 Results $ (millions)	Actual 06 Results $ (millions)	Actual 07 Results $ (millions)
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$57.0	$101.3	$121.5
	Infrastructure Assets	$85.7	$111.7	$129.7
	Construction in Progress	$237.2	$339.1	$427.9
	Total Value of Transportation Assets	$379.9	$552.2	$679.1
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.0	$0.0	$0.0
	Routine Maintenance of Infrastructure	$5.0	$5.6	$11.2
	Total Preservation Costs	$5.0	$5.6	$11.2
Toll Collection Transactions	Revenue from Electronic Transactions	43.3%	53.1%	57.7%
Annual Revenue Growth	Toll and Operating Revenue	19.0%	31.8%	6.9%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Total Operating Expense	28.9%	30.5%	28.8%
	Routine Maintenance Expense as % of Total Operating Expense	18.5%	16.6%	25.9%
	Administrative Expense as % of Total Operating Expense	16.2%	15.9%	13.5%
	Operating Expense as % of Operating Revenue	46.3%	43.7%	52.1%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Total Operating Revenue	22.0%	20.6%	28.5%
Property Acquisition				
Right-of-Way	Agency Appraisals	$7.9	$2.5	$5.1
	Initial Offers	$6.9	$2.4	$5.0
	Owners Appraisals	$3.7	$0.0	$3.8
	Final Settlements	$8.4	$3.1	$6.4

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

It is important to note FY 2007 operating indicators that significantly differ from prior year trends.

◆ ***Growth in Value of Transportation Assets*** – Land, infrastructure and construction in progress change from year to year as new capital projects are built and completed. A project starts off as "construction in progress" and is reclassified to "infrastructure" when the project is complete. These indicators rely heavily on capital projects contained in the Work Program (e.g., road widening, new alignments, new interchanges, bridges, etc.). For example, the significant increase in construction in progress is primarily attributed to construction of the new three-mile extension of the Dolphin Expressway (SR 836). Additional projects under construction include: Killian Parkway interchange and Kendall Drive northbound on-ramp on SR 874, Interconnector from Miami International Airport to SR 112, toll lane conversions on SR 112, and various system wide improvements.

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

◆ ***Preservation of Transportation Assets (Routine Maintenance of Infrastructure)*** – Costs for FY 2007 are reported at $11.2 million. As indicated by MDX, this significant increase of $5.6 million over FY 2006 is primarily attributed to clean-up costs related to Hurricanes Katrina and Wilma. MDX recognized $4.9 million of routine maintenance expenses related to the clean-up effort. However, these expenses were "offset" by non-operating revenues for a Federal Highway Administration (FHWA) Grant. The Authority's Asset Management Contractor is obligated to reimburse the Authority for any costs deemed ineligible by FHWA.

◆ ***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 60 percent in FY 2006 to 64 percent in FY 2007. There is a direct correlation between electronic transactions and revenue. Specifically, the electronic toll rate is $0.25 less than the cash rate, thereby reducing the revenue received as each cash customer moves to electronic toll collection.

◆ ***Annual Revenue Growth (Toll and Operating Revenue)*** – FY 2007 revenue grew by 6.9 percent over FY 2006 levels as compared to revenue growth of 31.8 percent in FY 2006. The significant revenue growth experienced in FY 2006 is attributed to a toll rate increase which equalized all toll rates on the Authority's Expressways. There is a toll rate differential between cash ($1.25) and SunPass ($1.00). As SunPass penetration increases, the overall effect is lowering revenue growth.

◆ ***Operating Efficiency and Rating Agency Performance*** – Total operating expenses increased in FY 2007 due to increased routine maintenance costs, as previously noted. In addition, FY 2007 toll operations costs increased by $2.1 million, or 20 percent, over FY 2006 due primarily to an increase in SunPass processing costs, the first full year of toll system software maintenance, and an annual programmed increase for the MDX contracted toll collection and toll maintenance personnel. The operating expense growth rate exceeded the operating revenue growth rate in FY 2007, thereby causing expense ratios to increase.

◆ ***Right-of-Way*** – In FY 2007, MDX acquired six parcels (totaling approximately $6.4 million) through the Right-of-Way program. This was within the MDX policy that requires total purchase costs to be within 25 percent of MDX appraised values (without litigation) for MDX Property Acquisition Committee approval. Any parcel settlements that exceed the 25 percent threshold must go to the MDX Governing Board for approval.

GOVERNANCE

In addition to establishing performance measures and operating indicators for transportation authorities, FTC has determined that monitoring the "governance" and management practices of the authorities is required in order for it to fulfill its obligations under the law. To that end, FTC monitors polices and procedures in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

◆ ***Ethics and Conflicts of Interest*** – MDX provided a copy of its Code of Ethics policy that was last amended on December 11, 2007. The policy is applicable to Board members, employees and consultants retained by MDX. Board Members and employees are also subject to compliance with Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees). In the event of conflict between the Authority policy and the provisions of Chapter 112, Florida Statutes, the more restrictive provisions shall control. The policy appears to be comprehensive and includes areas such as conflicts of interest, doing business, misuse of public position, gifts, post-service contact with MDX, Ethics Officer, ethics training and fraud hotline. According to MDX, no ethics or conflict of interest violations or investigations were reported during FY 2007. FTC staff reviewed the Authority's Board minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations. The meeting minutes did disclose instances where Board Members abstained from voting on consent agenda items due to voting conflicts.

◆ ***Conflict of Interest Documentation*** – State Commission on Ethics Form 8B - Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers was included in the Board monthly meeting minutes summary. The Authority provided, and FTC staff reviewed related party questionnaires administered to Board members and management staff in September 2007 for related party, financial interests and fraud risk as required by the annual independent audit. Questionnaires evidenced Authority review and no conflicts were noted. One MDX Board member indicated that he believed a contractor doing business with the Authority was being investigated by the State Attorney's Office. MDX indicated that the investigation related to the contractor and not the Authority. The Authority provided information requested by the State Attorney through the public records process and no further response or information was required from the Authority.

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

An annual independent audit of MDX's financial statements for the fiscal years ended June 30, 2007 and 2006 was performed. The Independent Auditor's Report indicated that the

financial statements were prepared in conformity with generally accepted accounting principles (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 recommendations to improve the Authority's financial management, accounting procedures and internal controls. The auditors did note that the Authority implemented two prior year audit recommendations relating to conflicts of interest policy and authorization thresholds for disposal of capital assets.

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

◆ ***Procurement*** – The MDX Board adopted an amended Procurement Policy on February 27, 2007. The Procurement Policy is comprehensive, but the focus of this review is on delegated procurement authority. The Procurement Manager may delegate his/her authority regarding procurements to any of the MDX Directors in writing, with prior written consent of the Executive Director. The Procurement Manager is authorized to approve small purchases not to exceed $25,000 in the aggregate in any fiscal year without Board approval (subject to Board approved budget and following the established competitive procurement process).

Executive Director's approval is required for:

- All procurements and resulting contracts valued up to $100,000
- All procurements and resulting contracts for services pursuant to the Consultants Competitive Negotiation Act (CCNA) up to $50,000

- All change orders and contract amendments for a single contract which are cumulatively: (1) less than or equal to 15 percent of the original contract amount or $1,000,000, whichever is less; OR (2) less than or equal to 15 percent of the original contract time.

Pursuant to MDX Bylaws, the Authority has six Standing Committees (composed of Board Members) that have all 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 action. 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 Change Orders and Contract Amendments for a single contract which is cumulatively: (1) greater than 15 percent of the original contract amount or $1,000,000, whichever is less; OR (2) greater than 15 percent of the original contract time.

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

- All contracts valued over $100,000
- Renewal, cancellation or extension of contracts
- All change orders and contract amendments for a single contract which cumulatively exceed $2,000,000 or which are cumulatively: (1) greater than 20 percent of the original contract amount; OR (2) greater than 20 percent of the original contract time
- Contract incentives or disincentives
- Contract contingency allowances
- Rescission of contract awards
- Final ranking of proposers
- Cancellation of procurements and assignment of contracts

During the procurement review, FTC staff noted that the Executive Director "could" potentially approve a change order or contract amendment for a single contract up to $1 million without prior approval of a Standing Committee or the MDX Board. Monthly reports of all executed supplemental agreements, whether approved by the Board, the Standing Committee or the Executive Director during the previous month, are provided to the appropriate Awards Committee and MDX Board. However, the FTC encourages the MDX Board to review 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 2007. As indicated in the following table, 22 sub consultants were used

Table 8 Miami-Dade County Expressway Authority summary of general consultant sub consultant activity, FY 2007

Consulting Contract	Description	Sub consultants >$25k Number	Sub consultants >$25k ($000)
EAC Consulting, Inc.	General Construction Management Consultant	5	$1,244
HNTB	General Engineering Consultant	10	$2,486
VMS, Inc.	Maintenance Management Consultant	7	$1,754
Wilbur Smith Associates	Traffic and Revenue Consultant	0	$0
Total Sub consultants > $25 K		22	$5,484

by the general consulting firms for a total cost of $5.5 million in FY 2007. Seven sub consultants (A&P Consulting Transportation Engineers Corp.; DMJM Harris, Inc.; CH Perez & Associates Consulting Engineer's, Inc.; Tenusa, Inc.; Techno Services Inc.; HDR Acquisition Services, Inc.; and, Bermello, Ajamil & Partners, Inc.) comprised approximately $3.0 million of the $5.5 million.

◆ ***Compliance with Bond Covenants*** – In September 2006, MDX issued $304 million in Revenue Bonds, Series 2006. Bonds are payable from and secured by a pledge of net revenues from the operation of the Expressway System. Bond proceeds are primarily being used to partially fund Work Program projects. As of June 30, 2007, total bonds in the principal amount of approximately $943 million remain outstanding. The following areas were noted to be in compliance with bond covenants:

- Annual financial information and operating data were filed with the Securities and Exchange Commission (SEC) pursuant to Rule 15c2-12.
- An annual financial statement audit was performed.
- MDX utilizes a nationally recognized General Engineering Consultant (HNTB).
- An independent inspection and report concerning the condition of the Expressway System is required at least annually. An annual inspection report, dated December 2007, was provided by the Authority.
- MDX utilizes a nationally recognized Traffic and Revenue Consultant (Wilbur Smith Associates). The Traffic Engineers provide monthly traffic and revenue letter reports to the Authority. Additionally, a Traffic and Revenue Update Study for MDX, dated August 2006, was prepared by Wilbur Smith for inclusion in the Official Statement for the MDX Revenue Bonds, Series 2006.
- Debt service coverage ratio exceeds bond requirements (FY 2007 and FY 2006 verified).

SUMMARY

The Miami-Dade County Expressway Authority serves a vital role in providing for transportation needs of Miami-Dade County. The Authority currently oversees, operates and maintains five Expressways constituting approximately 34 centerline miles of roadway in Miami-Dade County that serve the metropolitan Miami area. The Florida Transportation Commission review of MDX was conducted with the cooperation and assistance of the Authority and relied heavily on documentation and assertions provided by Authority management.

MDX met or exceeded 13 of the 16 management objectives established for performance measures. The three performance measure objectives not met include: safety, construction contract adjustments – time, and construction contract adjustments - cost.

Operating indicator trend analysis showed a significant increase in construction in progress primarily due to construction of the new three-mile extension of the Dolphin Expressway (SR 836). Routine maintenance costs also increased in FY 2007 primarily due to clean-up costs related to Hurricanes Katrina and Wilma. As reported by MDX, annual revenue growth of 6.9 percent in FY 2007 significantly decreased from revenue growth of 31.8 percent in FY 2006 due to a toll rate increase in FY 2006, which equalized all toll rates on the Authority's Expressways. Additionally, toll operations costs increased by $2.1 million, or 20 percent, over FY 2006 due to an increase in SunPass processing costs, the first full year of toll system software maintenance, and an annual programmed increase for the MDX contracted toll collection and toll maintenance personnel.

In the area of governance, the FY 2007 independent financial statement audit reflected an unqualified opinion. The auditors noted that both recommendations for improvements provided in the prior year Auditor's Management Letter (FY 2006) were implemented by MDX. For procurement, FTC staff noted that the Executive Director "could" potentially approve a change order or contract amendment for a single contract up to $1 million without prior approval of a Standing Committee or the MDX Board.

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

FTC encourages MDX to develop and pursue action plans to help meet established performance measure objectives and to review established thresholds for contract amendment approval authority. FTC acknowledges, with appreciation, the assistance of the MDX Board and staff in providing the resources necessary to conduct this review and to complete this report.

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MIAMI-DADE EXPRESSWAY AUTHORITY
AN AGENCY OF THE STATE OF FLORIDA

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suncom 461.3277 *www.mdx-way.com*

March 10, 2008

Sally S. Patrenos
Executive Director
Florida Transportation Commission
605 Suwannee Street
Mail Station 09
Tallahassee, Florida 32399-0450

Dear Ms. Patrenos,

The Miami-Dade Expressway Authority (MDX) appreciates the time and dedication spent in developing the transportation performance and reporting measures. We are grateful to the Commission and your staff for the opportunity in allowing us to participate in developing such objectives. For the first reporting year, MDX is pleased that we were able to meet or even exceed 13 of the 16 performance measures.

The three objectives that were not met were safety, construction cost and construction time. In the area of safety, MDX has implemented a system-wide safety improvement program to address all incident locations where potential safety enhancements can be implemented. As of June 30, 2007, MDX completed its installation of guardrails near water bodies along our roadways. Another safety improvement slated for completion in fiscal year 2008, is our median guardrail installation to protect against crossover incidents. In regards to the construction cost and time, these measures were not met due to MDX's request for scope changes after the execution of the contract. We will continue to strive to identify all project needs in advance of construction, to limit the need for such scope changes that may impact time and cost. We will also continue to work closely with our contractors to ensure projects are delivered on time and within contract cost.

MDX concurs with the Commission's Transportation Authority Monitoring and Oversight Report dated March 3, 2008. We will continue to strive to meet all of the performance measures in the upcoming year. We have a profound belief and interest to ensure that the agency maintains the highest operational standards; delivers the highest level of service; manages public resources in the most professional manner; and maintains the public trust. I look forward to working with the Commission in the upcoming year as you fulfill your requirements as enacted by the legislature. In the meantime, please do not hesitate to contact me for any additional follow up.

Sincerely,

Javier Rodriguez

Javier Rodriguez, P.E.
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 by Chapter 348, Part V, Florida Statutes, for the purpose of construction and operation of an expressway road system in Orange County. 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 the Board of County Commissioners of Orange County and District Five Secretary of the Florida Department of Transportation (FDOT) are the two ex-officio members of the Board.

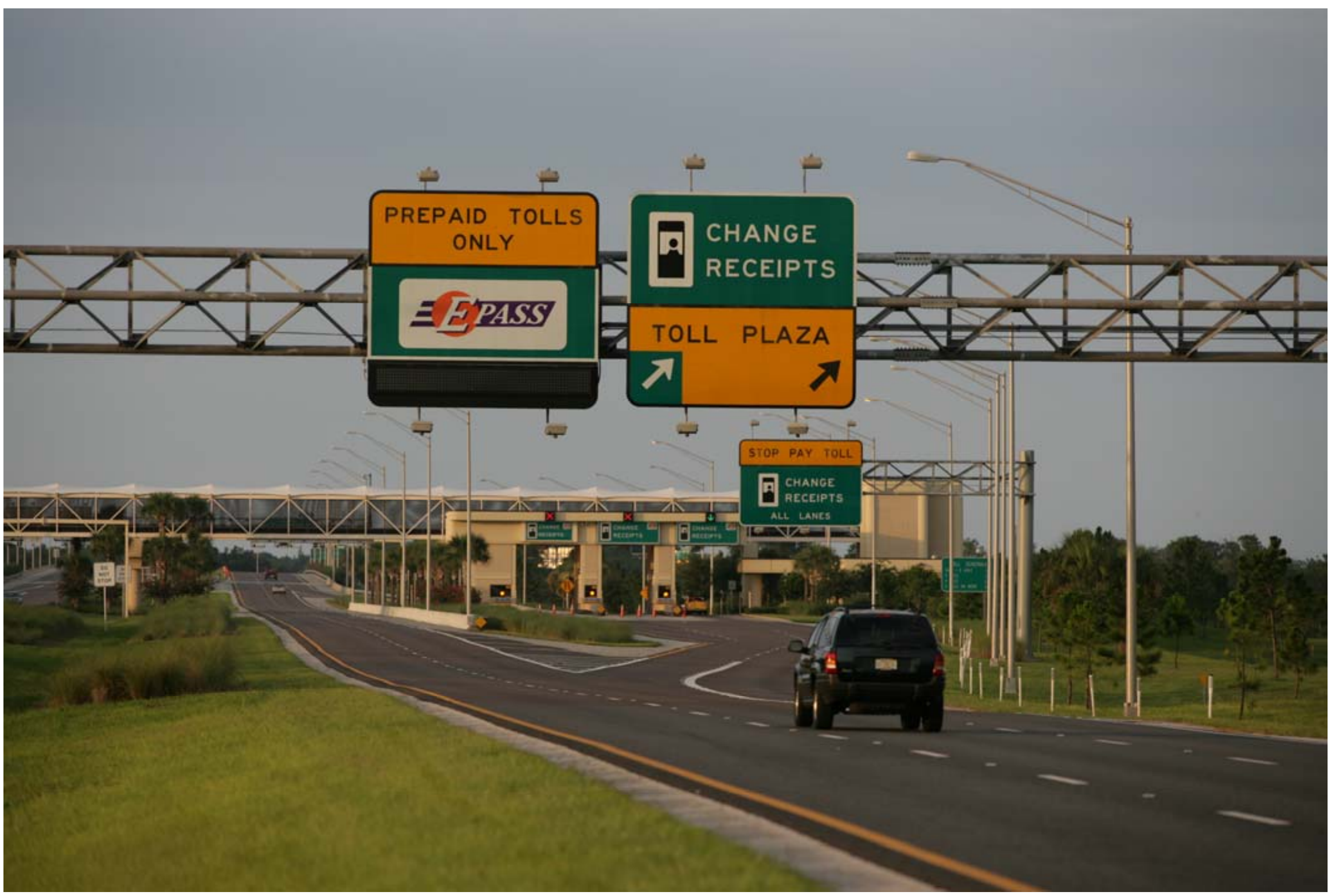


Table 9 Current Orlando-Orange County Expressway Authority Board Members

Name	Affiliation	Position
Mr. Richard T. Crotty	Orange County Mayor	Chairman
Mr. Harvey Massey	Massey Services	Vice Chairman
Mrs. Noranne Downs, P.E.	District Five Secretary	Secretary-Treasurer
Mr. Mark Filburn	ZMG Construction, Inc.	Board Member
Vacant		Board Member

OOCEA currently owns and operates 100 miles of roadway in Orange County. The roadways include 22 miles of the East-West Expressway (SR 408), 23 miles of the Beachline Expressway (SR 528), 33 miles of the Central Florida GreeneWay (SR 417), and 22 miles of the Daniel Webster Western Beltway (SR 429). The Authority reported toll revenue of $203 million in FY 2007 based on 310 million transactions.

OOCEA officially broke ground on the John Land Apopka Expressway (SR 414) in January 2007. Phase one of this project is 5.5 miles and extends from where Maitland Boulevard currently ends at US 441 to SR 429 in Orange County. Additional major projects in the Authority's $1.005 billion Five-Year Work Program (FY 2008 through FY 2012) include: partial widening of SR 408 and SR 417; resurfacing of SR 528 and SR 429; partial design and partial right-of-way for the Wekiva Parkway; new interchanges; conversion of existing toll plazas to open-road tolling plazas; and, toll collection system upgrades.

Under the requirements of a Lease-Purchase Agreement between OOCEA and FDOT, the Authority is reimbursed by the Department for certain operating and maintenance costs of the Beachline Expressway and the East-West Expressway. The Authority records these reimbursements as advances because amounts are to be repaid to FDOT from future toll revenues after all bonds are retired and all other obligations have been met. The following table indicates that approximately $226 million in long-term debt is owed to the Department for these operating and maintenance expense advances and other FDOT advances and loans.

Table 10 OOCEA long-term debt payable to FDOT ($ in millions), year ended June 30, 2007

Transaction	$ (millions)
Advances for Operating and Maintenance Expenses(1)	$188.4
Advances for Completion of East-West Expressway(1)	$14.0
Loans from Toll Facilities Revolving Trust Fund(2)	$2.5
Loan from State Infrastructure Bank(3)	$20.6
Total Due FDOT	$225.5

Source: OOCEA Notes to Audited Financial Statements.

(1) July 1, 2042 is the earliest date that System payments are anticipated to begin based on the requirements of the Lease-Purchase Agreement and current Bond Official Statement.

(2) To be repaid by FY 2010.

(3) To be repaid by FY 2018.

PERFORMANCE MEASURES

Pursuant to the FTC's expanded role in providing oversight to specified authorities, FTC 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. Consequently, FTC, 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 2007 results, as reported by OOCEA, are provided in the following table. Results for the last five fiscal years are included in **Appendix B**.

OOCEA met or exceeded 12 of the 16 performance measure objectives. This section will focus on those performance measures the Authority did not meet and provide trend data, explanations and any action plans that OOCEA has developed to assist in meeting the measures.

Table 11 Orlando-Orange County Expressway Authority summary of performance measures, FY 2007

Performance Measure	Detail	Objective	Actual Results	Meets Objective
Operations				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	89	X
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%	✓
Electronic Toll Collection – (ETC) Transactions	Number of ETC transactions as % of total transactions	> 75% by 12/31/08	65.9%	✓ On Track
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	2.8%	✓
Safety(1)	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg (.52)	0.61	X
Customer Service	% customers satisfied with level of service	> 90%	98.8%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	25.2%	X
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	> 80%	100.0%	✓
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	> 90%	100.0%	✓
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16	$0.11	✓
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual OM&A to annual budget	+/- 10%	-16.8%	X
Applicable Laws				
Minority Participation(2)	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	120.0%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage –Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.59	✓
Debt Service Coverage - Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.59	✓

(1) Safety objective based on five year average of fatalities per 100 million VMT for the four established Authorities. Actual results based on CY 2006 data.

(2) The Authority has a 15 percent goal for RFP's and ITN's and reported achieving 18 percent, or 120 percent of the goal.

◆ ***State Highway System Roadway Maintenance Condition Rating*** – For FY 2007, the objective of 90 was not met (actual result was 89); however, OOCEA has met or exceeded this measure for the last five fiscal years, as indicated by data included in **Appendix B** of this report.

◆ ***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 2006 data. Accident fatalities on OOCEA facilities in 2005 and 2006 significantly exceeded prior year levels.

Preliminary data indicate that CY 2007 fatalities significantly decreased from CY 2006 fatalities. The Authority indicated that a number of safety improvement projects have been undertaken in the past year. The most significant safety improvements are:

- Effective September 15, 2007, Road Ranger Motorist Service Patrols were increased and expanded. The new contract requires six vehicles to patrol the System daily from 6:00 a.m. to 8:00 p.m. The previous contact provided only three vehicles during the mid-day period on weekdays, with no mid-day service provided on weekends. The previous contract also provided service until 7:30 p.m., whereas the new contract extends service until 8:00 p.m.

- Guardrail improvements and expansion work were performed at various locations on the System.

- Post delineators were replaced with a movable barrier across the contra flow crossover on SR 528, just west of the SR 520 interchange to more effectively prevent unauthorized use of the crossover.

- Barrier walls and flashing beacons were installed at various locations on the System.

- A contract is currently in the bidding process to renew Raised Pavement Markers (RPM's) for more positive centerline guidance at night and in rain conditions for various sections of the System.

- Four additional Dynamic Message Signs (DMS) were installed on SR 408 to provide customers travel time information and safety messages related to incidents ahead. Plans are to place 27 more signs in operation in 2008.

- Barrier toll plaza conversions to express plazas (non-stop) continue throughout the System. Out of 12 mainline plazas, 9 are open road express, 2 are currently under conversion construction, and 1 plaza has not been addressed.

- Additional highway lighting was installed on SR 417 near the Curry Ford Road Interchange.

◆ ***Consultant Contract Management*** – The final cost of consultant management contracts (design and CEI) completed during the year exceeded the original award by approximately 25 percent. According to OOCEA, the majority of the consultant contracts completed over the last few fiscal years have been design contracts. The Authority requires design firms to submit plans at 30 percent, 60 percent, 90 percent and 100 percent of completion for thorough review by the Authority. The purpose of this review effort is to incorporate any value engineering that will lead to project cost savings or improvements in project effectiveness. All review comments must be addressed by the engineering design firm at each phase before proceeding with plans production. The Authority also identified other value-engineering processes incorporated during the plans production phases:

- A Bridge Development Report (BDR) is required for all bridge structures. The BDR not only determines the length and width of the bridge structure, but the cost differential of various structural materials such as steel versus concrete.
- A constructability review is provided throughout the plans production duration. These reviews are required not only by the engineering firm doing the design, but are also reviewed by an independent construction and engineering inspection firm that will oversee the project during construction. The purpose of this effort is to eliminate potential claims by the construction contractor.

- A right-of-way team is assigned to a project that ultimately will require the purchase of new right-of-way. The right-of-way team's input is incorporated throughout the life of the design phase. Roadway alignment shifts, retaining walls, drainage pond relocations, and roadway profile adjustments are a few examples of value engineering incorporated to offset potentially costly right-of-way damages.

This type of value engineering at the design phase of a project, in most cases, results in multiple supplemental agreements at the design phase that will ultimately result in overall cost savings for the project.

◆ ***Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance –*** Actual FY 2007 OOCEA OM&A expenses were 16.8 percent below the annual budget (objective is plus or minus 10%). OOCEA indicated that it had taken a conservative budget and forecast approach in past years. This past fall, the Authority revised its approach to setting the OM&A budget and now aligns the budget as closely as possible to expected expenditures.

Because of the size of the organization and the cost of conducting a survey, OOCEA indicated that they conduct customer service surveys every two years. A copy of the Authority's *Bi-Annual Survey of Expressway Users and Non-Users*, dated July 2006, was provided. This most recent survey reflected that 98.8 percent of E-Pass users are satisfied with their E-Pass.

It should be noted that debt service coverage ratios, as standardized in the FTC 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 1.86 in the Other Supplementary Information section of the FY 2007 audited financial statements. This compares to 1.59 as reported in the above performance measures table.

In addition, for the Minority Participation performance measure, OOCEA indicated that it establishes objectives by evaluating projects and identifying those projects most applicable to small business and minority participation. These contracts are then procured through the Small Sustainable Business Sheltered Market Program or the Micro Contract Program, as appropriate. OOCEA reported meeting 100 percent of this goal. In addition, Invitations to Bid and Requests for Proposal documents reflect a 15 percent participation objective. The Authority reported that 18 percent minority participation was achieved in this area.

OPERATING INDICATORS

FTC, 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. FTC did not establish objectives or goals for these indicators, as various Authorities have unique characteristics. FY 2007 operating indicators, as reported by OOCEA, are provided in the following table. Also, to assist in trend analysis, FY 2005 and FY 2006 operating indicators are provided. Results for the last five fiscal years are included in **Appendix B**.

It is important to note FY 2007 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

Table 12 Orlando-Orange County Expressway Authority summary of operating indicators ($ in millions), FY 2005 through FY 2007

Indicator	Detail	Actual 05 Results $ (millions)	Actual 06 Results $ (millions)	Actual 07 Results $ (millions)
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$365.0	$416.4	$423.3
	Infrastructure Assets	$946.0	$1,122.7	$1,196.7
	Construction in Progress	$390.2	$400.2	$662.9
	Total Value of Transportation Assets	$1,701.2	$1,939.3	$2,282.9
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$10.5	$13.4	$24.7
	Routine Maintenance of Infrastructure	$10.1	$11.0	$12.5
	Total Preservation Costs	$20.6	$24.4	$37.2
Toll Collection Transactions	Revenue from Electronic Transactions	56.2%	59.9%	64.2%
Annual Revenue Growth	Toll and Operating Revenue	5.3%	8.9%	5.5%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Total Operating Expense	43.7%	43.6%	36.8%
	Routine Maintenance Expense as % of Total Operating Expense	14.6%	14.4%	13.6%
	Administrative Expense as % of Total Operating Expense	8.8%	9.3%	6.4%
	Operating Expense as % of Operating Revenue	38.4%	39.3%	44.7%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Total Operating Revenue	22.4%	22.8%	22.5%
Property Acquisition				
Right-of-Way	Agency Appraisals	$25.6	$32.2	$38.4
	Initial Offers	N/A	N/A	$14.4
	Owners Appraisals	N/A	N/A	$18.2
	Final Settlements	$26.9	$33.7	$45.7

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.

Work Program (e.g., road widening, new alignments, new interchanges, bridges, etc.).

◆ ***Preservation of Transportation Assets (Renewal and Replacement of Infrastructure)*** – Costs for FY 2007 are reported at $24.7 million. As reported by OOCEA, this significant increase of $11.3 million over FY 2006 is primarily attributed to costs of milling, resurfacing and repairs, and improvements on SR 417 and the Beachline Expressway.

◆ ***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 62 percent in FY 2006 to 66 percent in FY 2007. Peak hour electronic toll collection transactions are approximately 70 percent. There is a direct correlation between electronic transactions and revenue associated with these transactions.

◆ ***Annual Revenue Growth (Toll and Operating Revenue)*** – FY 2007 revenue grew by a modest 5.5 percent over FY 2006 levels as compared to the more robust revenue growth of 8.9 percent in FY 2006. OOCEA commented that toll suspensions due to four hurricanes decreased toll revenue in FY 2005. Subsequent to the hurricanes, traffic increased in FY 2006 due to clean-up and repair activity in the area, which magnified the growth rate spread between FY 2005 and FY 2006. FY 2007 toll revenue reflected a return to normal steady growth on the Expressway System.

◆ ***Operating Efficiency*** – Total operating expenses increased in FY 2007 due to increased

Renewal and Replacement (R&R) costs as previously noted. As a result, operating, routine maintenance and administrative (OM&A) expenses all decreased as a percentage of total operating expenses. The increased R&R costs also caused operating expense, as a percentage of operating revenue, to significantly increase (from approximately 39% in FY 2006 to 45% in FY 2007).

◆ ***Right-of-Way*** – OOCEA has not been collecting right-of-way data in the reporting format prescribed by FTC for reportable operating indicators. The information is not readily available and would be a burden on daily operations to obtain. In addition, the methodology employed in right-of-way acquisition does not necessarily involve all four factors for each acquisition. For example, in FY 2007, 3 parcels were acquired without agency appraisals, 15 parcels were acquired without an initial offer, and 21 parcels were acquired without owner appraisals. OOCEA's preferred methodology is to negotiate an agreement before 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.

GOVERNANCE

In addition to establishing performance measures and operating indicators for transportation authorities, FTC has determined that monitoring "governance" and management practices of the authorities is required in order for it to fulfill its obligations under the law. To that end, FTC monitors polices and procedures in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts, and compliance with bond covenants.

◆ ***Ethics and Conflicts of Interest*** – OOCEA provided a copy of its Code of Ethics policy that was adopted by the Board on June 25, 2004. The policy is applicable to Board members, employees and consultants retained

by OOCEA. Board Members are also subject to compliance with Chapter 112, Part III, Florida Statutes. The policy appears to be comprehensive and includes areas such as statement of intent and declaration of OOCEA policy, covered persons, conflicts of interest, prohibited conduct or activity, financial disclosures, and political activities. According to OOCEA, no ethics or conflict of interest violations or investigations were reported during fiscal year 2007. FTC staff reviewed the Authority's Board minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations. The meeting minutes did disclose instances where Board Members abstained from voting on consent agenda items due to voting conflicts. OOCEA policy requires that conflict of interest disclosure documentation be filed with the Executive Secretary of the Authority. FTC verified that files containing conflict of interest documentation (including State Commission on Ethics Form 8B - Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers) were maintained by the Executive Secretary.

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

An annual independent audit of OOCEA's financial statements for the fiscal years ended June 30, 2007 and 2006 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and received an unqualified opinion. The Independent Auditor's Report on Compliance and Internal Control over Financial Reporting did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance with Bond Covenants indicated that, in connection with the audit, nothing came to the auditor's attention that caused them to believe that the Authority failed to comply with the terms, covenants, provisions, or conditions of Sections 5.2, 5.5 to 5.7, 5.9, 5.10, 5.12 and 5.17 of the bond resolutions as they relate to accounting matters. In the Independent Auditor's Management Letter, the auditors disclosed five recommendations to improve the Authority's management, accounting procedures, and internal controls. As indicated in the following table, OOCEA concurred with these recommendations and is in the process of implementing corrective measures.

Table 13 FY 2007 Financial Statement Audit of Orlando-Orange County Expressway Authority

Audit Recommendations	Management Response	Implementation Status
Update Procurement Procedures Manual	Concur	Underway
Timely Deposit Receipts	Concur	Completed
Limit Access Controls to Computer Room Based on Need	Concur	Underway
Formalize Process and Reviews for Remote Computer Access Authorization	Concur	Underway
Utilize Change Logs to Document and Review Changes to EDEN and ARCS Systems(1)	Concur	Underway

(1) Eden, Inc. - The company that developed the Authority's Accounting System, Advanced Revenue Collection System (ARCS).

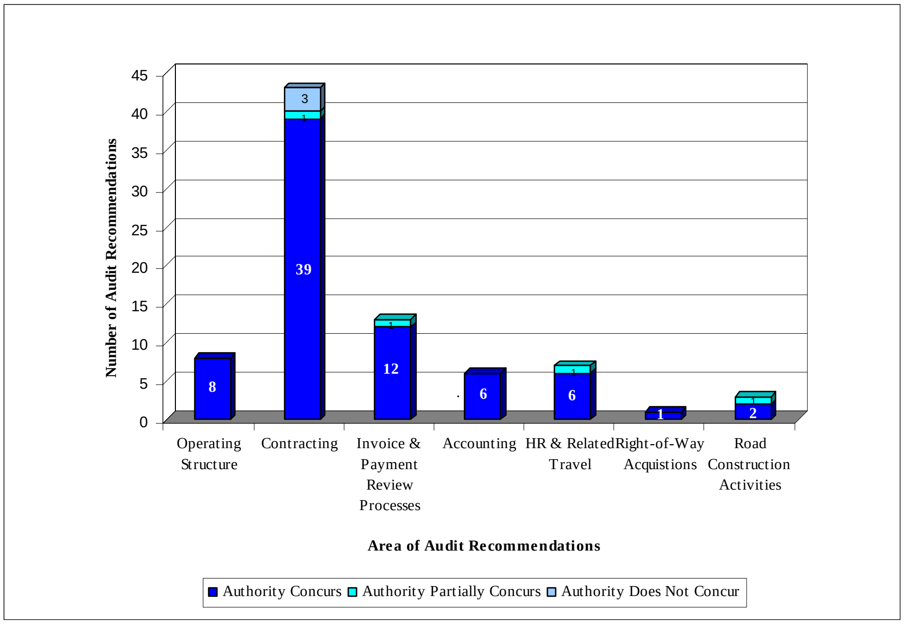
In addition to the annual financial statement audit, the OOCEA Board approved an independent audit of the Authority by the Orange County Comptroller's Office, whereby Audit Report No. 386 was issued in October 2007. The scope of the audit included OOCEA's operating structure, contracting for goods and services, invoice review and payment processes, hiring and compensation of staff, right-of-way acquisitions and in-progress road construction activities. The audit period was July 1, 2005 through September 30, 2006. The overall evaluations reached by the auditors regarding the specific objectives of the review were:

1. "Based on the testing performed, the procurement of goods and services was not always subject to fair and open competition, and in compliance with applicable internal policies and regulations, including generally accepted government procurement practices."

2. "In our opinion, controls over the payment of goods and services were not adequate to ensure that the goods and services paid for were properly authorized and received/performed. Also, controls to ensure work performed complied with contractual terms were not adequate."

The audit included 81 Recommendations for Improvement in 7 areas. As indicated in the following graph, OOCEA concurred with 74 recommendations, partially concurred with 4 recommendations, and did not concur with 3

Figure 1 Orange County Comptroller's Office audit of Orange-County Expressway Authority audit recommendations for improvement



recommendations. An Action Plan contained in the audit report that details audit recommendations, management responses, and implementation status is included in **Appendix E**.

As noted by the auditors: "We are encouraged by the recent steps taken by Authority staff, under the leadership of the Authority Chairman with the support of Authority Board members, to address some of the overriding concerns noted during the audit process." OOCEA indicated in the audit report that steps to implement 77 of the recommendations are either underway or planned. FTC followed up with OOCEA to assess progress made in implementing the recommendations. FTC conducted a site visit, performed a limited review of various documents, held interviews with OOCEA management, and requested clarification of issues through phone and e-mail correspondence.

OOCEA has made significant progress in implementing audit recommendations for improvement. According to OOCEA management and observations by FTC staff, a vast majority of the recommendations have already been completed. The following is a partial list of the more significant issues that have been completed by OOCEA:

- A centralized Procurement Department (includes engineering and construction contracts) has been established along with new Procurement Policies and a new Procurement Director
- New in-house legal counsel has been hired, rather than outsourced
- An internal audit function has been created and staffed with a new Internal Audit Director
- Existing consulting contracts have been opened to competition
- Boilerplate contracts have been standardized and also include additional clauses (audit, truth in negotiation and early termination) with all contracts requiring a term limit

FTC will continue to monitor the implementation plan and will update the status in the next annual performance report.

◆ ***Public Records and Open Meetings*** – OOCEA is operating under Chapter 119, Florida Statutes, relating to public records. The Authority is subject to the provisions of Section 189.417, Florida Statutes and Chapter 286, Florida Statutes, for open meetings. In addition, OOCEA has adopted their own procedures for Board Meetings and Informal Proceedings. A review of the OOCEA meeting minutes, as posted on the Authority's website, showed that the minutes of meetings are posted in compliance with statute. FTC staff was not able to verify the required meeting postings at OOCEA, City Hall or Orange County Administration Building (pursuant to policy), or the required newspaper advertising (pursuant to Statute). However, the Authority will retain evidence of advertisement in the future for FTC verification. The Authority provided documentation that showed evidence of new Board member training on "sunshine laws" and reported no instances of noncompliance. The FTC encourages the OOCEA Board to convene workshops to provide refresher training.

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

- Advertisements for proposals and bids valued over $50,000
- Procurements over $50,000
- Bid awards to other than the lowest bidder
- Negotiated fees before a notice to proceed is issued
- Amendments/Supplements over $50,000

The Board is also notified of undisclosed sub consultant contracts over $25,000 in aggregate. The Procurement Director is authorized to approve any type of procurement in an amount not to exceed $50,000 per contract or purchase order without Board approval. The $50,000 threshold adopted by OOCEA appears reasonable when compared to other Authorities.

◆ ***Consultant Contract Reporting*** – OOCEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2007. As indicated in the following table, 24 sub consultants were used by the general consulting firms for a total cost of $2.2 million in FY 2007. Three sub consultants (Claude Miller, Quest Corporation of America and GCI) comprised approximately $1 million of the $2.2 million and provided services relating to construction bid and construction support, communications services for completion of the Western Beltway projects, and maintenance management support.

Table 14 Summary of general consultant sub consultant activity, FY 2007

Consulting Contract	Description	Sub consultants > $25 K Number	Sub consultants > $25 K ($000)
HNTB Corporation	Traffic and Revenue Consultant	-	$0
PB Americas, Inc.	Construction Management Consultant	1	$231
PBS&J	General Engineering Consultant	12	$1,273
VMS, Inc.	Maintenance Management Consultant SR 429	10	$628
Horticultural Consulting Services	Landscape Maintenance Consultant	-	$0
GCI, Inc.	Maintenance Management Consultant SVCS	1	$37
Total Sub consultants > $25 K		24	$2,169

◆ ***Compliance with Bond Covenants*** – OOCEA issued $425 million in Revenue Bonds, Series 2007A, in June 2007. Bonds are payable from and secured by a pledge of net revenues from the operation of the Expressway System. Bond proceeds are being used to partially fund Work Program projects. As of June 30, 2007, bonds in the principal amount of approximately $2.2 billion remain outstanding.

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

- Annual financial information and operating data were filed with the Securities and Exchange Commission (SEC) pursuant to Rule 15c2-12
- An annual financial statement audit was performed
- OOCEA utilizes a nationally recognized General Engineering Consultant (PBS&J)
- OOCEA utilizes a nationally recognized Traffic and Revenue Consultant (HNTB)
- Debt service coverage ratio exceeds bond requirements (FY 2007 and FY 2006 verified)

SUMMARY

The Orlando-Orange County Expressway Authority serves a vital role in providing for transportation needs of the Central Florida region. The Authority currently owns and operates 100 centerline miles of roadway in Orange County that serve the metropolitan Orlando area. 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 12 of the 16 management objectives established for performance measures. The four performance measure objectives not met include: state highway system maintenance condition rating; safety; consultant contract management; and, annual operating, maintenance and administrative forecast variance.

Operating indicator trend analysis showed that Renewal and Replacement costs significantly increased in FY 2007 primarily due to milling, resurfacing, repairs and improvements on SR 417 and the Beachline Expressway. As reported by OOCEA, annual revenue growth in FY 2007 significantly decreased from FY 2006 levels due to increased traffic in FY 2006 attributed to clean-up and repair activities related to FY 2005 hurricanes. Additionally, revenue growth

declined in FY 2005 due to hurricane-related toll suspensions, thereby magnifying the revenue growth rate reported in FY 2006. Lastly, OOCEA has not been collecting right-of way data in the format prescribed for reportable operating indicators, but will begin capturing this data. The methodology employed by the Authority in right-of-way acquisition does not necessarily involve all four factors for each acquisition. The OOCEA preferred methodology is to negotiate an agreement before tendering a first offer.

In the area of governance, the FY 2007 independent financial statement audit reflected an unqualified opinion. Five recommendations for improvement provided in the Auditor's Management Letter are currently being implemented by OOCEA. The OOCEA Board also approved an independent operational audit of the Authority by the Orange County Comptroller's Office with an audit report being issued in October 2007. The audit included 81 recommendations for improvement in 7 areas. Based on FTC's site visit, limited review of various documents and staff interviews, it was concluded that OOCEA has made significant progress in implementing audit recommendations.

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

FTC encourages OOCEA to continue to implement changes as recommended in various audits and to develop and pursue action plans to help meet established performance measure objectives. FTC 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)

BACKGROUND

The Florida Legislature created the Santa Rosa Bay Bridge Authority (SRBBA) in 1984 under Part IX, Section 348.965, Florida Statutes (Laws of Florida, Section 146, Chapter 92-152). SRBBA operates the Garcon Point Bridge, a 3.5-mile bridge that spans Pensacola/East Bay between Garcon Point (south of Milton) and Redfish Point (between Gulf Breeze and Navarre) in southwest Santa Rosa County. The bridge and roadway segments that comprise this facility are designated as SR 281 and provide access to the Gulf Breeze peninsula from areas north and east of Pensacola Bay. On the south side of the bay, the road continues as a one-mile, two-lane highway that connects to US 98. On the north side of the bay, SR 281 connects to I-10 approximately 7.5 miles north of the toll plaza. Overall, the distance between US 98 and I-10 is 12 miles.

The Santa Rosa Bay Bridge Authority oversaw the financing and construction of the Garcon Point Bridge. Construction of this two-lane facility was financed by the Series 1996 Revenue Bonds. A portion of the cost of the project was funded by a $7.9 million loan from the Toll Facilities Revolving

Trust Fund (TFRTF). The TFRTF loan 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 two-lane bridge opened to traffic on May 14, 1999.

SRBBA entered into a lease-purchase agreement with the Florida Department of Transportation (FDOT), whereby FDOT 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, FDOT will own the bridge, assuming the bonds are fully paid. Should any bonds be outstanding in 2028, the lease term will be extended through the payoff date of the outstanding bonds.

The toll operations of SRBBA are provided by Florida's Turnpike Enterprise, and maintenance functions are performed by FDOT's District Three. The costs of operations and maintenance are currently being recorded as a debt owed to FDOT due to the fact that toll revenues are insufficient to pay both the debt service on the bonds and operations and maintenance. The balance of this liability at June 30, 2007 was $11.5 million.

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

The governing body of SRBBA consists of seven members. The Governor appoints three members and the Board of County Commissioners (BOCC) of Santa Rosa County appoints three members. These six members

Table 15 Current Santa Rosa Bay Bridge Authority Board Members

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

are required to be permanent residents of Santa Rosa County at all times during their term of office. The seventh member is the District Secretary of the FDOT District (District Three) that contains Santa Rosa County. The District Secretary serves in an ex-officio capacity.

PERFORMANCE MEASURES

Pursuant to the expanded role of the Florida Transportation Commission (FTC) in providing oversight to specified authorities, it 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. Consequently, FTC, 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, which is critical to the economic well-being and quality of life in Florida. Fiscal Year (FY) 2007 results, as reported by FDOT for SRBBA, are provided in the following table. Results for the last five fiscal years are included in **Appendix B**.

Table 16 Santa Rosa Bay Bridge Authority (Garcon Point Bridge) summary of performance measures, FY 2007

Performance Measure	Detail	Objective	Actual Results	Meets Objective
Operations				
State Highway System (SHS) Roadway Maintenance Condition Rating	Condition rating of at least 90	90	N/A	N/A
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	100.0%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	100.0%	✓
Bridge Condition - Weight Restrictions	% SHS bridge structures with posted limit	0%	0.0%	✓
Electronic Toll Collection (ETC) - Transactions	Number of ETC transactions as % of total transactions	> 75% by 12/31/08	32.4%	X
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	3.1%	✓
Safety(1)	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.52)	0	✓
Customer Service	% customers satisfied with level of service	> 90%	95.8%	✓
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	$0.61	X
Annual Operating, Maintenance & Administrative (OM&A) Expenses Forecast Variance	Actual OM&A expenses to annual budget	+/- 10%	6.3%	✓
Applicable Laws				
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	N/A	N/A
Revenue Management and Bond Proceeds				
Debt Service Coverage –Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	0.68	X
Debt Service Coverage -Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	0.68	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 2006 data.

Of the 16 performance measures established by the FTC, only 11 are currently applicable to SRBBA. Of these 11 measures, SRBBA met or exceeded seven of the measures (64%). 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.

Based on the FDOT bridge inspection program, the Garcon Point Bridge meets the performance measures established. The revenue variance is within the prescribed objective, and there have been no reported fatalities on the bridge.

The percentage of electronic toll transactions is lower than the established goal due to the large number of tourists and seasonal residents using the bridge. Electronic Toll Collection (ETC) users are provided a retroactive 50 percent toll discount after reaching 30 transactions per month. The tourist and recreational travelers who use the facility on the weekends and during the spring and summer months, however, more than offset the discounted transactions incurred by daily commuters who may be ETC customers. Based on the current level of ETC transactions, SRBBA is not expected to meet the goal of 75 percent ETC participation by December 31, 2008.

Based on the Turnpike Enterprise's SunPass Customer Service survey results, the operations of the toll facility are meeting or exceeding customer expectations. Cash customers were not surveyed for this facility; therefore, these results are only applicable to ETC customers.

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

Finally, the debt service coverage ratio measure was not met. FTC has adopted a more stringent measure than that contained in the covenants of the bond issuance for SRBBA. In order to provide for consistent comparison between the authorities being reported, FTC adopted a "net coverage" calculation that excludes interest income in the equation. SRBBA also did not meet its bond covenant debt service coverage requirement of 1.2 times coverage. SRBBA, in accordance with Section 5.02 of the resolution authorizing the bonds, notified the trustee that the Adjusted Gross Revenues for FY 2006/07 would not be sufficient to meet the requirements of a 1.2 times debt service coverage ratio. This places SRBBA in technical default on its bonds. However, SRBBA has drawn down on its debt service reserve account to meet the debt service payments. Due to escalating debt service requirements, it is possible that the revenues of the SRBBA will continue to be insufficient to make future debt service payments solely from toll revenues. FTC will continue to monitor and report on the financial condition of SRBBA.

OPERATING INDICATORS

Some data related to the SRBBA are not currently available. SRBBA operates on a federal fiscal year (October 1 through September 30); therefore, balance sheet data for 2007 are not available. SRBBA also does not have a dedicated source of funds to provide for operating expenses and, as such, does not engage an independent financial auditor nor produce audited financial statements. The FDOT Inspector General's Office completes an annual Accountant's Compilation Report, which is limited in its presentation. The 2007 Compilation should be completed during 2008.

help meet debt service coverage as required by bond covenants.

In FY 2007, total operating expenses increased from FY 2006, due primarily to an increase in insurance premiums.

Table 17 Santa Rosa Bay Bridge Authority (Garcon Point Bridge) summary of operating indicators ($ in millions), FY 2005 through FY 2007

Indicator	Detail	Actual 05 Results $ (millions	Actual 06 Results $ (millions)	Actual 07 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	$1.0	$0.9	$1.2
	Total Preservation Costs	$1.0	$0.9	$1.2
Toll Collection Transactions	Revenue from Electronic Transactions	24.1%	27.6%	29.2%
Annual Revenue Growth	Toll and Operating Revenue	28.3%	8.6%	-4.1%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Total Operating Expense	89.4%	88.4%	86.2%
	Routine Maintenance Expense as % of Total Operating Expense	9.0%	9.2%	10.0%
	Administrative Expense as % of Total Operating Expense	0.0%	0.0%	0.0%
	Operating Expense as % of Operating Revenue	23.9%	19.6%	24.7%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Total Operating Revenue	23.5%	19.1%	23.8%
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

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

The decrease in toll operating revenue in FY 2007 can be attributed to a general decline in the housing market and a reduced level of tourism in Santa Rosa County. Also affecting revenue is the re-opening of the I-10 Bridge across Pensacola Bay. Hurricane Ivan damaged the bridge in September 2004 (FY 2005). Due to the closure and rerouting of traffic, the Garcon Point Bridge realized an increase in traffic and revenue during 2006. With the re-opening of the I-10 bridge, traffic on the Garcon Point Bridge returned to normal levels. The large increase in revenue in 2005 is due to a toll rate increase that was implemented to

The operations of the Garcon Point Bridge for FY 2007 show a well-maintained facility that is meeting the needs of its customers. As previously indicated, this facility has a high cost of operations and escalating debt service payments. The revenues are not sufficient to pay for the debt service on the outstanding bonds issued to finance the construction of the bridge, and tolls continue to be raised to keep pace with debt service requirements and bond covenants. When toll revenues are insufficient to meet the debt service payments, a draw is made on the debt service reserve account to satisfy the bondholders. In accordance with the lease purchase agreement, it is expected that the operations and maintenance costs of the bridge will continue to be provided by FDOT until the bonds are retired in 2028. These costs will be recorded as a liability of the SRBBA and a receivable of the Department until such time as the revenues of the facility are sufficient to cover those costs. This debt stands at $11.5 million as of June 30, 2007 and is subordinate to the TFRTF loan of $7.9 million that was provided to aid in the original funding of the bridge.

GOVERNANCE

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

◆ ***Ethics*** – SRBBA has not adopted any formal policies or procedures enacting the provisions of Chapter 112, Florida Statutes related to ethics. FTC reviewed minutes of meetings of the Board and, from that limited review, it appears that the Board is operating in the spirit of the State's ethics laws. Minutes of the October 11, 2006 Special Meeting indicated that the Santa Rosa County Board of County Commissioners made available to the Board, by memorandum, the basic principles of Florida's Sunshine Laws.

◆ ***Conflict of Interest*** – SRBBA has not adopted any formal policies or procedures enacting the provisions of Chapter 112, Florida Statutes related to conflicts of interest. FTC did review minutes of meetings of the Board and, from that limited review, it appears that the Board is operating in the spirit of the State's conflict of interest laws.

◆ ***Audit*** – SRBBA has not had an independent financial audit for several years. The tolls of the Garcon Point Bridge have been insufficient to pay the cost of hiring an independent auditing firm. As noted earlier, the FDOT Inspector General's Office completes an annual Accountant's Compilation, which is limited in presentation, but is in accordance with the requirements for "Statements for Accounting and Review Services" issued by the American Institute of Certified Public Accountants. However, this Accountant's Compilation does not include all of the disclosures required by Generally Accepted Accounting Principles and, therefore, does not meet the requirement established by the FTC.

◆ ***Public Records and Open Meetings*** – SRBBA has adopted a formal procedure that enacts the provisions of Chapter 120, Florida Statutes related to public records. The procedure also has a provision that records of the SRBBA will be kept in compliance with Chapter 119, Florida Statutes. FTC reviewed agendas, minutes of meetings and notices of public meetings provided by the SRBBA. From this limited review, FTC determined that SRBBA is operating within procedure and statute; however, a review of the SRBBA website (www.garconpointbridge.com) indicated that no notices of meetings or minutes thereof have been posted. Due to lack of administrative funding, updating of the website is limited to financial disclosure on recurring revenues.

◆ ***Procurement*** – As noted earlier, SRBBA does not have a source of funds to provide for

administrative or project related costs and, therefore, does not enter into contracts for commodities or services.

◆ ***Consultant Contract Reporting*** – This area is not applicable since SRBBA has no source of funds to acquire consultant staff.

◆ ***Compliance with Bond Covenants*** – SRBBA provides the bondholder's Trustee the Accountant's Compilation and a quarterly statement of financial activity from SRBBA. SRBBA notified the Trustee on July 25, 2007 that the revenues of the Garcon Point Bridge would be insufficient to meet the debt service payments and that a draw from the debt service reserve account would be required. As such, that notification satisfied the Continuing Disclosure Agreement contained in Section 5 of the bond covenants, and such notification also met the Section 9.02 requirement for reporting an "Event of Default." Florida's Turnpike Enterprise also prepares a Traffic Engineer's Annual Report for Enterprise Toll Operations. This report contains traffic and revenue information for the four Department-owned and three Department-operated facilities, of which the Garcon Point Bridge is one. This report is provided to the Trustee of the outstanding bonds and contains the required information to satisfy the requirements of SEC Rule 15C2-12. Additionally, the Department provides for disclosure by making available on its website (www.dot.state.fl.us) both the Accountant's Compilation prepared by the Office of Inspector General and the Traffic Engineer's Annual Report for Enterprise Toll Operations prepared by Florida's Turnpike Enterprise.

◆ ***Other*** – It was noted that the Board also formally adopts, by resolution, an annual operating budget for SRBBA.

SUMMARY

Due to the financial condition of the Garcon Point Bridge, operations of the SRBBA are severely limited. FDOT is providing for toll operations and routine maintenance of the facility and provides limited administrative assistance to SRBBA for concerns of vital interest. The Board of SRBBA meets periodically and is conducting its meetings in compliance with procedure and Florida's "sunshine laws." However, the Board is limited in its ability to conduct business beyond the review of monthly revenues and expenses, implementing periodic toll rate increases necessary to keep SRBBA from defaulting on its bonds, and providing for continuing disclosure requirements. Given these issues, however, FTC finds that SRBBA is a well-maintained facility meeting the needs of its customers. FTC will continue to monitor SRBBA and the operations of the Garcon Point Bridge and coordinate with the Department on any issues that arise.

FTC would like to acknowledge the assistance of the Department and the SRBBA in providing the information necessary for the completion of this report.

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Tampa-Hillsborough County Expressway Authority (THEA)

BACKGROUND

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

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 (FDOT).

Table 18 Current Tampa-Hillsborough County Expressway Authority Board Members

Name	Affiliation	Position
Mr. James T. Hargrett, Jr.	Bay Area Concessions, Inc.	Chairman
Mr. Don Skelton	District Seven Secretary	Vice Chairman
Mrs. Gwendolyn Miller	Tampa City Council Chairperson	Board Member
Mr. Kevin White	Hillsborough County Commissioner	Board Member
Mr. Stephen C. Diaco, Esq.	Adams & Diaco, P.A.	Board Member
Mr. Donald E. Phillips	Phillips Development & Realty	Board Member
Mr. Greg C. Truax	Appointed-Pending Confirmation	Board Member

THEA owns the Lee Roy Selmon Crosstown Expressway (Expressway), a 15-mile, 4-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 Expressway connects St. Petersburg (via the Gandy Bridge and a short segment of Gandy Boulevard) with Tampa and Brandon.

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

THEA reported toll revenue of approximately $37 million in FY 2007 based on 34 million transactions. Significant projects in the 5-year Work Program include Deck Panel Replacement, I-4 Crosstown Connector, and Toll Plaza/Ramp Conversion. These projects are being completed in partnership with FDOT and Florida's Turnpike Enterprise and are funded either from the State Transportation Trust Fund or Bond Proceeds.

Under the requirements of a Lease-Purchase Agreement between THEA and FDOT, FDOT advances funds for the costs of operations, routine maintenance and renewals and replacements on the facility. Beginning in FY 2001, the Authority reimburses the Department for its annual operating and routine maintenance expenses pursuant to the adopted budget. Only operating and maintenance expenses in excess of the adopted budget and renewal and replacement costs continue to be deferred. THEA is required to repay these FDOT advances from net toll revenues after all

other obligations have been met. In addition, THEA has received funding through FDOT loans (State Transportation Trust Fund, Toll Facilities Revolving Trust Fund and State Infrastructure Bank) with specified repayment schedules. These loans are scheduled for repayment in installments over the next 12 to 19 years. The following table indicates that approximately $196 million in long-term debt is owed to the Department for these operating, maintenance and renewal and replacement expense advances, and other FDOT advances and loans.

Table 19 THEA long-term debt payable to FDOT ($ in millions), year ended June 30, 2007

Transaction	$ (millions)
Advances for Operating, Maintenance and R&R Expenses	$111.5
State Transportation Trust Fund Loans	$13.8
Loans from Toll Facilities Revolving Trust Fund	$19.7
Loans from State Infrastructure Bank	$51.4
Total Due FDOT	$196.3

Source: THEA Notes to Audited Financial Statements.

Note: Amounts do not sum exactly due to rounding.

PERFORMANCE MEASURES

Pursuant to the Florida Transportation Commission's (FTC) expanded role in providing oversight to specified authorities, FTC 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. Consequently, FTC, 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 2007 results, as reported by THEA, are provided in table on the following page. Results for the last five fiscal years are included in **Appendix B**.

THEA met 7 of the 14 applicable performance measure objectives. This section will focus on those performance measures the Authority did not meet and provide trend data, explanations and any action plans that THEA has developed to assist in meeting the measures. Explanations are based on input from THEA management.

◆***State Highway System Roadway Maintenance Condition Rating*** – For FY 2007, the objective of 90 was not met (actual result was 86). FDOT conducts the maintenance inspection of THEA facilities and utilizes the Maintenance Rating Program to evaluate routine maintenance in five areas: roadway, roadside, vegetation and aesthetics, traffic services and drainage. THEA has met or exceeded this measure for three of the last six fiscal years, as indicated by data included in **Appendix B** of this report. THEA indicated that the maintenance condition rating of the existing Selmon Crosstown roadway and roadside decreased due to construction of the Reversible Lanes project. Pursuant to the Lease-Purchase Agreement, FDOT is responsible for the maintenance of the Selmon Crosstown Expressway in accordance with Department standards promulgated for the operation and maintenance of roadway and roadside facilities. The minimum maintenance condition rating standard currently established by the Department is 80. THEA prepared a Request for Proposals for an Asset Maintenance Contractor that would be responsible to maintain all THEA roadway and roadside assets at a maintenance condition rating of 90. The Brandon feeder roads and Meridian Street improvements are not currently maintained by the Department. This requires THEA to carry separate maintenance contracts in addition to those managed by the Department. The Board, on January 28, 2008, authorized THEA staff to advertise the Draft Maintenance Request for Proposal for Routine Roadway and Bridge Maintenance on the Selmon Crosstown Expressway and the Reversible Express Lanes. THEA expects to achieve cost efficiencies by consolidating all roadway and roadside asset management under one contract; however, achieving a Roadway Maintenance Condition Rating of 90 may increase maintenance costs. The terms of the THEA Lease-Purchase Agreement would require Department approval for THEA to transition to a new Asset Management Contract.

◆ ***Revenue Variance*** – Actual FY 2007 revenue variance for THEA is 4.1 percent, almost meeting the objective of less than 4 percent. Florida's Turnpike Enterprise provides cash and electronic toll collection on the facility, violation enforcement, and traffic and revenue reporting. Generally, as the percentage of electronic toll transactions increases, revenue variance increases due to a higher number of toll violators. Given the significant increase in electronic toll transactions (57% in FY 2006 and 64% in FY 2007), it appears that the toll violation enforcement system contains revenue variance from the 4.4 percent reported in FY 2006.

Table 20 Tampa-Hillsborough County Expressway Authority summary of performance measures, FY 2007

Performance Measure	Detail	Objective	Actual Results	Meets Objective
Operations and Budget:				
SHS Roadway Maintenance Condition Rating	Condition rating of at least 90	90	86	X
Pavement Condition Rating	% SHS lane miles rated "excellent or good"	> 85%	100.0%	✓
Bridge Condition - Rating	% bridge structures rated "excellent or good"	> 95%	86.2%	X
Bridge Condition - Weight Restrictions	% SHS bridge structures with posted limit	0%	0.0%	✓
Electronic Toll Collection (ETC) - Transactions	Number of ETC transactions as % of total transactions	> 75% by 12/31/08	64.0%	✓ On Track
Revenue Variance	Variance from indicated revenue (without fines)	< 4%	4.1%	X
Safety(1)	Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.52)	0.51	✓
Customer Service	% customers satisfied with level of service	> 90%	95.8%	✓
Operations and Budget				
Consultant Contract Management	Final cost % increase above original award	< 5%	8.4%	X
Construction Contract Adjustments - Time	% contracts completed within 20% above original contract time	> 80%	NA	N/A
Construction Contract Adjustments - Cost	% projects completed within 10% above original contract amount	> 90%	NA	N/A
Cost to Collect a Toll Transaction	Total toll collection cost / number of transactions (net of exclusions)	< $0.16	$0.19	X
Annual Operating, Maintenance and Administrative (OM&A) Forecast Variance	Actual operating, maintenance and administrative expenses to annual budget	+/- 10%	-2.3%	✓
Applicable Laws				
Minority Participation	M/WBE and SBE utilization as % of total expenditures (each agency establishes goal/target)	> 90%	100.0%	✓
Revenue Management and Bond Proceeds				
Debt Service Coverage –Bonded/Commercial Debt	[(Rev - interest) - (toll operating & maintenance expense)] / commercial debt service expense	> 1.5	1.16	X
Debt Service Coverage -Comprehensive Debt	[(Rev - interest) - (toll operating & maintenance expense)] / all scheduled debt service expense	> 1.2	1.15	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 2006 data.

◆ ***Consultant Contract Management*** – Final costs of design and construction engineering inspection (CEI) contracts completed during FY 2007 exceeded the original award amount by 8.4 percent, higher than the objective of less than 5 percent. THEA indicated that reported amounts only include CEI contracts. There were no construction contracts closed out in FY 2007. Due to the collapse of a section of the Reversible Lanes project in 2004, the project was delayed over 365 days, requiring an extension to those contracts.

◆ ***Construction Contract Adjustments (Time and Cost)*** – These two performance measures are not applicable to THEA for FY 2007 because no construction contracts were closed out in FY 2007.

◆ ***Cost to Collect a Toll Transaction*** – For FY 2007, the actual cost to collect a toll transaction for THEA was $0.19, compared to the objective of less than $0.16. Toll collection costs for FY 2007 increased by approximately 20 percent over FY 2006 levels while transactions increased by approximately 4 percent. The increase in toll collection costs is primarily attributed to significant increases in insurance premiums, credit card fees, and expanded SunPass operations. Florida's Turnpike Enterprise performs toll collection services for THEA facilities. As such, the Authority has limited ability to control toll collection costs.

◆ ***Debt Service Coverage: Comprehensive Debt and Bonded/Commercial Debt*** – THEA did not meet the performance measure objectives for Debt Service Coverage. Debt service coverage ratios, as standardized in the FTC performance measure calculations, differ significantly from the debt service coverage calculations required in THEA bond resolutions and related documents. THEA's Revenue Sufficiency Certification letter, prepared by Wilbur Smith Associates, and adopted by resolution of the Board on January 28, 2008, provides actual and projected debt service coverage pursuant to bond resolutions. For FY 2007, bond covenants require "gross" debt service coverage of 1.30 and the actual coverage was reported as 1.56. Correspondingly, the FY 2007 "net" debt service coverage requirement is 1.00 and the actual requirement was reported as 1.09. THEA includes all revenue generated from the System (i.e. lease and investment revenue) when calculating debt service ratios.

The results from the Florida's Turnpike Enterprise Annual Customer Satisfaction Survey were used for reporting THEA Customer Service performance. The Enterprise mailed approximately 1.7 million surveys to active SunPass account holders statewide, and approximately 119 thousand surveys were completed and returned.

In addition, for the Minority Participation performance measure, THEA indicated that the Board of Directors set independent goals for each contract depending on the type and complexity of work, as well as industry type. In FY 2007, THEA identified 3 contracts for 100 percent participation by Small Business Enterprises (SBE). The Authority executed these three contracts. THEA also identified one landscaping contract requiring 20 percent Minority Business Enterprise (MBE) participation. THEA also achieved the 20 percent MBE requirement for this contract. FTC finds that THEA met 100 percent of its MBE/SBE program goals.

OPERATING INDICATORS

FTC, 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. FTC did not establish objectives or goals for these indicators, as various Authorities have unique characteristics. FY 2007 operating indicators, as reported by THEA, are provided in the following table. Also, to assist in trend analysis, FY 2005 and FY 2006 operating indicators are also provided. Results for the last five fiscal years are included in **Appendix B**.

It is important to note FY 2007 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. For example, as a result of the completion of the reversible express lanes in FY 2007, construction in progress significantly decreased and infrastructure assets significantly increased. These indicators rely heavily on capital projects contained in the Work Program (e.g., road widening, new alignments, new interchanges, bridges, etc.).

◆ ***Preservation of Transportation Assets (Routine Maintenance of Infrastructure)*** – Costs for FY 2007 are reported at $2.1 million. THEA indicated that this increase of $0.8 million over FY 2006 is primarily attributed to an increase in facility maintenance costs provided under the FDOT Asset Management Contract due to the addition of the reversible lanes. Approximately 45 lane-miles were added to the Expressway, an increase of 75 percent in total lane-miles.

◆ ***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 57 percent in FY 2006 to 64 percent in FY 2007. There is a direct correlation between electronic transactions and revenue associated with these transactions. The increase in ETC revenue is

Table 21 Tampa-Hillsborough County Expressway Authority summary of operating indicators ($ in millions), FY 2005 through FY 2007

Indicator	Detail	Actual 05 Results $ (millions)	Actual 06 Results $ (millions)	Actual 07 Results $ (millions)
Operations				
Growth in Value of Transportation Assets	Land Acquisition	$90.8	$91.0	$91.0
	Infrastructure Assets	$137.6	$137.4	$571.9
	Construction in Progress	$329.2	$436.7	$7.8
	Total Value of Transportation Assets	$557.7	$665.1	$670.7
Preservation of Transportation Assets	Renewal & Replacement of Infrastructure	$0.0	$0.2	$0.3
	Routine Maintenance of Infrastructure	$1.4	$1.3	$2.1
	Total Preservation Costs	$1.4	$1.5	$2.3
Toll Collection Transactions	Revenue from Electronic Transactions	49.7%	55.5%	64.7%
Annual Revenue Growth	Toll and Operating Revenue	7.7%	5.5%	27.2%
Operations and Budget				
Operating Efficiency	Toll Collection Expense as % of Total Operating Expense	56.5%	56.8%	46.2%
	Routine Maintenance Expense as % of Total Operating Expense	14.5%	14.2%	15.1%
	Administrative Expense as % of Total Operating Expense	16.6%	13.0%	14.1%
	Operating Expense as % of Operating Revenue	33.7%	32.4%	37.0%
Rating Agency Performance	Toll Operations and Maintenance Expense as % of Total Operating Revenue	23.9%	23.0%	22.7%
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

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

attributed to the FY 2007 toll rate increase for both cash and ETC customers (a pricing preferential for ETC customers is maintained), and the recent opening of the reversible express lanes project.

◆ ***Annual Revenue Growth (Toll and Operating Revenue)*** – FY 2007 revenue grew by approximately 27 percent over FY 2006 levels. This significant revenue growth is primarily attributed to a FY 2007 toll rate increase implemented on the Selmon Crosstown Expressway. Tolls were increased on January 1, 2007 (FY 2007) for both ETC and cash customers at all tolled locations except for the 22nd Street ramps that increased on July 1, 2006 (FY 2007).

◆ ***Operating Efficiency*** – In order to better understand fluctuations in the Operating Efficiency indicators, the following table provides a comparison of FY 2006 and FY 2007 operating expenses for THEA.

Table 22 Tampa-Hillsborough County Expressway Authority operating expense comparisons, FY 2006 versus FY 2007

Category	FY 2006 ($000)	FY 2007 ($000)	$ Difference	% Difference
Toll Collection	$5,403	$6,378	$975	18%
Routine Maintenance	1,349	2,085	736	55%
Renewal and Replacement	186	262	76	41%
Administration	1,235	1,941	706	57%
Depreciation	1,305	3,075	1,770	136%
Other	18	21	3	17%
Total Operating Expenses (1)	$9,509	$13,791	$4,282	45%

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

FY 2007 total operating expenses increased by $4.3 million, or 45 percent, over FY 2006 levels. All expense categories showed increases ranging from 17 percent to 136 percent. Generally, the significant increases are the result of additional costs related to projects completed in FY 2007 which increased THEA maintained lane-miles by 75 percent and added Intelligent Transportation Systems (ITS) components to manage the reversible express lanes. These projects include the Brandon Feeder Roads Project that link SR 60 and Lumsden Road in Brandon directly to the eastern terminus of the existing Expressway, the opening of the new Reversible Express Lanes Project, and completion of the Downtown Tampa Gateway Project that provides improvements to Meridian Street to serve as an entrance/exit between the reversible lanes and the Tampa Central Business District.

In lieu of reporting depreciation on infrastructure (roads, bridges and other highway improvements), THEA reports costs associated with maintaining the existing roadway system as preservation expense. However, depreciation is charged on furniture and equipment, toll equipment, toll facilities and buildings. In FY 2007, depreciation expense more than doubled from historical levels. This is due to additional depreciation expense related to new toll equipment for the Reversible Express Lanes and furniture and equipment related to the Traffic Management Center that opened in FY 2006.

◆ ***Rating Agency Performance – (Toll Operations and Maintenance Expense as % of Total Operating Revenue)*** – This operating indicator appears relatively stable when compared to the prior years. However, FY 2007 toll operations and maintenance expenses increased by 25 percent over FY 2006 levels, primarily due to new projects being completed in FY 2007. These costs were basically offset by operating revenue increases of 27 percent due to the FY 2007 toll rate increase.

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

GOVERNANCE

In addition to establishing performance measures and operating indicators for transportation authorities, FTC has determined that monitoring the "governance" and management practices of the authorities is required in order for it to fulfill its obligations under the law. To that end, the FTC monitors polices and procedures in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts, and compliance with bond covenants.

◆ ***Ethics and Conflicts of Interest*** – THEA provided a copy of its Code of Ethics and Conflict of Interests Policy that was last amended and adopted by the Board on March 26, 2007. THEA policy recognizes that the provisions of Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees) apply to Board members as well as certain Authority employees and also makes those provisions applicable to all Authority employees. In the event of conflict between the Authority policy and the provisions of Chapter 112, Florida Statutes, the more restrictive provisions shall control. The policy appears to be comprehensive and includes areas such as purpose and scope of the policy, standards of conduct, conflicts of interest, voting conflicts of interest, financial disclosures, and political activities. According to THEA, no ethics or conflict of interest violations were reported or investigated in the last 12 months (calendar year 2007). However, the FTC staff review of the Auditor General's Operational Audit of THEA (as summarized in the Audit Section below) indicated a Conflict of Interest in the period covered by this report (fiscal year 2007). The audit finding indicated that the Temporary Interim Executive Director (in late November 2006) was also Vice President for a corporation with which the Authority had contracted to perform general engineering work. The Authority indicated that action was taken at the December 6, 2006 Board meeting that clarified the duties of in-house staff and the contracted individual. Further, at the December 18, 2006 Board meeting, the Board agreed to engage the services of an Interim Executive Director. The Interim Executive Director contract was approved at the January 8, 2007 Board meeting. A nationwide search was then conducted for an Executive Director with a contract approved by the Board in July 2007. The FTC staff conducted a limited review of the Authority's Board minutes and did not find any recorded instances of ethics or conflicts of interest violations or investigations. The meeting minutes did disclose instances where Board Members abstained from voting on consent agenda items due to voting conflicts.

As outlined in Section 140.06 of THEA "Code of Ethics and Conflict of Interest" Policy and Procedures (amended and approved by the Board of Directors, March 26, 2007), 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. In July 2007, the THEA Conflict Disclosure Circular was completed by Board members and employees, and each disclosure was reviewed by THEA in-house General Counsel. THEA provided, and FTC staff reviewed 17 of these forms (THEA Conflict Disclosure Circular) that included both board members and key staff members. These forms evidenced review by General Counsel, and no conflict of interest determinations were noted. In one instance, General Counsel recommended a board member abstain from participation in any action by the Board involving payment or contract terms with a certain firm. The board member subsequently filed a Memorandum of Voting Conflict declaring the potential conflict of interest that was incorporated in THEA Board minutes.

◆ ***Audits*** – To maintain management's accountability to the Board of Directors, THEA established a Budget and Finance Committee. The Authority indicated that this committee is made up of a 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; serves as a direct communication link between the Board and the auditor; and, monitors the adequacy of the internal audit function.

An annual independent audit of THEA's financial statements for the fiscal years ended June 30, 2007 and 2006 was performed. The Independent Auditor's Report indicated that the financial statements were prepared in conformity with generally accepted accounting principles (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 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.

Pursuant to a request by the President of the Senate and the Speaker of the House, the Florida Auditor General conducted an independent operational audit of THEA whereby Audit Report No. 2007-074 was issued in December 2006 (FY 2007). The scope of the audit included specific issues concerning the Authority's operations disclosed in the prior Governor's General Counsel's report regarding a review of the Authority's selection process of its outside general counsel. Issues of concern expressed in the report, and considered in the audit included: a top-down review of the Authority's structure; evaluation of the level and quality of the Authority's staffing; cost/benefit analysis of outsourcing of the general counsel function; benefits and general appropriateness of employing outside lobbyists; analysis of legal and lobbying fees expended by the Authority over the past five years; current ethics policies, procurement policies, and other rules; and, other financial, operational, and performance matters deemed appropriate. The audit included transactions during the period

July 1, 2005, through September 30, 2006, and selected transactions taken prior and subsequent thereto. The entire audit report is available at the Auditor General's website: www.myflorida.com/audgen/.

The audit included 13 findings and recommendations for improvement. As indicated in the following table, THEA ultimately concurred with all 13 recommendations. An Action Plan was provided by the Authority that details audit recommendations, management concurrence, plan of action, staff assignments, and implementation status as of December 2007. This detailed Action Plan is included in **Appendix F**.

Table 23 Auditor General's audit of Tampa-Hillsborough County Expressway Authority current status of audit findings and recommendations

Findings and Recommendations	Authority Concurs	Status
1 Administrative Expenses	✓	Complete
2 Interim Financial Reports	✓	Complete
3 Internal Controls	✓	Complete
4 Written Policies and Procedures	✓	Complete
5 Employment Practices	✓	Complete
6 Severance Pay	✓	Complete
7 Educational Leave With Pay	✓	Complete
8 Acquisition of General Counsel Services	✓	Complete
9 Legal Services Contract	✓	Compete
10 Requests for Proposal	✓	Complete
11 Lobbying Services	✓	Complete
12 Outsourcing	✓	Complete
13 Conflict of Interest	✓	Complete

FTC staff reviewed the Action Plan that was prepared by THEA in December 2007 and requested an update from the Authority. According to THEA management, all audit recommendations for improvement (including policies and procedures) cited in the Auditor General's Report have been completed and, if applicable, approved by the Board. All remaining policies and procedures are under review and will be submitted to the Board for approval by the end of FY 2008. The following is a partial list of the more significant issues that have been implemented by THEA:

- Policies and Procedures relating to Authority Organization, Code of Ethics and Conflict of Interest, Administrative Expenses, Internal Financial Reports and Internal Controls, Public Records and Sunshine Law, Travel, Employment and Professional Development, and General Procurement Policies, including provisions for ranking/selecting consultants and communication policy following issuance of competitive solicitation, have been revised and adopted by the Board.

- General Counsel services are now provided through an in-house employee (May 2007)

- Communication services are now provided through an in-house employee (May, 2007)

- Government relations services will be provided through an in-house employee (July 2008)

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

◆ ***Public Records and Open Meetings*** – THEA provided a copy 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).

On May 1, 2007, THEA retained independent counsel to conduct an administrative inquiry into the inference by the local print media that the Authority had not provided all relevant documents relating to a local newspaper's public records request. Based on the evidence, the absence of material adverse consequences to the public interest and the fact that the intent of Florida's public records laws were ultimately respected, no sanction or penalty was recommended. However, recommendations were included in the report to enhance disclosure procedures. In July 2007, THEA policy was amended to include recommendations from independent counsel that designates one individual (Chief Administrative Officer) to be responsible for receiving and processing all public records requests.

THEA is subject to the provisions of Section 189.417, Florida Statutes, Chapter 286, Florida Statutes and the THEA Meeting Policy for open meetings. A review of the Board meeting minutes, as provided by the Authority, and Board agenda's 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. FTC staff also reviewed a "Public Notice of 2008 Meeting Schedule" published in the St. Petersburg Times and it appears that required notice of public meetings is in compliance with THEA policy and Florida Statutes. It is the policy of the Authority to hold an annual public workshop to update THEA employees and Board members on Florida's Public Records and Sunshine Laws. A workshop scheduled for December 2007 was postponed, pending the appointment of a new Board member to fill a current vacancy on the Board. FTC encourages the Authority to ensure that such training is provided subsequent to the appointment.

◆ ***Procurement*** – THEA Procurement Policy was amended on March 26, 2007, to include a process for determining cost efficiency and public purpose of proposed expenditures, as recommended in the December 2006 Auditor General audit report. The Executive Director may approve and execute change orders for construction projects up to $150,000 without Board approval. Such change orders must be consistent with the contract scope of work and within the approved budget. These change orders are presented to the Board of Directors as an informational item. Project change orders greater than $150,000 require the signature of the Chairman of the Board of Directors and Board approval. In both situations, the Chief Financial Officer must certify that there are sufficient funds in the existing project budget and general counsel must review as to legal sufficiency. Any change order, no matter the amount, that would cause the project budget to be exceeded, or is outside the scope of work, must be approved by the Board of Directors.

Board approval is required for all purchases exceeding $15,000 (Purchase Orders, Letters of Contract, and Written Agreements) that are not construction project related. The current thresholds are being reviewed and are subject to change.

◆ ***Consultant Contract Reporting*** – THEA provided a list of all "General Consulting" contracts and those sub contracts that exceeded $25 thousand in FY 2007. HNTB Corporation is the General Engineering Consultant providing general engineering, construction management, CEI services, and maintenance management. In addition, Wilbur Smith Associates is the Traffic and Revenue Consultant providing annual and bond reports, studies and special projects. THEA reported two sub consultants to HNTB that exceeded $25 thousand in FY 2007. These included C. M. Bridges that provided railroad maintenance services, and US Cost that reviewed the foundation remediation in insurance claims, which were submitted to the THEA Builders Risk insurance company, Westchester. US Cost also reviewed all PCL foundation remediation change orders, which are included in the litigation against the engineering firm, URS.

◆ ***Compliance with Bond Covenants*** – THEA last issued $327 million in Revenue Bonds, Series 2005, in August 2005. Bonds are payable from and secured by a pledge of gross revenues of the Expressway System. Bond proceeds were used to refund the Series 1997 bonds, pay off the principal of STTF loans, and finance a portion of the reversible express lanes project. As of June 30, 2007, bonds in the principal amount of approximately $400.6 million remain outstanding. The following areas were noted to be in compliance with bond covenants:

- Annual financial information and operating data were filed with the Securities and Exchange Commission (SEC), through the State Board of Administration (SBA), pursuant to Rule 15c2-12
- An annual financial statement audit was performed
- THEA utilizes a nationally recognized General Consultant (HNTB). An independent inspection and report concerning the condition of the Expressway System is required at least every two years. In 2004, the biennial inspection was conducted by Volkert & Associates, Inc. through the Florida Turnpike Enterprise. HNTB is currently completing the FY 2007 report to present to the Board
- THEA utilizes a nationally recognized Traffic Engineering firm (Wilbur Smith Associates) as required by bond covenants. The Traffic Engineers are required to provide an annual Traffic and Revenue Report to the Authority. The Traffic Engineer's Annual Report for FY 2007 is currently being prepared. In addition, Wilbur Smith prepared an investment grade traffic and revenue study for the 2005 Bond Sale. Due to various problems arising from the construction of the Reversible Express Lanes project, THEA did not have Wilbur Smith prepare a Traffic Engineer's Annual Report for FY 2004 through FY 2006. Because Enterprise Toll Operations (part of Florida's Turnpike Enterprise) produces a Traffic Engineer's Annual Report that includes the Selmon Crosstown Expressway, THEA utilized this report to provide information to the Bond Rating Agencies for FY 2004 through FY 2006. The Enterprise Toll Operations Report does not include traffic or revenue projections and only reports historical data. FTC encourages THEA to consistently require the Traffic Engineering firm to prepare a Traffic Engineer's Annual Report as required.

SUMMARY

The Tampa-Hillsborough County Expressway Authority owns the Selmon Crosstown Expressway, which is a 15-mile, limited access toll road that serves the Tampa area. In FY 2007, the newly constructed Reversible Express Lanes project opened to traffic. This project was constructed primarily within the Expressway corridor. Pursuant to a Lease-Purchase Agreement, the Florida Department of Transportation provides for maintenance of the facility, and Florida's Turnpike Enterprise provides toll collection services. The Florida Transportation Commission review of THEA was conducted with the cooperation and assistance of the Authority and relied heavily on documentation and assertions provided by Authority management.

THEA met or exceeded 7 of the 14 applicable management objectives established for performance measures. The seven performance measure objectives not met include: state highway system roadway maintenance condition rating; bridge condition rating; revenue variance; consultant contract management; cost to collect a toll transaction; debt service coverage - bonded/commercial debt and debt service coverage - comprehensive debt.

Operating indicator trend analysis showed that as a result of the completion of the reversible express lanes in FY 2007, construction in progress significantly decreased, infrastructure assets significantly increased, and routine maintenance of infrastructure significantly increased from FY 2006 levels. Also, FY 2007 revenue increased by 27 percent over FY 2006 primarily due to a toll rate increase for all customers in FY 2007. Additionally, as reported by THEA, FY 2007 total operating expenses increased by $4.3 million, or 45 percent, over FY 2006 levels. All operating expense categories increased (toll collection, routine maintenance, renewal and replacement, administration, and depreciation) primarily as a result of additional costs related to projects completed in FY 2007. Completed projects increased THEA maintained lane-miles by 75 percent and include: Reversible Express Lanes project; Brandon Parkway project; and, Downtown Tampa Gateway project.

In the area of governance, the FY 2007 independent financial statement audit reflected an unqualified opinion. In addition, pursuant to a request by the President of the Senate and the Speaker of the House, the Florida Auditor General conducted an independent operational audit of THEA with an audit report being issued in December 2006 (FY 2007). The audit included 13 findings and recommendations for improvement. One of the audit findings indicated a conflict of interest in FY 2007 relating to the Authority's temporary Interim Executive Director. The THEA Board subsequently approved a new Interim Executive Director until a nationwide search resulted in the appointment of an Executive Director. Based on FTC's correspondence with senior staff and limited review of policies, procedures, and other documents provided by the Authority, it was concluded that THEA has made significant progress in implementing audit recommendations. According to THEA, all recommendations related to this audit have been implemented. Lastly, THEA bond covenants require the Authority's traffic engineering firm to provide an annual traffic and revenue report to the Authority. According to THEA, the FY 2007 Traffic Engineer's Annual Report is currently being prepared; however, no such report was prepared for FY 2004 through FY 2006. For these years, the Authority utilized the Traffic Engineer's Annual Report prepared by Enterprise Toll Operations (part of Florida's Turnpike Enterprise) that includes historical data for the Selmon Crosstown Expressway, but does not include traffic or revenue projections.

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

FTC encourages THEA to develop and pursue action plans to help meet established performance measure objectives and to consistently require the traffic engineering firm to prepare an annual Traffic Engineer's Report. Several performance measure objectives not met in the areas of operations and maintenance result from finance and business rules as defined in the existing Lease-Purchase Agreement. Any changes to the provisions of the Lease-Purchase Agreement would require joint consideration and approval by the THEA Board and FDOT. FTC acknowledges, with appreciation, the assistance of the THEA Board and staff in providing the resources necessary to conduct this review and to complete this report.

TAMPA-HILLSBOROUGH EXPRESSWAY AUTHORITY

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March 11, 2008

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

Subject: Transportation Authority Monitoring and Oversight Report, March 3, 2008

Dear Commissioner Marchena:

The Tampa-Hillsborough County Expressway Authority (THEA) welcomes and supports the Florida Transportation Commission's (Commission) role in monitoring Florida transportation authority performance. THEA is committed to improving its future performance, and to working with the FTC to refine the performance measures.

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

Many of the quantitative measures used in the report serve to highlight the different operating models used by toll authorities in Florida. As you know, an authority's ability to meet many of those measures may be constrained by the business model under which it operates. This is especially true for THEA's toll facility, the Lee Roy Selmon Expressway. A positive outcome of the report is that it provides THEA with a platform to improve its maintenance and operation partnerships with its current service providers, the Florida Department of Transportation (Department) and Florida's Turnpike Enterprise (Turnpike).

While we continue working with the Department and the Turnpike on improvements, THEA is proactively pursuing options to enhance our performance through means outside of its traditional business model. To this end, THEA has initiated the development of two new requests for proposals (RFP):

- ◊ **Maintenance** – To consolidate numerous maintenance functions and focus administrative control, THEA will release a RFP this Spring for private vendors to bid on maintenance of the Lee Roy Selmon Expressway. The current maintenance provider for this toll facility is the Department's District 7 office. The District 7 scope of services and cost will be used as the benchmark (or baseline) comparator in assessing the value of the anticipated proposals.

- ◊ **Toll Operations** - THEA is partnering with the Miami-Dade County Expressway Authority (MDX) on a RFP for Toll Operations. That RFP will also be issued this Spring. The Turnpike currently provides toll operations for the Lee Roy Selmon Expressway. The toll operations proposals will be benchmarked against the scope of service and costs from the Turnpike.

THEA hopes to enhance the value for cost; and/or, to save money paid for these services in the future. Our goal is to deliver the "best value" product to our customers.

In order to better understand business model options and opportunities for the future, THEA has initiated a study to perform a comparative analysis of the business models under which other Florida toll authorities operate. Objectives of the study are to:

- ◊ Identify benefits and constraints of the various authority operating models; and

- ◊ Assess the potential benefits of those operating models relative to the FTC performance measures.

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

Sincerely,

Joe Waggoner

Joe Waggoner
Executive Director

cc: Dave Tassinari, Manager of Finance & Performance Monitoring

Transit Authorities

Transit Authorities Introduction

Of the nine active transportation agencies that are covered under the new law requiring Florida Transportation Commission oversight, two are transit agencies. The authorities are formally known as Central Florida Regional Transportation Authority and the South Florida Regional Transportation Authority and were created under Chapter 343 of Florida Statute.

The transit agencies now subject to monitoring and oversight by FTC represent only two of the 28 that provide fixed route transit service in one of Florida's urbanized areas. There is at least one other transit agency that is created in Florida Statute as a transportation authority. The Jacksonville Transportation Authority is an entity charged with the provision of public transportation service in that region but is created under Chapter 349 of the Florida Statute and, therefore, not subject to the provisions of the law enacted through the passage of HB 985.

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

Although the seven Governance Areas are identical for the toll agencies, transit agencies, and emerging agencies, the Performance Measures and Operating Indicators presented in this section were developed specifically with and for the transit agencies.

For the Central Florida Regional Transportation Authority and the South Florida Regional Transportation Authority their respective sections include:

- A brief description of the agency
- Board composition
- Performance measures results for FY 2007
- Operating indicators for FY 2005 though FY 2007
- Governance assessment

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

Table 24 Florida Transportation Commission Transit Agency performance measures, FY 2007

Performance Measure	Detail
Average Headway	Average headway of all routes
Operating Expense per Revenue Mile	Operating expense divided by total annual revenue miles
Operating Expense per Revenue Hour	Operating expense divided by total annual revenue hours
Operating Revenue per Operating Expense	Ratio of all revenue generated through operation of the transit agency with respect to total operating expense
Operating Expense per Passenger Trip	Operating expenditures divided by the total annual ridership
Operating Expense per Passenger Mile	Operating Expense divided by the number of passenger miles
Revenue Miles Between Major Safety Incidents	Number of total annual revenue miles divided by the number of major safety incidents
Revenue Miles Between Failures	Number of total annual revenue miles divided by the number of revenue vehicles system failures
Revenue Miles versus Vehicle Miles	Number of annual miles of vehicle operation while in active service divided by total annual vehicle miles
Customer Service	Average time from complaint to response
Customer Service	Number of complaints per boarding
On-time Performance	% of trips end to end on time

In addition to the performance measures, the Commission established a set of Operating Indicators that each agency has reported for the last five fiscal years. As with the Performance Measures, a summary is included in each agency's section of the report, with a full five year accounting included in **Appendix B**. The 25 Operating Indicators for transit agencies that were adopted by the Commission are presented below.

Table 25 Florida Transportation Commission Transit Agency operating indicators, FY 2007

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 agency.
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 agency to meet the annual maximum service requirement.
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.
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.

As mentioned earlier, the Commission established seven broad areas of governance that will be monitored in order to provide an assessment of the on-going management of the all of the organizations covered by the new law. Specifically, the areas of Ethics, Conflicts of Interest, Audits, Public Records/Open Meetings, Procurement, Consultant Contracts, and Compliance with Bond Covenants are reported. Each of the Governance Areas is detailed in agency's section of this report.

The individual reports for the two Transit Agencies are presented next beginning with the Central Florida Regional Transportation Authority.

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Central Florida Regional Transportation Authority (CFRTA, d/b/a LYNX)

BACKGROUND

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

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

By law, CFRTA must develop and adopt a plan for the development of the Central Florida Commuter Rail that includes CFRTA's plan for the development of public and private revenue sources, funding of capital and operating costs, the service to be provided, and the extent to which counties within the area of operation of the authority are to be served. The plan must be reviewed and updated annually. A copy of the plan that was updated and distributed in the summer of 2007 is available at the following website: www.cfrail.com/Files/Brochures/Brochure_QualityTime.pdf. LYNX is authorized to issue revenue bonds through the Division of Bond Finance of the State Board of Administration.

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

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

The Board of Directors generally meets on a monthly basis on the fourth Thursday of each month to conduct authority business.

LYNX provides public transportation services to the general public in the Orlando metropolitan area and throughout Orange, Seminole, and Osceola Counties in the form of fixed route bus service, paratransit service, and carpools/vanpools. LYNX also provides morning and afternoon express bus service from Lake and Volusia Counties. LYNX operates within a service area of 2,500 square miles that is home to more than 1.8 million residents. The fiscal year (FY) 2007 annual operating budget exceeded $88 million, an increase of 7.2 percent over the previous year, while annual passenger boardings rose to 25.3 million, representing an increase of 697,406 additional boardings, a 2.8 percent increase over the previous year. Peak service vehicles increased by 20.6 percent to a new high of 240.

LYNX receives significant financial support from its funding partners. For FY 2007, the Orange County Commission approved $38.1 million for LYNX (a 39% increase versus FY 2006), the Seminole County Commission approved $5 million (a 24% increase), and the Osceola County Commission approved $4.7 million (a 14% increase). LYNX net capital assets grew from $90.2 million in FY 2005 to $111.2 million in FY 2006, an increase of 23.3 percent.

Table 26 Current Central Florida Regional Transportation Authority (LYNX) Board Members

Name	Appointment	Position
Carlton Henley	Chairman, Seminole County Commission	Chairman
Bill Lane	Commissioner, Osceola County Commission	Vice-Chairman
Buddy Dyer	Mayor of Orlando	Secretary
Richard Crotty	Mayor, Orange County	Board Member
Noranne Downs, P.E.	FDOT District 5 Secretary	Board Member

LYNX recently completed a Comprehensive Operational Analysis (COA) to address expansion, the changing central Florida community, and to evaluate the fixed-route system and passenger needs. Components of the COA included an analysis of existing service, an on-board bus survey to determine origin-destination information, creation of a 15-year service plan, and coordination of plans with the commuter rail project.

In late 2007, operation and maintenance functions moved into a new facility that encompasses 119,400 square feet of space for maintenance and administrative buildings and two separate bus-wash buildings that provide multiple bays, bus parking, and separate lots for employee parking. Eleven new bus shelters were installed at nine different sites, and major street lighting was installed at the Apopka Superstop.

Planned improvements going forward, as outlined in the Transportation Development Plan (TDP) and the CFRTA Strategic Plan, include service expansion and improvement of fixed route service, paratransit service, and commuter services provided through the LYNX Mobility Assistance Program (MAP). The aggressive marketing and communications program that is already in place will continue to focus on educating the community about available services. Planned capital improvement projects total $28.7 million. Planned capital committed to rolling stock totals $19.5 million and includes replacement of 35 fixed-route vehicles, purchase of 16 additional vehicles, and the lease of 21 vehicles to improve on-time performance; adding 19 vehicles to the commuter van fleet; refurbishment of engines and transmissions to extend service life of the vehicles; and, procurement of 20 new fareboxes. Other capital improvement projects include $1.6 million for the LYNX Operations Center (LOC), $40,000 for facility improvements, $4.2 million for the Fixed Route Interactive Voice Response (IVR) Project and Paratransit Trip

Planner, $1.2 million for support equipment, and $2.3 million to purchase and install passenger shelters, superstops and other amenities related to customer services.

In June 2006, the Board of Directors adopted the Comprehensive Transportation Development Plan (TDP) update containing capital and service improvements necessary to meet projected demands for public transportation throughout Central Florida from 2007 through 2011.

PERFORMANCE MEASURES

Pursuant to the Commission's expanded role in providing oversight to authorities, the Commission conducts periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and generally accepted accounting principles. 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 2007 results, as reported by LYNX, are provided in the following table. Results for the last five fiscal years are included in **Appendix B**.

LYNX was an active participant in the development of performance measures and in establishing objectives to measure their performance. Every attempt was made to ensure that the objectives that were selected would be a true measure of the agencies' effectiveness and efficiency in a variety of areas. The LYNX performance data used for this first year report actually represent information collected during FY 2007, which spans from October 1, 2006 through September 30, 2007 (LYNX reports on a Federal Fiscal Year). LYNX was successful in achieving 5 of the 12 objectives for performance, as indicated in the following table.

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

Average Headway

LYNX has typically adhered to an average headway of 60 minutes for their fixed-route service for at least the past five years. The goal

Table 27 Central Florida Regional Transportation Authority, summary of performance measures, FY 2007[1] (FED FY Oct. – Sept.)

Performance Measure	Detail	Objective	Actual Results	Meets Objective
Average Headway	Average headway of all routes	<60 minutes	60 minutes	X
Operating Expense per Revenue Mile	Operating expense divided by total annual revenue miles	<$5.30	$5.45	X
Operating Expense per Revenue Hour	Operating expense divided by total annual revenue hours	<$75	$76.52	X
Operating Revenue per Operating Expense	Ratio of all revenue generated through operation of the transit agency with respect to total operating expense	>30%	31%	✓
Operating Expense per Passenger Trip	Operating expenditures divided by the total annual ridership	<$3	$3.03	X
Operating Expense per Passenger Mile	Operating Expense divided by the number of passenger miles	<$0.47	$0.53	X
Revenue Miles Between Major Safety Incidents	Number of total annual revenue miles divided by the number of major safety incidents for bus	>141,000	938,146	✓
Revenue Miles Between Failures	Number of total annual revenue miles divided by the number of revenue vehicles system failures[2]	>10,500	8,041	X
Revenue Miles versus Vehicle Miles	Number of annual miles of vehicle operation while in active service divided by total annual vehicle miles[3]	>.90	0.91	✓
Customer Service	Average time from complaint to response	2 weeks	2 weeks	✓
Customer Service	Number of complaints per boarding	<1 per 5,000 boardings	0.7	✓
On-time Performance	% of trips end to end on time less than 5 minutes late	>80%	75%	X

[1]Fiscal Year 2007 represents 12 months from October 1, 2006 through September 30, 2007.

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

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

of the stated objective of less than 60 minutes translates into slightly more frequent service for customers. While this objective should be achievable for LYNX moving forward, LYNX's failure to meet this current objective is certainly understandable given not only the implementation schedule of the objectives, but also significant service planning requirements that are required to restructure service frequency.

Operating Expense per Revenue Mile
An evaluation of the relationship between operating expenses and revenue miles provides a measure of the general cost efficiency of the service provided over distance. LYNX operating costs per revenue mile of $5.45 exceeded the objective of $5.30 by $0.15 (2.8%). Operating costs per revenue mile have grown rather steadily at LYNX since 2003. In order to achieve the $5.30 operating costs per revenue mile objective in FY 2007, LYNX needed to hold growth in FY 2006 operating costs per revenue mile to 1.5 percent rather than the reported 4.3 percent increase. LYNX can contain or reduce future costs either by decreasing operating expenses or increasing revenue.

Operating Expense per Revenue Hour
An evaluation of the relationship between operating expenses and revenue hours also provides a measure of the general cost efficiency of the service provided over time. LYNX operating cost per revenue hour of $76.52 exceeded the objective of less than $75.00 per hour by $1.52 (2%). Operating costs per revenue hour have grown steadily at LYNX since 2003. In order to achieve the less than $75.00 operating costs per revenue hour in FY 2007, LYNX would have had to hold growth in FY 2006 operating costs per revenue hour to a 2 percent rather than the reported 4.1 percent increase. Again, future costs can be contained or reduced either by decreasing operating expenses or increasing revenue.

Operating Revenue per Operating Expense
The relationship between operating revenue and operating expense provides a measure of the effective use of income. Unlike the two previous objectives, where the goal was to achieve lower costs per revenue mile or revenue hour, the target for this objective is to increase the percentage of revenue derived from fares and other revenue sources. LYNX achieved this performance measure objective with a 31 percent ratio of revenue to operating expenses. This exceeds the 30 percent objective. Growth in FY 2007 was slightly below the ongoing upward trend of 32 percent in FY 2006. Containment of operating expenses will be critical for LYNX moving forward.

Operating Expense per Passenger Trip
An evaluation of the relationship between operating expenses and passenger trips provides a measure of the general cost efficiency of the service provided. LYNX operating costs per passenger trip of $3.03 exceeded the objective of less than $3.00 by $0.03 (1%). In order to achieve the $3.00 operating cost per passenger trip objective in FY 2007, LYNX needed to hold growth in FY 2006 operating expense per passenger trip to less than 4 percent rather than the reported 5 percent increase. Costs can be contained or reduced by decreasing operating expenses.

Operating Expense per Passenger Mile
An evaluation of the relationship between operating expenses and passenger miles also provides a measure of the general cost efficiency of the service provided. LYNX operating costs per passenger mile of $0.53 exceeded the objective of less than $0.47 by $0.06 (12.8%). Operating costs per passenger mile have fluctuated at LYNX since 2003. LYNX did achieve an operating cost of less than $0.47 per passenger mile in FY 2005. In order to achieve this objective moving forward, LYNX will need to decrease operating costs per passenger mile reported in FY 2007 by 14.6 percent.

Revenue Miles between Major Safety 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. LYNX easily achieved the performance measure objective of greater than 141,000 revenue miles between major incidents (by 565%). Given historic performance in this area, it appears that this objective is well below actual performance and should be adjusted moving forward. In FY 2007, LYNX improved revenue miles between major safety incidents by 182,964 (24.2%) miles as compared to FY 2006, but fell short of the five-year record of 1,030,647 (-9.0%) achieved in FY 2005.

Revenue Miles between Revenue Vehicle System Failures

The span of revenue miles between revenue vehicle system failures (defined as the breakdown of either a major or minor element of the revenue vehicle's mechanical system) is a measure of maintenance effectiveness in keeping the fleet in good condition. A significant number of revenue miles between revenue vehicle system failures reinforces customer confidence in on-time bus performance. LYNX failed to achieve the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures. LYNX has shown a gradual decline from 15,779 revenue miles between vehicle system failures in FY 2003 to the FY 2007 level of 8,041 revenue miles between vehicle system failures. Reversal of the current trend and measured improvement in this area will be required in the future in order to achieve this objective.

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 shop to start of a route) and vehicle miles from the end of the route to the shop. LYNX achieved the .91 performance measure objective for FY 2007.

Customer Service – Average Time from Complaint to Response

LYNX achieved the performance measure objective of timely response to customer complaints within two weeks of receipt of the complaint. Since this is a new performance measure objective for LYNX, no previous data were reported.

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. LYNX has shown gradual improvement in the reduction of customer complaints since a previous high of one complaint per 5,000 boardings in FY 2005.

On-time Performance

LYNX did fall short of achieving the on-time performance objective of greater than 80 percent of trips end-to-end on-time. On-time is defined as less than five minutes late. This also is a newly established performance measure objective; therefore, no previous data were reported. Nonetheless, the objective does appear to provide LYNX with an appropriate target for improved performance moving forward.

OPERATING INDICATORS

FTC, 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 2007 operating indicators, as reported by LYNX are provided in the following table. In order to observe current trends, operating indicators for FY 2005 and

Table 28 Central Florida Regional Transportation Authority (LYNX) summary of operating indicators, FY 2005 through FY 2007 (FED FY Oct. – Sept.)

Indicator	Detail	Actual 05 Results	Actual 06 Results	Actual 07[1] Results
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by the service area population	$44.51	$46.20	$49.89
Farebox Recovery Ratio	Ratio of motor bus passenger fares[2] to total operating expenses.	24.0%	25.4%	23.6%
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	1,536,900	1,536,900	1,536,900
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).	605.6	605.6	605.6
Operating Expense	Reported total spending on operations, including administration, maintenance, and operation of service vehicles.	$68,402,819	$71,006,590	$76,671,049
Operating Revenue[3]	All revenue generated through the operation of the transit agency.	$18,759,732	$22,716,943	$23,615,929
Total Annual Revenue Miles	Number of annual miles of vehicle operation while in active service.[4]	13,398,280	13,593,266	14,072,186
Total Annual Revenue Hours	Total hours of operation by revenue service vehicles in active revenue service.	949,292	965,844	1,001,947
Total Revenue Vehicles[5]	Number of vehicles available for use by the transit agency to meet the annual maximum service requirement.	237	249	285
Peak Vehicles	Number of vehicles operated in maximum (peak) service. Represents the number of revenue vehicles operated to meet the annual maximum service requirements.	197	199	240
Ratio of Revenue Vehicles to Peak Vehicles[6] (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.	16.9%	25.0%	15.8%
Annual Passenger Trips[7]	Annual number of passenger boardings on the transit vehicles.	24,059,369	24,624,906	25,322,312
Average Trip Length	A number typically derived based on sampling and represents the average length of a passenger trip.	6.2	6.1	5.8
Annual Passenger Miles	Number of annual passenger miles multiplied by the system's average trip length (in miles).	149,168,088	150,211,927	145,856,517
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.	22.3	23.5	23.3
Average Fare	Passenger fare revenues divided by the total number of passenger trips.	$0.68	$0.73	$0.71
Passenger Trips per Revenue Mile	The ratio of annual passenger trips to total annual revenue miles of service.	1.80	1.81	1.80
Passenger Trips per Revenue Hour	Ratio of annual passenger trips to total annual revenue hours of operation.	25.34	25.5	25.27
Passenger Trips per Capita	Passenger trips per capita.	15.65	16.02	16.48
Average Age of Fleet in Years	Age of fleet (years) average.	6.3	5.7	5.7
Unrestricted Cash Balance	End of year cash balance from financial statement.	N/A	$5,620,701	$19,693,978
Weekday Ridership	Average weekday ridership.	77,194	78,779	81,445
Capital Commitment to System Preservation	% of capital spent on system preservation	N/A	N/A	91%
Capital Commitment to System Expansion	% of capital spent on system expansion	N/A	N/A	4%
Intermodal Connectivity	Number of intermodal transfer points available.	N/A	5	5

[1]FY 2007 data represent unaudited financial information.

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

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

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

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

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

[7]A passenger trip is counted each time a passenger boards a transit vehicle. If a passenger has to transfer between buses to reach a destination, the passenger is counted as making two passenger trips.

N/A Information is not readily available. Data have not been previously collected in this format.

FY 2006 are also provided. Results for the last five fiscal years are included in **Appendix B**.

LYNX operating indicators appear to be highly consistent from year to year with FY 2007 indicators conforming to the established trend lines. Based on the indicators presented, LYNX has continued to increase weekday ridership (by 3.4 %) on expanded miles (a 3.5% increase) and during additional hours (a 3.7% increase) of revenue service with a slightly larger fleet (41 additional vehicles). Operating expenses continued to rise (by 8%), but were somewhat offset by a modest increase (4%) in operating revenue. Although LYNX logged slightly more passenger trips, the trips tended to be somewhat shorter, resulting in fewer passenger miles overall (2.9% decrease). A decline (from 25.4% to 23.6%) in the farebox recovery ratio was mirrored by a slight decline (from $0.73 to $0.71) in average fares. Despite the fact that the service area remained static, passenger trips within that area increased (by 2.8%) and at a slightly higher cost (from $46.20 to $49.89 per capita) than was previously the case.

The average age of the fleet remains good at 5.7 years, and effective use of the fleet improved; although, continuation of a 15.8 operating spare ratio (below 20%) could prove to be difficult for the agency in terms of providing expanded service in the future. From a financial perspective, LYNX significantly escalated their unrestricted cash balance and committed the bulk of their capital investment to system preservation (91%). LYNX continued to provide five intermodal connections.

GOVERNANCE

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

◆ ***Ethics and Conflict of Interest*** – LYNX has adopted a Code of Ethics pursuant to Section 2.11 of LYNX Bylaws. On January 23, 2003, the LYNX Governing Board amended Administrative Rule 2 to establish additional rules and policies pertaining to the conduct of the authority's members, officers and employees. The Rule Amendment applies to all members, officers and employees pursuant to Part II, Chapter 343, Florida Statutes. The Rule incorporates the Code of Ethics as adopted by the State of Florida and contains provisions related to outside business or employment, former officers and employees, employment of relatives, influencing of votes, coercion, interest in contracts with the Authority, use of Authority assets, bona fide business transactions, and required certification of the Code of Conduct through the use of a Code of Ethics Certification form. The adopted code of ethics also references Section 112, Florida Statutes, specifically regarding compliance with the state's conflict of interest law. Members, officers, and employees are required to sign an acknowledgment not only of receipt of a copy of the "Guide to the Sunshine Amendment and Code of Ethics for Public Officers and Employees," generally referred to as the "Ethics Handbook," but also are required to acknowledge compliance with the Code of Conduct set forth in LYNX Bylaws, provisions of the Ethics Manual and the standards and requirements outlined in the certification form. Board member and employee signed certifications are housed in Human Resource files. LYNX reported that no ethics or conflict of interest violations were registered or investigated in FY 2007.

◆ ***Audit*** – LYNX has established an Audit Committee that mirrors the current composition and leadership of the LYNX Board of Directors. The Audit Committee meets approximately one hour prior to each regular monthly board meeting. A 12-month rolling calendar of critical agenda items for future Audit Committee and Board of Director meetings was contained in the December 6, 2007 Audit Committee minutes. The Commission reviewed recent minutes from the Audit Committee meetings, and typical items reviewed by the Audit Committee included proposed amendments to administrative rules, updates on the status of ongoing contracts, consent and agenda items for the next Board of Directors meeting, and proposals regarding fare adjustments and service changes. Detailed minutes of the Audit Committee and the Board of Directors meetings are posted on the LYNX website (www.golynx.com) along with a schedule of future meetings.

An annual independent audit of the Central Florida Regional Transportation Authority was completed for the year ending September 30, 2006. The Independent Auditor's Report on the financial statements expressed 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 no reportable conditions relating to the audit of the financial statements. No instances of noncompliance material to the financial statements were disclosed during the audit. No reportable conditions relating to the audit of major federal or state financial assistance projects were reported in the Independent Auditor's Report on Compliance and Internal Control. The Independent Auditors' Report on Compliance for each Major Federal Awards Program and State Financial Assistance Project expresses an unqualified opinion. There were no audit findings relative to major federal awards programs or state financial assistance projects.

The United States Code, Chapter 53 of title 49, requires the Federal Transit Administration (FTA) of the United States Department of Transportation (USDOT) to perform reviews and evaluations of Urbanized Area Formula Grant activities at least every three years. The FTA review, known as the Triennial Review, assesses the transit agency's grant compliance with federal requirements through the examination of grant management practices and program implementation in 23 different areas. FTA completed a desk review in FTA Region 4 Office on January 30, 2007, followed by a site visit to LYNX on May 2-3, 2007. Due to a previous procurement review at LYNX that examined procurement and Buy America requirements, FTA eliminated review of those areas in order to avoid duplication. As a result, FTA's triennial review was limited to 21 of the 23 different areas. On May 4, 2007 FTA issued a copy of the draft triennial review to LYNX indicating that "of the 21 areas reviewed, no deficiencies were found in accordance with the FTA requirements in any areas."

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

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

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

◆ ***Procurement*** – On March 29, 2007, pursuant to Part II, Chapter 343, Florida Statutes, LYNX modified, amended, and re-adopted Administrative Rule 4, Procurement and Contract Administration. The Rule applies to the process by which LYNX contracts for labor, services, goods and materials not only during the normal course of business but also in emergency situations. LYNX established the Rule to centralize the contracting function to enable LYNX to establish policies governing all procurements and contracts; to provide for fair and equitable opportunity for all persons doing business with LYNX; and, to provide safeguards to ensure the structured procurement system was of high quality and had integrity.

Administrative Rule 4 delineates contracting authority for six distinct types of contracts, including major contracts, options for major contracts, minor contracts, bus advertising contracts, emergency purchases, and fuel purchases. Governing Board approval is required for all major contracts, and the Governing Board does have the authority when it approves the contract to delegate authority. If the Governing Board does not specifically authorize staff to exercise options for major contracts, options must go before the Governing Board for approval. Minor contracts are defined as contracts with a value of $150,000 or less that are approved in the budget, with a term, including options, of not more than five years. Minor contracts may be approved by the CEO or delegated by the CEO to senior staff (value of $50,000 or less), the procurement/contracts manager (value of $25,000 or less), contract administrator/buyer (value of $5,000 or less), or to other LYNX employees (purchases of $2,500 or less) and must be noticed to the Governing Board as an information item at the next scheduled meeting.

Bus advertising contracts are defined as Level 1, Level 2, and Level 3. Level 1 contracts may be approved by the CEO or CFO and include contracts that do not exceed $180,000 in the aggregate where the term does not exceed 12 months. If the Level 1 contract is less than $150,000, 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 $180,000 but are less than $300,000 or have a term greater than 12 months. The CEO may approve Level 2 contracts provided that the contract receives prior approval by the Authority's general counsel; however, the CEO may not delegate approval authority for Level 2 contracts. Level 3 contracts include all bus advertising contracts that fall outside of Levels 1 and 2. Level 3 contracts must be approved by the Governing Board, reviewed by the general counsel, and approval authority may not be delegated. In addition, if the bus advertising contract involves a bus trade, which refers to a transaction involving a bus advertising contract where LYNX provides third party advertising in exchange for payment in kind, the bus trade must be approved by the CEO.

Contracts involving emergency purchases must be reported to the Governing Board at its next scheduled meeting as a discussion item. The CEO may approve an emergency purchase of $150,000 or less without approval of the Governing Board and may delegate approval authority to any senior officer. If the amount exceeds $150,000, 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 $150,000. Authority for approval is also provided to the chairman of the board, or in his absence, the vice chairman of the board. In the absence of the CEO, approval authority may be granted to any senior officer by the chairman or vice chairman.

Governing Board approval is required for any competitive solicitation; however, in said approval, the Governing Board can establish the conditions for approval of that contract by the CEO or other persons to accept fuel bids and execute fuel contracts. If LYNX has an opportunity to acquire fuel at a savings of 5 percent over its existing fuel contract, and that is permitted under the existing fuel contract, (i.e., the existing fuel contract is not on an exclusive basis) then the CEO would have the ability to acquire such other fuel at such a savings or more and for a term not longer than the term of the other fuel contract, including options. Any fuel purchases under this Rule would be reported to the Governing Board at its next scheduled meeting as an information item. The Governing Board would generally establish guidelines for fuel purchases every two years.

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

◆ ***Consultant Contract Reporting*** – LYNX provided a copy of their sole "General Consulting" contract. Earth Tech Consulting Services, an Architectural & Engineering Consulting firm is the General Engineering Consultant providing expertise and technical skills in developing, designing, and engineering facilities, and related services. The single sub consultant to Earth Tech Consulting Services exceeding $25,000 in FY 2007 was HHCP, totaling $27,562 as indicated in the table below.

Table 29 Central Florida Regional Transportation Authority summary of general consultant sub consultant activity, FY 2007

Consulting Contract	Description	Sub-Consultants >$25k	
		#	$
Earth Tech Consulting Services - Architecture & Engineering			
Sub Consultant: HHCP		1	$27,562
Total Sub Consultants >$25k		1	$27,562

◆ ***Compliance with Bond Covenants*** – LYNX has no outstanding revenue bonds issued at this time. LYNX does have three outstanding State Infrastructure Bank Loan Agreements (SIB) with the Florida Department of Transportation. The first SIB agreement (SIB #1) for funds to construct the LYNX Central Station matures in 2011. The next SIB agreement (SIB #2) for funds to construct the new Operating Base Facility matures in 2016. The final SIB agreement (SIB #3) for funds to acquire rolling stock, including paratransit vehicles, matures in 2013. Loans payable activity for FY 2006 is detailed in the following table.

Table 30 Central Florida Regional Transportation Authority (LYNX) loans payable, September 30, 2006 (FY 2006)

Loan	Beginning Balance	Additions	Payments	Ending Balance	Amounts Due Within One Year
SIB #1	$ 7,958,991	-	$ 1,021,093	$ 6,937,898	$ 3,978,907
SIB #2	$ 7,600,000	-	-	$ 7,600,000	-
SIB #3	-	$ 7,140,000	-	$ 7,140,000	-
Total	$ 15,558,991	$ 7,140,000	$ 1,021,093	$ 21,677,898	$ 3,978,907

LYNX committed its Federal Transit Administration 5307 grant funds as the source to fund the payment obligations of the loan, pursuant to the State Bank Infrastructure Bank 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 significant financial support from its local partners to fund operations, including fixed route bus service, paratransit service, and carpools/vanpools.

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

LYNX met or exceeded 5 of the 12 applicable objectives established for performance measures. The seven measures that require improvement include: average headway, operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, operating expense per passenger mile, revenue miles between failures, and on-time performance.

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

In the area of governance, the FY 2006 independent financial statement audit reflected and unqualified opinion. FTA's May 2007 draft triennial review of LYNX indicated that "of the 21 areas reviewed, no deficiencies were found in accordance with the FTA requirements in any areas."

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

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

LYNX

March 10, 2008

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

Subject: Comment on the Florida Transportation Commission's Oversight Review of Authorities; Established by HB 985

Dear Chairman Marchena and Commissioners:

First, I want to commend the Commission for the quick and thorough job you did in developing performance measures and management objectives for our agencies. The review you completed based on these will be of great value to us. It has been a pleasure working with you and your staff to jointly develop these measures. We know that congestion is a high priority for people in Florida and the work you have done will make a difference. Also, I appreciate the opportunity to officially comment on the findings for the final report.

These comments correspond to the performance measures summarized on page 70 of the report.

1. Average Headway:
   [Objective: <60 Minutes; Actual Results: 60 Minutes]

   Comment: Increasing average transit headways requires a significant investment in equipment and personnel to run more buses more frequently. Because LYNX does not have dedicated funding, it is not possible to make this investment at this time. Our long term goal, however, is to operate 10-15 minute headways on major corridors with small vehicles circulating through neighborhoods and feeding into these workforce routes.

   Action: LYNX is currently working with local elected officials, State Legislators, local business leaders and grassroots groups to educate the public regarding transit and the need for dedicated funding. If efforts are successful and dedicated funding is obtained, LYNX will be in a position to increase our number of buses and add additional service for improving the average headway.

2. Operating Expense per Revenue Mile: (See Comments/Action below)
   [Objective: <$5.30; Actual Results: $5.45]

3. Operating Expense per Revenue Hour: (See Comments/Action below)
   [Objective: <$75; Actual Results: $76.52]

4. Operating Expense per Passenger Trip: (See Comments/Action below)
   [<$3; Actual Results: $3.03]

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www.golynx.com

455 North Garland Avenue
Orlando, FL 32801-1518

Comment: There are several 'expense' costs used in the calculation of the above measures that LYNX cannot control but negatively impact the actual results of these performance measures such as rising fuel and healthcare costs. Additionally, there are some one-time or short-term costs that will not occur in the future, such as, the leasing and rehabilitation of a temporary maintenance facility due to construction delays in a new LYNX Operations Center and moving expenses into the new operations center.

Other costs that had an impact on operating expenses included higher than anticipated overtime for Operators and Mechanics. Also, LYNX has a number of buses in service with very high mileage that increases maintenance costs. When this equipment is replaced, maintenance costs will go down. In 2006 and 2007, LYNX significantly increased service based on an increase in funding from our funding partners; (it generally takes one to two years before new transit service builds ridership and becomes productive.

Action: LYNX is in the process of implementing programs and taking action to reduce costs and/or increase revenue. These include: improving our wellness program to reduce health care costs; restructuring our service to eliminate low productive service; leasing out office space in our administrative building; raising fares in January 2008; increasing recruitment efforts for bus operators and mechanics to reduce overtime costs; replacing 35 high mileage buses during the current fiscal year that will reduce maintenance costs.

5. Operating Expense per Passenger Mile: (See Comments/Action below)
   [<0.47; Actual Results: 0.53]

Comment: The LYNX service area is 2500 square miles, covering an area the size of the State of Delaware. With a service area population of 1.5 million, the population density is 605 persons per square mile. As diesel fuel prices continue to increase, operating costs to travel the long distances required to maintain system connectivity for our widely dispersed passenger base makes it difficult to improve on this performance measure.

6. Revenue Miles between Failures:
   [Objective: <10,500; Actual Results: 8,041]

Comment: This measure reflects low performance from our aging buses, some initial failures experienced with new emissions equipment and lack of manpower. The inability to find qualified maintenance technicians directly hampers our ability to increase reliability and reduce road failures. Additionally, due to circumstances beyond our control, the maintenance facility was required to move from our maintenance facility twice within the last 18 months. Eleven of those months were in a temporary facility that did not provide adequate repair bays or equipment.

Action: In working with the engine manufacturer, we have addressed the problems associated with our new low emissions equipment. Later this year, we will be procuring 35 new buses to replace aging equipment. The most recent facility move in August 2007, allowed LYNX to vacate the temporary facility and move into a permanent home that provides a better opportunity to focus on preventative maintenance. These efforts should help us improve this measure in the future. .Additionally, we continue aggressive efforts to recruit maintenance technicians and are also exploring an apprentice program.

7. On-time Performance:
   [Objective: >80%; Actual Results: 75%]

   Comment: Road construction, traffic congestion and ridership increases throughout the service area have a negative impact on our on-time performance. As ridership and traffic congestion increases our buses are delayed and our on time performance is negatively impacted. Although these factors are not within LYNX' control, we believe that buses added to our service as well as route restructuring currently underway will help us improve on this measure. A significant increase in funding from Orange County for FY07 allowed LYNX to lease 21 new buses and add service specifically for improving on-time performance.

Thank you for your work to improve mobility in our great State. Because our economy is based on a strong transportation system, your efforts are very important. I look forward to working with you in the future to improve the effectiveness and efficiency of our transportation systems throughout the State.

Sincerely,

Linda S. Watson
Chief Executive Officer

Cc: LYNX Board of Directors

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

BACKGROUND

The South Florida Regional Transportation Authority is an agency of the state of Florida, created in 2003 by Chapter 343, Florida Statutes. The enacted legislation merged the Tri-County Commuter Rail Authority (TCRA) into SFRTA and called for SFRTA to be the successor and assignee of the TCRA. SFRTA inherited all of TCRA's rights, assets, labor agreements, privileges and obligations. SFRTA also operates as Tri-Rail.

The South Florida Regional Transportation Authority (SFRTA, Tri-Rail) as created pursuant to Chapter 343, Part I, Florida Statutes, is authorized to own, operate, maintain, and manage a transit system in the tri-county area of Broward, Miami-Dade, and Palm Beach Counties. The same legislation also empowered SFRTA to "plan, develop, own, purchase, lease or otherwise acquire, demolish, construct, improve, relocate, equip, repair, maintain, operate, and manage a transit system and transit facilities." SFRTA was authorized to adopt rules necessary to govern operation of a transit system and facilities.

SFRTA was also given the authority to "coordinate, develop, and operate a regional transportation system within the area served." Each county served by SFRTA must dedicate and transfer not less than $2.67 million in addition to $1.56 million in operating funds to SFRTA annually before October 31 of each fiscal year. SFRTA is required to 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 2007-2012, Draft Minor Update," was updated and distributed in July 2007 and is available at the following website www.sfrta.fl.gov/docs/planning/2007_TDP_10-1-07.pdf. SFRTA is authorized to borrow money as provided by the State Bond Act. Bonds must be authorized by SFRTA resolution after approval of the issuance of bonds at a public hearing.

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

The governing body of SFRTA consists of nine voting members, including one County Commissioner elected by the County Commission from each of the following counties: Broward, Miami-Dade and Palm Beach (three members), one citizen appointed by each County Commission who is not a member of the County Commission (three members), a Florida Department of Transportation (FDOT) District Secretary or his or her designee appointed by the Secretary of Transportation (one member), and two citizen appointees from the Governor (two members). The FDOT 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. The Board of Directors generally meets on a monthly basis to conduct authority business.

Table 31 Current South Florida Regional Transportation Authority Board Members

Name	Appointment	Position
Bruno A. Barreiro	Commissioner, Miami-Dade County	Chairperson
Josephus Eggelletion, Jr., Mayor	Commissioner, Broward County	Vice Chairperson
Jeff Koons	Commissioner, Palm Beach County	Board Member
Neisen Kasdin	Representative, Miami-Dade County	Board Member
James A. Cummings	Representative, Broward County	Board Member
Marie Horenburger	Representative, Palm Beach County	Board Member
Gerry O'Reilly (Interim)	FDOT District VI Secretary	Board Member
Bill T. Smith, Jr., Esq.	Governor's Appointee	Board Member
George Morgan, Jr.	Governor's Appointee	Board Member

SFRTA coordinates, develops, and implements a regional transportation system in South Florida that provides commuter rail service to residents of Broward, Miami-Dade, and Palm Beach Counties. SFRTA operates within a service area of 5,128 square miles that is home to more than 5 million residents. The fiscal year (FY) 2007 annual operating budget exceeded $50 million, an increase of 32.1 percent over the previous year, while annual passenger boardings rose to 3.4 million, representing an increase of over 500,000 additional boardings, a 17.2 percent increase over the previous year. Peak service vehicles increased by 20.9 percent to a new high of 52.

SFRTA receives significant financial support from its funding partners. Operating assistance of $4.2 million was programmed in FY 2007 from each of the three counties in the Tri-county area. The FY 2006-07 capital budget, balanced at $141.2 million in revenue and expenses, includes new expenses and revenue of $38.2 million in addition to $103 million in carry over and is 10 percent lower than the FY 2006 capital budget, which totaled $155 million.

SFRTA completed its second update of the Transit Development Plan (TDP) in July 2007. The updated TDP outlines accomplishments, updates goals and objectives, provides an overview of projects and concepts, and presents the financial plan. A major accomplishment during FY 2007 was the implementation of the 50-train schedule in June 2007.

Concepts and projects planned for FY 2008 include implementation of Phase B operations and management projects, smart card ticket integration, and advanced public transportation systems specific to communications and security/safety. Planned capital projects during that same period involve station upgrades, access, and parking improvements.

PERFORMANCE MEASURES

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to authorities, the Commission conducts periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and generally accepted accounting principles. 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. FY 2007 results, as reported by SFRTA, are provided in the following table.

Table 32 South Florida Regional Transportation Authority summary of performance measures, FY 2007[1]

Performance Measure	Detail	Objective	Actual Results	Meets Objective
Average Headway	Average headway of all routes	<50 minutes	45.6	✓
Operating Expense per Revenue Mile	Operating expense divided by total annual revenue miles	<$18.00	$16.15	✓
Operating Expense per Revenue Hour	Operating expense divided by total annual revenue hours	<$500	$415.95	✓
Operating Revenue per Operating Expense	Ratio of all revenue generated through operation of the transit agency with respect to total operating expense	>25%	17.7%	X
Operating Expense per Passenger Trip	Operating expenditures divided by the total annual ridership	<$15	$12.26	✓
Operating Expense per Passenger Mile	Operating Expense divided by the number of passenger miles	<$0.45	$0.43	✓
Major Incidents	FRA (Federal Railroad Administration) reportables for rail	Zero	0	✓
Revenue Miles Between Failures	Number of total annual revenue miles divided by the number of revenue vehicles system failures[2].	>10,500	38,057	✓
Revenue Miles versus Vehicle Miles	Number of annual miles of vehicle operation while in active service divided by total annual vehicle miles[3].	>.90	0.94	✓
Customer Service	Average time from complaint to response	2 weeks	2 weeks	✓
Customer Service	Number of complaints per boarding	<1 per 5,000 boardings	1.1	X
On-time Performance	% of trips end to end on time less than 6 minutes late	80%	70%	X

[1]Fiscal Year 2007 represents 12 months from July 1, 2006 through June 30, 2007; data are based on unaudited financial information.

[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.

Results for the last five fiscal years are included in **Appendix B**.

SFRTA was an active participant in the development of performance measures and in establishing objectives to measure their performance. Every attempt was made to ensure that the objectives that were selected would be a true measure of agency effectiveness and efficiency in a variety of areas. SFRTA performance data used for this first year report actually represent information collected during FY 2007, which spans from July 1, 2006 through June 30, 2007. SFRTA was successful in achieving 9 of the 12 objectives for performance, as indicated in the previous table.

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

Average Headway
SFRTA achieved the less than 50 minute average headway with an average headway of 45.6 minutes. SFRTA has shown consistent annual reductions of average headway from a FY 2004 high of 71.2 minutes to an all time low of 45.6 minutes reported in FY 2007 (a 36% decrease).

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 costs per revenue mile of $16.15 (a 4% increase over FY 2006) fell below the objective of $18.00 by $1.85 (10%). While operating costs rose in excess of 18 percent over FY 2006, a 13.6 percent increase in annual revenue miles helped to reduce the operating cost per revenue mile.

Operating Expense per Revenue Hour
An evaluation of the relationship between operating expenses and revenue hours also provides a measure of the general cost efficiency of the service provided over time. SFRTA operating cost per revenue hour of $415.95 fell below the objective of less than $500 per hour by $84.05 (17%). An 18 percent rise in operating costs was offset by an almost 14 percent increase in revenue hours, which helped to reduce operating cost per revenue hour.

Operating Revenue per Operating Expense
The relationship between operating revenue and operating expense provides a measure of the effective use of income. Unlike the two previous objectives, where the goal was to achieve lower costs per revenue mile or revenue hour, the target for this objective is to increase the percentage of revenue derived from fares and other revenue sources. SFRTA failed to achieve this performance measure objective with an 18 percent ratio of revenue to operating expenses. This falls below the greater than 25 percent objective. SFRTA has shown a downward trend in this area since FY 2003 (28%); although, FY 2007 was modestly higher than FY 2006 (17.7 % versus 17.4%). SFRTA indicated that farebox recovery dipped below the 25 percent mark soon after initiation of the double tracking project. SFRTA experienced a decrease in ridership during a time of increased operating costs, which were not offset by an increase in fares. Given that SFRTA has decided to delay fare increases until on-time performance improves, containment of operating expenses will be critical for SFRTA moving forward.

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 $12.26 fell below the objective of less than $15.00 by $2.74 (18%), thereby achieving the objective. SFRTA was able to hold FY 2007 operating cost per passenger trip to the FY 2006 level plus $0.10, the lowest increase from year to year reported since FY 2003.

Operating Expense per Passenger Mile
An evaluation of the relationship between operating expenses and passenger miles also provides a measure of the general cost efficiency of the service provided. SFRTA achieved the objective of operating costs per passenger mile of less than $0.45 by $0.02 (4%). Operating costs per passenger mile have gradually increased since 2003 (an average annual increase of 10.8%). In order to achieve this objective moving forward, SFRTA will need to contain operating costs.

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 zero Federal Railroad Administration (FRA) reportables performance measure objective.

Revenue Miles between Revenue Vehicle System Failures
The span of revenue miles between revenue vehicle system failures (defined as the breakdown of either a major or minor element of the revenue vehicle's mechanical system) is a measure of maintenance effectiveness in keeping the fleet in good condition. A significant number of revenue miles between revenue vehicle system failures reinforces customer confidence in on-time train performance. Since this is a new performance measure objective for SFRTA, no previous data were reported. SFRTA clearly exceeded the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures (by 262%) with 38,057. This objective may need to be adjusted moving forward given SFRTA's current level of performance in this area.

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 0.90 for FY 2007 with a 0.94. SFRTA has met or exceeded this objective in four of the past five years. This objective may need to be adjusted moving forward given SFRTA's current level of performance in this area.

Customer Service – Average Time from Complaint to Response
SFRTA achieved the performance measure objective of timely response to customer complaints within two weeks of receipt of the complaint. Since this is a new performance measure objective for SFRTA, no previous data were reported.

Customer Service – Number of Complaints per Boarding
SFRTA failed to achieve the performance objective of less than one complaint per 5,000 boardings with 1.1 complaints. Since this is a new performance measure objective for

SFRTA, no previous data were reported. SFRTA was in the midst of a major construction project throughout the reporting period and anticipates improved performance in this area moving forward.

On-time Performance

SFRTA fell short of achieving the on-time performance objective of greater than 80 percent of trips end-to-end on-time. On-time is defined as less than six minutes late. SFRTA on-time performance fluctuated from a high of 78.1 percent to a low of 51.8 percent in FY 2005. SFRTA has shown marked improvement in on-time performance in the past two years. SFRTA plans to assume control for train dispatch, which SFRTA expects will significantly improve on-time performance. This performance measure objective does appear to provide SFRTA with an appropriate target for improved performance as the agency moves forward.

OPERATING INDICATORS

The Commission, in concert with the Authorities, developed indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various Authorities have unique characteristics. FY 2007 operating indicators, as reported by SFRTA are provided in the table on the following pae. In order to observe current trends, operating indicators for FY 2005 and FY 2006 are also provided. Results for the last five fiscal years are included in **Appendix B**.

SFRTA operating indicators appear to be highly consistent from year to year with FY 2007 indicators conforming to the established trend lines. Based on the indicators presented, SFRTA has continued to increase weekday ridership (by 12.3 %) on expanded miles (a 13.6% increase) and during additional hours (13.6% increase) of revenue service with a slightly larger fleet (15 additional vehicles). Operating expenses continued to rise (by 18%), but were offset by a significant increase (21%) in operating revenue. SFRTA logged more passenger trips (a 17.2% increase), and while the trips tended to be somewhat shorter (a 3.1% decrease), passenger miles increased (by 13.6%). The farebox recovery ratio increased, as did the average fare (from \$2.03 to \$2.13). The service area population expanded (by 1.2%), and passenger trips within that area increased (by 17.2%) and at a higher cost (from \$6.45 to \$7.54 per capita) than was previously the case.

The average years since the last rebuild was 5.2 years for locomotives and 6.2 years for coaches, well below the required rebuilds of 9 years and 12 years, respectively. Effective use of the fleet was reported to have risen from 10.4 percent in FY 2006 to 17.5 percent in FY 2007. Despite improvement, continuation of a 17.5 operating spare ratio (below 20%) could prove to be difficult for the agency in terms of providing expanded service in the future. From a financial perspective, SFRTA significantly escalated their unrestricted cash balance and committed all of their capital investment to system expansion (100%). SFRTA continued to provide 18 intermodal connections.

Table 33 South Florida Regional Transportation Authority summary of operating indicators, FY 2005 through FY 2007

Indicator	Detail	Actual 05 Results	Actual 06 Results	Actual 07[1] Results
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by the service area population	$5.98	$6.45	$7.54
Farebox Recovery Ratio	Ratio of passenger fares[2] to total operating expenses.	18.7%	16.7%	17.4%
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	5,448,962	5,477,831	5,541,080
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).	1,063	1,068	1,081
Operating Expense	Reported total spending on operations, including administration, maintenance, and operation of service vehicles.	$32,603,818	$35,358,863	$41,794,730
Operating Revenue[3]	All revenue generated through the operation of the transit agency.	$6,379,422	$6,147,108	$7,412,341
Total Annual Revenue Miles	Number of annual miles of vehicle operation while in active service[4].	2,467,897	2,277,313	2,587,883
Total Annual Revenue Hours	Total hours of operation by revenue service vehicles in active revenue service.	96,205	88,467	100,481
Total Revenue Vehicles[5]	Number of vehicles available for use by the transit agency to meet the annual maximum service requirement.	43	48	63
Peak Vehicles	Number of vehicles operated in maximum (peak) service. Represents the number of revenue vehicles operated to meet the annual maximum service requirements.	37	43	52
Ratio of Revenue Vehicles to Peak Vehicles[6] (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.	14.0%	10.4%	17.5%
Annual Passenger Trips[7]	Annual number of passenger boardings on the transit vehicles.	3,064,074	2,908,420	3,408,486
Average Trip Length	A number typically derived based on sampling and represents the average length of a passenger trip.	27.8	29.4	28.5
Annual Passenger Miles	Number of annual passenger miles multiplied by the system's average trip length (in miles).	85,181,257	85,507,548	97,141,851
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.	17.7	18	19
Average Fare	Passenger fare revenues divided by the total number of passenger trips.	$1.99	$2.03	$2.13
Passenger Trips per Revenue Mile	The ratio of annual passenger trips to total annual revenue miles of service.	1.24	1.27	1.32
Passenger Trips per Revenue Hour	Ratio of annual passenger trips to total annual revenue hours of operation.	31.9	32.9	33.9
Passenger Trips per Capita	Passenger trips per capita.	0.56	0.53	0.62
Average Age Since Last Rebuild	Average years since last rebuild for locomotives (9 years).	10	2.9	5.2
Average Age Since Last Rebuild	Average years since last rebuild for coaches (12 years).	10	8	6.2
Unrestricted Cash Balance	End of year cash balance from financial statement.	7,267,824	$413,212	$7,400,122
Weekday Ridership	Average weekday ridership.	10,429	10,281	11,545
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	Number of intermodal transfer points available.	18	18	18

[1]FY 2007 data represent unaudited financial information.

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

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

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

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

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

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

GOVERNANCE

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

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

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

◆ ***Audit*** – An annual independent audit of the South Florida Regional Transportation Authority was completed for the year ending June 30, 2006. The Independent Auditor's Report on the financial statements expressed 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 no reportable conditions relating to the audit of the financial statements. No material weaknesses were identified, and no reportable conditions were identified that were considered to be material weaknesses. In terms of internal control over major federal programs, no material weaknesses were identified, and no reportable conditions were identified that were considered to be material weaknesses. The auditor's report issued an unqualified opinion on compliance for major federal programs. No material weaknesses for internal control of major state projects were identified. No reportable conditions were identified that were considered to be material weaknesses. The auditor's report issued an unqualified opinion on compliance for major state programs. In addition, there were no findings related to the financial statements, which were required to be reported in accordance with *Government Auditing Standards*. There were no federal or state project findings or questioned costs noted. The FY 2007 annual independent audit for the year ending June 30, 2007 has yet to be issued. On June 27, 2007 the Florida Department of Transportation (FDOT), Office of the Inspector General (OIG) presented SFRTA with the following documents: *SFRTA Project Management Advisory Memorandum 07T-1102* and *Attestation Report 06T-1201 CSX*

Transportation Segment 5 – Tri-Rail Double Track Project Costs, both dated June 27, which noted deficiencies in project management at

SFRTA that required management attention, including implementation of a corrective action plan. On July 13, 2007, the SFRTA Executive Director provided SFRTA's Management Response to the OIG's Memorandum and Attestation. In addition, SFRTA asked OIG to amend both documents to include SFRTA's Management Response. On August 2, 2007, OIG acknowledged SFRTA's Management Response and did modify the previously reported "total contract amount" in the background and introduction section of the Attestation Report 06T-1201 and in the executive summary of Advisory Memorandum 07T-1102. The OIG affirmed the need for implementation of the corrective action plan outlined in Advisory Memorandum 07T-1102, contrary to SFRTA's allegation that implementation of the proposed action plan was unfounded. The OIG agreed to post SFRTA's Management Response along with OIG's reports on the OIG website (www.dot.state.fl.us/inspectorgeneral). The current status of implementation of the corrective action plan is uncertain at this time.

◆ ***Public Records and Open Meetings*** – SFRTA complies with Article IV of the SFRTA By-laws, as amended on February 23, 2007, in the conduct of all meetings. Notice of and public access to all meetings must be given in the manner required by applicable law as well as SFRTA By-laws. Regular meetings are generally held on the fourth Friday of each month at a time convenient for the Board. A copy of the regular meeting agenda must be posted on the SFRTA website not less than four calendar days prior to the Board meeting. SFRTA is also required to publish notice of its regular Board meetings or workshops in the Florida Administrative Weekly, the SFRTA website, at least one local newspaper of general circulation throughout some or all of SFRTA service area, and in the office of SFRTA not less than seven days before the meeting. Article VII of the SFRTA By-laws 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. SFRTA is also subject to the provisions of Section 189.417, Florida Statutes and Chapter 286, Florida Statutes, for open meetings. The Commission reviewed agendas, minutes of meetings and notices of public meetings available on the SFRTA website (www.sfrta.fl.gov). From this limited review, the Commission determined that SFRTA is operating within procedure and statute.

◆ ***Procurement*** – Chapter 343, Florida Statutes, merged the Tri-County Commuter Rail Authority (TCRA) into SFRTA in 2003 and called for SFRTA to be the successor and assignee of the TCRA. SFRTA inherited all of TCRA's rights, assets, labor agreements, privileges and obligations. SFRTA currently subscribes to the procurement rules and regulations promulgated and approved by the Board of the Tri-County Commuter Rail Authority (TCRA), cited as the "Procurement Code of the Tri-County Commuter Rail Authority." The Procurement Code provides a unified purchasing system with centralized responsibility that allows for processing of some work by delegation. Principles of law and equity supplement the provisions of the code, which requires all parties involved in the negotiation, development, performance, or administration of contracts to act in good faith. Open competition is required, and the

Procurement Code applies to every procurement, irrespective of funding source, except as otherwise specified. Joint Participation Agreements with FDOT and previously reported standards of conduct and conflict of interest policies are delineated. All rights, powers, duties and authorities relating to the procurement of supplies, services, and construction are vested in the Board. Approval authority for procurement actions and contracts are outlined in the following table.

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

Table 34 South Florida Regional Transportation Authority Procurement Actions and Contract Approval Authority

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

◆ ***Consultant Contract Reporting*** – SFRTA awarded General Engineering and Consulting Service contracts to four firms on June 24, 2005. Each contract was awarded for a three-year term with two one-year renewal option periods in the maximum not to exceed $5 million. The contracts are work order based where individual assignments are negotiated on an as-needed basis. Funds are encumbered separately for each individual work order. Due to the multitude of disciplines required in the Scope of Services, consulting firms were encouraged to establish a team comprised of a prime consultant and a number of sub consultants to provide all disciplines required in the solicitation. Consultant and sub consultant contracts over $25,000 are presented in the following table.

Table 35 South Florida Regional Transportation Authority summary of general consultant sub consultant activity

Consulting Contract	Description	Sub-Consultants >$25k #	Sub-Consultants >$25k $
Bergmann Associates - Engineering and Architectural Design			
Sub Consultant: LTK Engineering Services	Universal Fare Collection System	1	$452,322
Sub Consultant: Booz Allen Hamilton	Procurement management assistance	1	$36,453
Parson Transportation Group - Management, Engineering, and Construction			
Sub Consultant: Booz Allen Hamilton	Fare collection business rules	1	$154,278
HDR Engineering – Architectural and Engineering Consultant			
Sub Consultant: LTK Engineering Services	O&M equipment procurement	1	$27,029
Sub Consultant: LTK Engineering Services	O&M equipment transition	1	$76,323
Sub Consultant: DMJM+Harris	Rail track and signal support	1	$200,816
PB Americas, Inc. – Construction Management Consultant			
Sub Consultant: None		0	$0
Total Sub Consultants >$25k		6	$947,221

◆ ***Compliance with Bond Covenants*** – SFRTA has no outstanding revenue bonds issued at this time. An interest-free State Infrastructure Bank (SIB) loan of $10 million was awarded to SFRTA in FY 2004. SFRTA received $7.5 million of the loan in FY 2005 and the remaining $2.5 million in FY 2006. Repayment of the loan was scheduled to occur in two installments of $5 million each. SFRTA repaid $5 million of the loan on October 1, 2006 and will repay the final installment of $5 million in FY 2008.

SUMMARY

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

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

SFRTA met or exceeded 9 of the 12 applicable objectives established for performance measures. The three measures that require improvement include: operating revenue per operating expense, customer complaints per boarding, and on-time performance.

SFRTA continues to provide more public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. SFRTA has continued to increase weekday ridership, expand revenue miles and hours, and grow its fleet. In light of less than acceptable operating revenue per operating expense, despite increased ridership and average fares, the Commission encourages SFRTA to focus on containing operating costs. In addition, the Commission suggests that SFRTA take action to improve on-time performance, which could prove to be valuable in assisting them in the reduction of customer complaints.

In the area of governance, the FY 2006 independent financial statement audit reflected an unqualified opinion. The FY 2007 annual independent audit for the year ending June 30, 2007 has yet to be issued. The audit is scheduled to be presented to the Board shortly. Given that the figures used in calculating the performance measures may change, FTC encourages the Authority to have their annual audit completed in a more timely fashion in the future.

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

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

"Emerging" Authorities

Northwest Florida Transportation Corridor Authority (NFTCA)

BACKGROUND

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

The governing body of NFTCA consists of eight voting members: one each from Escambia, Santa Rosa, Walton, Okaloosa, Bay, Gulf, Franklin and Wakulla counties, appointed by the Governor to serve four-year terms. The district secretary of the Florida Department of Transportation (FDOT) covering Northwest Florida (District 3) serves as an ex-officio, non-voting member.

Table 36 Current Northwest Florida Transportation Corridor Authority Board Members

Name	Representing	Position
Mr. Randall A. McElheney	Bay County	Chairman
Mr. Jay A. Odom	Okaloosa County	Vice Chairman
Mr. Robert B. Montgomery	Santa Rosa County	Secretary Treasurer
Mr. Eddie C. Dixon	Escambia County	Board Member
Mr. James F. Anders, II	Walton County	Board Member
Mr. Stephen K. Norris	Gulf County	Board Member
Honorable Cheryl K. Sanders	Franklin County	Board Member
Mr. T.W. Maurice Langston	Wakulla County	Board Member
Mr. Larry F. Kelley	FDOT District 3	Ex-Officio

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

Statutory requirements

The legislation requires NFTCA to conduct specific activities with prescribed deadlines. These requirements range from conducting public meetings to developing a Corridor Master Plan. The following table lists those statutory requirements and indicates whether those requirements have been met.

Table 37 Northwest Florida Transportation Corridor Authority statutory requirements

Subject Area	Requirement	Status
Public Meetings	Shall meet at least quarterly; should alternate locations (s. 343.81 (3)).	Board has met monthly since September 2005 and has met at least once in each county represented.
Corridor Master Plan	Shall develop and adopt a Corridor Master Plan no later than July 1, 2007 and update annually before July 1 of each year (s. 343.82 (3)(a)).	Completed the Corridor Master Plan and adopted the plan in April 2007. First update due July 1, 2008.
Master Plan Presentations	Shall present the original master plan and updates to the governing bodies of the counties within the corridor and legislative delegation members within 90 days after adoption of master plan (s. 343.82 (3)(c)).	Minutes of the October 18, 2007 Board Meeting indicate that Mr. Ray Reissener, HDR, Inc. has met with the Commissioners in all eight counties.

In addition to the above requirements, the NFTCA may also enter into Public-Private Partnerships for the construction of transportation facilities, may sell bonds to finance the construction of transportation facilities, and may enter into lease-purchase agreements with the FDOT for operation of the U.S. 98 Corridor System. Certain statutory requirements must be met if NFTCA were to perform the above activities. Currently, NFTCA has not entered into any such agreements nor has it sold bonds to construct projects. NFTCA is currently in the Preliminary Design and Environmental (PD&E) phase of its master planning projects. FTC will continue to monitor NFTCA's progress towards developing transportation facilities and will report on compliance with other related statutory provisions as they occur.

Current activities

As mentioned previously, NFTCA adopted the Corridor Master Plan in April 2007. 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 Master Plan identified 82 potential projects that would improve existing facilities or create new facilities.

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

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

- A PD&E study (FDOT FM #422447-1-28-01) is underway on improvements to, or alternatives to, U.S. 98 in Franklin County. This project is being funded by $500,000 of Transportation Regional Incentive Program (TRIP) funds

NFTCA is coordinating its efforts with the local FDOT District Three office headquartered in Chipley. There are numerous construction projects in the Department's 5-year work program for the northwest Florida area that require close coordination in order to eliminate duplication, cost inefficiencies and conflicting priorities.

GOVERNANCE

In addition to establishing performance measures for transportation authorities, FTC has determined that monitoring the "governance" of the authorities is required in order for it to fulfill its obligations under the law. To that end, FTC is monitoring the polices and adherence to policies in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

◆ ***Ethics*** – At its January 17, 2008 Board meeting, NFTCA formally adopted a resolution that all Board members and employees are to follow Part III of Chapter 112, Florida Statutes, where applicable regarding ethical conduct. The Board has reported no ethics violations or investigations and none are noted in minutes of meetings. Nothing in the minutes of meetings indicates that the NFTCA Board members have received any training or briefings in conducting business in accordance with Florida "sunshine laws," and FTC recommends the Board seek out such training or briefings at its earliest convenience.

◆ ***Conflict of Interest*** – At its January 17, 2008 Board meeting, NFTCA formally adopted a resolution that all Board members and employees are to follow Part III of Chapter 112, Florida Statutes, where applicable regarding conflicts of interest. A review of minutes of meetings indicates that where a commissioner has a conflict, it is noted in the public meeting, the commissioner has abstained from voting on that particular item and that the Form 8B (Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers) has been completed. As noted earlier, the Board adopted NFTCA's Master Plan in April 2007. Although the projects and corridors are currently only identified as "lines on a map," they do not constitute final project alignments. At the time the NFTCA Board adopts final alignments for specific projects, it is FTC's expectation that any Board member disclose a conflict of interest, if such voting would provide a personal, private or professional interest that inures to that member's special private gain. A review of the Florida Commission on Ethics website lists Advisory Opinions on conflicts of interest. Depending on the circumstances, Advisory Opinions have indicated that such conflicts would exist if a Board Member were to vote on a transportation corridor route alternative that would benefit that Board Member.

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

◆ ***Public Records and Open Meetings*** – NFTCA does not have a formal adopted policy in regards to Public Records and Open Meetings. A search of the NFTCA website indicates that notices of meetings are posted in advance of the meeting and that the agendas and minutes of meetings are posted timely. These efforts appear to comply with the provisions of Section 189.417, Florida Statutes. It is recommended that NFTCA adopt a formal policy that it will comply with the provisions of either Chapter 120 or 189 in regards to Open Meetings. A review of the minutes of meetings identified some issues regarding responses to public comment and questions and whether the Board was timely in responding to public inquiries. It is unclear from subsequent minutes whether those items requested by the public were provided. It is recommended that the Board make every effort to timely respond to requests for information.

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

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

◆ ***Compliance with Bond Covenants*** – There has been no issuance of bonds by NFTCA; therefore, this section is not applicable.

◆ ***Other*** – Section 189.418 requires Special Districts to adopt annual budgets by resolution. Nothing in the Board minutes indicates that a budget has been adopted. Although NFTCA has only received funding for Preliminary Engineering studies, in order to assure that commitments do not exceed available funding, the board should adopt a formal budget and review budget related activity at its regularly scheduled meetings.

SUMMARY

In general, NFTCA is conducting its business in accordance with requirements of public meetings, open records, and ethics. In addition, the board has met its statutory requirements for developing a Corridor Master Plan. FTC will continue to monitor the progress of NFTCA as it continues to meet its statutory responsibilities.

FTC would like to acknowledge the assistance of NFTCA, HDR, Inc. and FDOT District Three in providing the information necessary for the completion of this report.

Southwest Florida Expressway Authority (SWFEA)

BACKGROUND

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

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

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

Table 38 Current Southwest Florida Expressway Authority Board Members

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

Statutory requirements

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

Current activities

SWFEA is continuing to work to establish its initial project, project limits and to define time frames. SWFEA commissioned traffic and revenue studies by the Florida Turnpike Enterprise (FTE) and SWFEA's General Consultant, Wilbur Smith and Associates (WSA). Both studies concluded that ten lanes will be needed on I-75 to meet Southwest Florida's growing traffic demands. Both studies also concluded that the tolling of lanes five and six will be necessary to provide financing for the construction of lanes seven through ten. The addition of lanes five and six is currently underway by FDOT District One through an innovative Design, Build, Finance (DBF) contract. SWFEA is working with both Lee and Collier counties to secure approval to toll lanes five and six. SWFEA, in partnership with FDOT, has also submitted an Expression of Interest to the Federal Highway Administration (FHWA) to seek approval and funding assistance for the installation of variable pricing tolling equipment for lanes five and six. According to the minutes of the October 19, 2007 SWFEA Board meeting, the Collier County Board of County Commissioners has not taken any formal action for approval or rejection for the tolling of lanes five and six. Neither has the Lee County Board of County Commissioners taken formal action on the tolling of lanes five and six; however, SWFEA has received a resolution from Lee County supporting an Investment Grade Traffic and Revenue Study, PD&E re-evaluation and any activities necessary to complete the studies. Lee County has also approved the proposed project as required by Florida Statutes, Section 348.9933 (4). The Collier County Commission (CCC) also met on February 12, 2008 and formally approved the project as required by Florida Statutes. SWFEA is requesting the balance of the $625,000 Collier County agreed to contribute and for the Collier Commission to agree to an Investment Grade Traffic and Revenue Study. At the end of the study, anticipated to be completed by December 2008, SWFEA would then return to the CCC with the results of the study.

Performance Measures and Operating Indicators

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

GOVERNANCE

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

◆ ***Ethics*** – SWFEA adopted an ethics policy on July 20, 2007 that requires board members and employees to follow the ethics standards set forth in Part III of Chapter 112, Florida Statutes. A review of the minutes of the meetings did not disclose, and SWFEA has not documented, any violations or reported investigations of ethics violations. The minutes of the May 18, 2006 meeting indicate that the Board members received "government in the sunshine" training and that it is their policy that any new citizen appointed to the Board will receive training.

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

◆ ***Audit*** – SWFEA contracted for and the board adopted the audited financial statements and Independent Auditor's Report for the fiscal year ended June 30, 2007. The results of the audit are in conformity with Generally Accepted Accounting Principles (GAAP) and SWFEA received an unqualified opinion from the auditors. The financial statement audit was performed in accordance with Section 218.39 Florida Statutes and Section 10.50, Rules of the Auditor General. The Auditors also issued their report on Internal Control over Financial Reporting, which did not identify any deficiencies in internal controls that would be considered material weaknesses. Supplementary information includes a "non-GAAP" Budget Reconciliation to GAAP basis statement. The budget is the legally adopted and amended budget adopted by the Board by resolution. The audit also satisfies the requirements of the Florida Single Audit Act, Section 215.97, Florida Statutes. Again, the report indicates no material weaknesses or significant deficiencies.

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

◆ ***Procurement*** – On March 15, 2007, SWFEA adopted a Procurement Policy/Procedure which documents procurement levels and quoting levels for the purchase of goods and services. The Board of Directors must approve all purchases of $25,000 or more, and solicited sealed bids are required for such purchases. For professional services and construction contracts, SWFEA will follow Florida Statutes or utilize current processes established by Lee or Collier County. SWFEA's General Consultant, WSA, was procured through a competitive negotiation process. At the time, SWFEA was staffed with Lee and Collier county assistance. The contract with WSA and contracts for legal and public relations assistance were procured using established Lee County procurement policies. Since that time, WSA has assumed staffing responsibilities for SWFEA, and Lee and Collier counties are no longer providing staff support. Any further procurements will be accomplished utilizing the board established procurement policy. A review of the minutes of board meetings indicates compliance with procurement policies.

◆ ***Consultant Contract Reporting*** – SWFEA indicated that the General Consultant, WSA, does not, at this time, have any sub consultants that meet the $25,000 threshold established for reporting.

◆ ***Compliance with Bond Covenants*** – There has been no issuance of bonds by SWFEA; therefore, this section is not applicable.

◆ ***Other*** – The Board has adopted a number of policies and procedures to help guide the business of SWFEA. FTC did not perform any review of adherence to these policies and procedures, but acknowledges that SWFEA has gone beyond the governance requirements established by FTC. These policies/procedures include:

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

SUMMARY

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

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

Tampa Bay Area Regional Transportation Authority (TBARTA)

BACKGROUND

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

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

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

- One elected official appointed by the respective County Commissions from Citrus, Hernando, Hillsborough, Pasco, Pinellas, Manatee and Sarasota counties
- One member is appointed by the West Central Florida Metropolitan Planning Organization Chairs Coordinating Committee (WCFMPOCCC) who must be a chair of one of the six Metropolitan Planning Organization's in the region
- Two members are the mayor or the mayor's designee of the largest municipality within the area served by the Pinellas Suncoast Transit Authority (PSTA) and the Hillsborough Area Regional Transit (HART) Area
- One member is the Mayor, or designee, of the largest municipality within Manatee or Sarasota County providing that the membership rotate every two years
- Also on the Board are four business representatives appointed by the Governor, each of whom must reside in one of the seven counties of TBARTA
- The one non-voting member shall be the District Secretary of the Florida Department of Transportation (FDOT) 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 39 Current Tampa Bay Area Regional Transportation Authority Board Members

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

Statutory requirements

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

Table 40 Tampa Bay Area Regional Transportation Authority statutory requirements

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

Current activities

TBARTA is tasked with developing a Regional Master Transportation Plan for the seven-county Tampa Bay Region. To that end, TBARTA has been conducting public meetings where presentations have been made regarding the transportation needs of the area and funding options available. Section 343.922 (3) (b), Florida Statutes, states that TBARTA shall consult with FDOT to further the goals and objectives of the Strategic Regional Transit Needs Assessment (SRTNA) which is to be completed by the FDOT. District Seven of FDOT is providing technical support in the development of the Master Plan and has finalized a detailed assessment of regional transit opportunities as documented in the recently released SRTNA.

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. FDOT has contracted for a project consultant team and has launched the second phase of the project, termed the "Interstate of Transit." As required by law, SRTNA continues to be the basis for the development and implementation of the Regional Transportation Plan by July 2009.

Performance Measures and Operating Indicators

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

GOVERNANCE

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

◆ **Ethics** – TBARTA adopted a comprehensive set of Bylaws on November 30, 2007. The Bylaws state that staff and agents of the 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. The agency has indicated that there have been no ethics violations reported or investigated. A review of the minutes of Board meetings did not indicate that any violations have occurred.

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

◆ **Audit** – The Authority was newly created on July 1, 2007; therefore, there was no Fiscal Year 2007 audit requirement. Presently, TBARTA has no funding source and is utilizing the services of FDOT's District Seven. The Board has made a formal request for $10,000 in funding from each area MPO to provide short-term legal services, while the Board works on securing long-term funding. The Tampa Bay Regional Planning Council is currently providing legal services at no cost to TBARTA for the development of Bylaws and other miscellaneous legal matters.

◆ **Public Records and Open Meetings –** The adopted Bylaws require that the Board and Committees of TBARTA comply with the requirements of Chapters 286, 119 and 120, Florida Statutes. The Board reported that there have been no violations or allegations of non-compliance. Commission staff performed a review of the minutes of the meetings and the TBARTA website (www.tbarta.com), which contained the detailed agendas and the Florida Administrative Weekly advertisements of meetings. At this time, the Board has not received any briefings or seminars on "sunshine law" compliance and is encouraged to convene a workshop to receive such briefing.

◆ **Procurement** – The adopted Bylaws do provide for delegation of expenditure authority of up to $50,000 to the Executive Director. However, TBARTA has no funding, staff has not been hired, and procurements have not occurred. The Authority is committed to following applicable policies and statutes should funding be secured and procurements were to occur.

◆ **Consultant Contract Reporting** – As indicated above, TBARTA has no funding and has not secured a general consultant. Those services are being provided by FDOT's District Seven, making this section inapplicable at this time.

◆ **Compliance with Bond Covenants** – There has been no issuance of bonds by TBARTA.

◆ **Other** – The Board has adopted a number of policies and procedures to help guide the business of TBARTA. Those provisions include roles and terms of officers, vacancy and voting, committee membership, staffing and budget adoption. FTC will monitor compliance with these policies as they are fully implemented.

SUMMARY

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

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

Summary of Fiscal Year 2007 Findings

Miami-Dade Expressway Authority (MDX)

MDX met or exceeded 13 of the 16 performance measure objectives. For procurement, FTC staff noted that the Executive Director "could" potentially approve a change order or contract amendment for a single contract up to $1 million without prior approval of a Standing Committee or the MDX Board.

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

FTC encourages MDX to develop and pursue action plans to help meet established performance measure objectives and to review established thresholds for contract amendment approval authority.

Orlando-Orange County Expressway Authority (OOCEA)

OOCEA met or exceeded 12 of the 16 management objectives established for performance measures.

In the area of governance, the FY 2007 independent financial statement audit reflected an unqualified opinion. Five recommendations for improvement provided in the Auditor's Management Letter are currently being implemented by OOCEA. The OOCEA Board also approved an independent operational audit of the Authority by the Orange County Comptroller's Office with an audit report being issued in October 2007. The audit included 81 recommendations for improvement in 7 areas. Based on FTC's site visit, limited review of various documents and staff interviews, it was concluded that OOCEA has made significant progress in implementing audit recommendations.

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

FTC encourages the OOCEA Board to convene workshops to provide refresher training in the area of Florida's "sunshine laws" and to continue to implement changes as recommended in various audits and to develop and pursue action plans to help meet established performance measure objectives.

Santa Rosa Bay Bridge Authority (SRBBA)

Of the 16 performance measures established by the FTC, only 11 are currently applicable to SRBBA. Of these 11 measures, SRBBA met or exceeded seven of the measures.

SRBBA did not meet its bond covenant debt service coverage requirement of 1.2 times coverage. This places SRBBA in technical default on its bonds. However, the Authority has drawn down on its debt service reserve account to meet the debt service payments. Due to escalating debt service requirements, it is possible that the revenues of SRBBA will continue to be insufficient to make future debt service payments solely from toll revenues. FTC will continue to monitor and report on the financial condition of SRBBA.

Due to the financial condition of the Garcon Point Bridge, operations of SRBBA are severely limited. The Board of SRBBA meets periodically and is conducting its meetings in compliance with procedure and Florida's "sunshine laws." However, the Board is limited in its ability to conduct business beyond the review of monthly revenues and expenses, implementing periodic toll rate increases necessary to keep the Authority from defaulting on its bonds, and providing for continuing disclosure requirements. Given these issues, however, FTC finds that SRBBA is a well-maintained facility meeting the needs of its customers. FTC will continue to monitor the Santa Rosa Bay Bridge Authority and the operations of the Garcon Point Bridge and coordinate with the Department on any issues that arise.

Tampa-Hillsborough County Expressway Authority (THEA)

THEA met 7 of the 14 applicable performance measure objectives for Fiscal Year 2007. In the area of governance, the FY 2007 independent financial statement audit reflected an unqualified opinion.

Pursuant to a request by the President of the Senate and the Speaker of the House, the Florida Auditor General conducted an independent operational audit of THEA and an audit report was issued in December 2006. FTC staff reviewed the Action Plan that was prepared by THEA in December 2007. According to Authority management, all audit recommendations for improvement cited in the Auditor General's Report have been completed and, where applicable, approved by the Board. All remaining policies and procedures are under review and will be submitted to the Board for approval by the end of FY 2008.

FTC encourages THEA to develop and pursue action plans to help meet established performance measure objectives and to consistently require the traffic engineering firm to prepare an annual Traffic Engineer's Report. Several performance measure objectives not met, in the areas of operations and maintenance, result from finance and business rules as defined in the existing Lease-Purchase Agreement. Any changes to the provisions of the Lease-Purchase Agreement would require joint consideration and approval by the THEA Board and FDOT.

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

Central Florida Regional Transportation Authority (CFRTA)

LYNX met or exceeded 5 of the 12 applicable objectives established for performance measures. The seven measures that require improvement include: average headway, operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, operating expense per passenger mile, revenue miles between failures, and on-time performance.

In the area of governance, the FY 2006 independent financial statement audit reflected an unqualified opinion. Based on the Commissions limited review of Audit Committee and Board of Directors meeting minutes, LYNX policies and procedures, Florida Statutes, Financial Statements, FTA's triennial review, and other documentation provided by LYNX, no instances of noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission were noted.

The Commission encourages the Authority to develop and establish a course of action focused on improving performance to achieve objectives.

South Florida Regional Transportation Authority (SFRTA)

SFRTA was successful in achieving 9 of the 12 objectives for performance. SFRTA clearly exceeded the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 38,057. This objective may need to be adjusted moving forward given SFRTA's current level of performance in this area.

The FY 2007 annual independent audit for the year ending June 30, 2007 has yet to be issued. The FTC encourages the Authority to have their annual audit completed in a more timely fashion in the future.

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

The Commission encourages SFRTA to develop and establish a course of action focused on improving performance to achieve objectives.

Northwest Florida Transportation Corridor Authority (NFTCA)

Nothing in the minutes of meetings indicates that the NFTCA Board members have received any training or briefings in conducting business in accordance with Florida "sunshine laws," and FTC recommends the Board seek out such training or briefings at its earliest convenience.

At the time the NFTCA Board adopts final alignments for specific projects, it is FTC's expectation that any Board member disclose a conflict of interest if such voting would provide a personal, private or professional interest that inures to that member's special private gain.

It is recommended that NFTCA adopt a formal policy that it will comply with the provisions of either Chapter 120 or 189 in regards to Open Meetings. A review of the minutes of meetings identified some issues regarding responses to public comment and questions and whether the Board was timely in responding to public inquiries. It is recommended that the Board make every effort to respond to requests for information in a timely manner.

Southwest Florida Expressway Authority (SWFEA)

FTC performed limited tests of compliance with applicable statutes, and based on that review, has determined that SWFEA is meeting all statutory responsibilities and governance criteria established by the FTC.

The Board has adopted a number of policies and procedures to help guide the business of SWFEA. FTC did not perform any review of adherence to these policies and procedures, but acknowledge that SWFEA has gone beyond the governance requirements established by the Florida Transportation Commission.

Tampa Bay Area Regional Transportation Authority (TBARTA)

FTC reviewed Board meeting agendas and their postings, minutes of Board meetings, and the policies and procedures that have been adopted by TBARTA. Limited tests of compliance with applicable statutes were performed and, based on those findings, it was determined that TBARTA is meeting all of its statutory responsibilities and the governance criteria established by the Commission.

At this time the Board has not received any briefings or seminars on "sunshine law" compliance and is encouraged to convene a workshop to receive such briefing.

Plan for Fiscal Year 2008

The Florida Transportation Commission acted expeditiously to begin the monitoring of the transportation authorities as prescribed in House Bill 985 of the 2007 regular session of the Florida Legislature. Performance measures and management targets were established and governance areas for agency reporting were adopted. The Commission acted to establish a subcommittee to oversee the development of a monitoring process and the production of this report. During this period, the Commission has been mindful that this first year's effort would represent the start of an on-going effort that will evolve and improve over time. Now that the 2007 measures have been calculated and published, it is clear that some may require adjustment. Although the Commission fully expects to refine and modify its measurement and reporting methods with time, this report is the result of the efforts of the Commission, its staff, and the monitored authorities over the past seven months.

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

The Commission has already acted to appoint a new subcommittee to oversee the continuing effort of transportation authority monitoring. 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 the agencies' governance and management practices. This request will be in addition to the call for an update of the data used to examine performance. It is understood that the performance 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, agencies are expected to alert the Commission in a timely fashion of any externally prompted audits or investigations that may arise. In addition, the Florida Transportation Commission intends to conduct periodic reviews of the monitored authorities if it believes that circumstances warrant further investigation. An initial round of presentations to the boards of directors of the agencies covered by HB 985 has served to open channels of communication between the authorities and the Commission.

Occasional monitoring of agency board or committee meetings is also anticipated during 2008 to gain first hand exposure to the workings and culture of the agencies.

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 agencies. The Commission's establishment of performance measures and targets, having agencies report on other indicators of operations and budget, and monitoring governance will fulfill FTC's obligation while not interfering with day to day management of the agencies.

FTC will share its findings with the legislature during the 2008 session and monitor any legislative changes that may affect its oversight role. It is anticipated that the Commission will convene its authority performance measures subcommittee shortly after legislative adjournment to assess refinements to this process. During the summer and fall of 2008, agencies will again be asked for up-to-date information as their fiscal years' come to a close in order for the Commission to evaluate their performance. The Commission may conduct a workshop with all of the monitored agencies in order to learn from the initial effort.

By the fall of 2008, an annual report will be well on its way towards production in order to provide a comprehensive status report to the legislature prior to the 2009 session.

Appendix A - Excerpt from House Bill 985 – 2007 Florida Legislature

341.828, F.S.; correcting cross-references; amending s. 2, ch. 89-383, Laws of Florida; providing for certain alterations to and along Red Road in Miami-Dade County for transportation safety purposes; amending s. 479.01, F.S.; defining the term "wall mural"; creating s. 479.156, F.S.; providing for the regulation of wall murals by municipalities and counties; requiring that certain wall murals be located in areas zoned for industrial or commercial use; requiring that the local regulation of wall murals be consistent with specified criteria; requiring the Department of Transportation to approve a wall mural under certain conditions; amending s. 316.1951, F.S.; revising provisions relating to parking vehicles on public property for the purpose of displaying the vehicles for sale, hire, or rental; providing exceptions; prohibiting certain acts in the sale of motor vehicles; providing the Department of Management Services authority to issue bonds for the site development and construction of a First District Court of Appeals facility at a specified location; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraphs (b) and (c) of subsection (2) of section 20.23, Florida Statutes, are amended to read:

20.23 Department of Transportation.—There is created a Department of Transportation which shall be a decentralized agency.

(2)

(b) The commission shall have the primary functions to:

1. Recommend major transportation policies for the Governor's approval, and assure that approved policies and any revisions thereto are properly executed.

2. Periodically review the status of the state transportation system including highway, transit, rail, seaport, intermodal development, and aviation components of the system and recommend improvements therein to the Governor and the Legislature.

3. Perform an in-depth evaluation of the annual department budget request, the Florida Transportation Plan, and the tentative work program for compliance with all applicable laws and established departmental policies. Except as specifically provided in s. 339.135(4)(c)2., (d), and (f), the commission may not consider individual construction projects, but shall consider methods of accomplishing the goals of the department in the most effective, efficient, and businesslike manner.

4. Monitor the financial status of the department on a regular basis to assure that the department is managing revenue and bond proceeds responsibly and in accordance with law and established policy.

5. Monitor on at least a quarterly basis, the efficiency, productivity, and management of the department, using performance and production standards developed by the commission pursuant to s. 334.045.

CODING: Words ~~stricken~~ are deletions; words <u>underlined</u> are additions.

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6. Perform an in-depth evaluation of the factors causing disruption of project schedules in the adopted work program and recommend to the Legislature and the Governor methods to eliminate or reduce the disruptive effects of these factors.

7. Recommend to the Governor and the Legislature improvements to the department's organization in order to streamline and optimize the efficiency of the department. In reviewing the department's organization, the commission shall determine if the current district organizational structure is responsive to Florida's changing economic and demographic development patterns. The initial report by the commission must be delivered to the Governor and Legislature by December 15, 2000, and each year thereafter, as appropriate. The commission may retain such experts as are reasonably necessary to effectuate this subparagraph, and the department shall pay the expenses of such experts.

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

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

1. The awarding of contracts.

2. The selection of a consultant or contractor or the prequalification of any individual consultant or contractor. However, the commission may recommend to the secretary standards and policies governing the procedure for selection and prequalification of consultants and contractors.

3. The selection of a route for a specific project.

4. The specific location of a transportation facility.

5. The acquisition of rights-of-way.

6. The employment, promotion, demotion, suspension, transfer, or discharge of any department personnel.

7. The granting, denial, suspension, or revocation of any license or permit issued by the department.

Section 2. Subsection (14) of section 112.061, Florida Statutes, is amended to read:

112.061 Per diem and travel expenses of public officers, employees, and authorized persons.—

(14) APPLICABILITY TO COUNTIES, COUNTY OFFICERS, DISTRICT SCHOOL BOARDS, ~~AND~~ SPECIAL DISTRICTS, AND METROPOLITAN PLANNING ORGANIZATIONS.—

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

(a) The following entities may establish rates that vary from the per diem rate provided in paragraph (6)(a), the subsistence rates provided in paragraph (6)(b), or the mileage rate provided in paragraph (7)(d) if those rates are not less than the statutorily established rates that are in effect for the 2005-2006 fiscal year:

1. The governing body of a county by the enactment of an ordinance or resolution;

2. A county constitutional officer, pursuant to s. 1(d), Art. VIII of the State Constitution, by the establishment of written policy;

3. The governing body of a district school board by the adoption of rules; ~~or~~

4. The governing body of a special district, as defined in s. 189.403(1), except those special districts that are subject to s. 166.021(10), by the enactment of a resolution; or

5. Any metropolitan planning organization created pursuant to s. 339.175 or any other separate legal or administrative entity created pursuant to s. 339.175 of which a metropolitan planning organization is a member, by the enactment of a resolution.

(b) Rates established pursuant to paragraph (a) must apply uniformly to all travel by the county, county constitutional officer and entity governed by that officer, district school board, ~~or~~ special district, or metropolitan planning organization.

(c) Except as otherwise provided in this subsection, counties, county constitutional officers and entities governed by those officers, district school boards, ~~and~~ special districts, and metropolitan planning organizations, other than those subject to s. 166.021(10), remain subject to the requirements of this section.

Section 3. Subsection (1) of section 120.52, Florida Statutes, is amended to read:

120.52 Definitions.—As used in this act:

(1) "Agency" means:

(a) The Governor in the exercise of all executive powers other than those derived from the constitution.

(b) Each:

1. State officer and state department, and each departmental unit described in s. 20.04.

2. Authority, including a regional water supply authority.

3. Board.

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Appendix B - Agency Data

Five Year Trend for Toll Agency Performance Measures and Reportable Indicators

Toll Agency Name: MIAMI-DADE EXPRESSWAY AUTHORITY

Official Reporting Period: July 1 through June 30

	Objective	2003	2004	2005	2006	2007
Operations:						
Growth in Value of Transportation Assets		$ 154,761,488	$ 287,215,048	$ 379,861,901	$ 552,205,185	$ 679,114,786
Land Acquisition		7,734,974	31,280,915	56,996,386	101,349,843	121,501,562
Infrastructure Assets		8,897,060	65,904,164	85,668,085	111,737,295	129,683,111
Construction in Progress		138,129,454	190,029,969	237,197,430	339,118,047	427,930,113
Preservation of Transportation Assets		$ 6,565,402	$ 4,742,804	$ 5,046,607	$ 5,621,381	$ 11,204,080
Renewal & Replacement of Infrastructure		-	-	-	-	-
Routine Maintenance of Infrastructure		6,565,402	4,742,804	5,046,607	5,621,381	11,204,080
SHS Maintenance Condition Rating	90	91.0	89.0	89.0	88.2	90.7
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	92.7%	95.7%	96.2%	96.7%	95.9%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	96.5%	96.5%	96.5%	96.5%	97.5%
SHS Bridge Structures with posted weight restrictions	0%	0.0%	0.0%	0.0%	0.0%	0.0%
Toll Collection Transactions						
Electronic Transactions	> 75% by 12/31/08	N/A	45.5%	52.4%	60.2%	64.2%
Revenue from Electronic Transactions		N/A	40.2%	43.3%	53.1%	57.7%
Annual Revenue Growth						
Toll & Operating Revenue		-3.0%	11.7%	19.0%	31.8%	6.9%
Revenue Variance						
Actual Revenue with "recovery of fines"		N/A	N/A	97.7%	99.0%	98.4%
Actual Revenue without "recovery of fines"	< 4% (96%)	N/A	N/A	95.8%	96.8%	96.4%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.52)	0.274	0.724	0.936	1.163	N/A
Customer Service						
Customers satisfied with level of service	> 90%	87.7%	92.0%	95.7%	95.6%	95.8%
Operations & Budget:	**Objective**	**2003**	**2004**	**2005**	**2006**	**2007**
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	N/A	23.0%	N/A	0.0%	-2.3%
Construction Contracts						
Completed within 20% above original contract time	> 80%	100.0%	42.9%	85.7%	80.0%	75.0%
Completed within 10% above original contract amount	> 90%	0.0%	42.9%	100.0%	100.0%	50.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	N/A	$0.09	$0.09	$0.11	$0.12
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		39.9%	35.9%	28.9%	30.5%	28.8%
Routine Maintenance Expense as a % of Operating Expense		29.7%	21.7%	18.5%	16.6%	25.9%
Administrative Expense as a % of Operating Expense		14.3%	23.2%	16.2%	15.9%	13.5%
Operating Expense as a % of Operating Revenue		49.9%	44.1%	46.3%	43.7%	52.1%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	+/- 10% (90%)	87.5%	83.8%	76.1%	80.6%	97.4%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		34.8%	25.4%	22.0%	20.6%	28.5%
Applicable Laws:		**2003**	**2004**	**2005**	**2006**	**2007**
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90%of agency target:	N/A	8.4%	24.7%	21.5%	24.0%
Revenue Management & Bond Proceeds:		**2003**	**2004**	**2005**	**2006**	**2007**
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Main))/CommDebt	> 1.5	1.80	2.00	1.74	1.91	1.82
Comprehensive Debt ((Rev-Interest)-(Toll+Main))/AllDebt	> 1.2	1.80	2.00	1.74	1.91	1.82
Property Acquisition:		**2003**	**2004**	**2005**	**2006**	**2007**
Right-of-Way						
Agency Appraisals		N/A	N/A	$ 7,946,324	$ 2,492,500	$ 5,095,300
Initial Offers		N/A	N/A	$ 6,929,424	$ 2,383,500	$ 4,969,080
Owners Appraisals		N/A	N/A	$ 3,722,520	$ -	$ 3,790,000
Final Settlements		N/A	N/A	$ 8,373,503	$ 3,087,000	$ 6,418,000

Five Year Trend for Toll Agency Performance Measures and Reportable Indicators

Toll Agency Name: ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2003	2004	2005	2006	2007
Growth in Value of Transportation Assets		$ 1,357,742,000	$ 1,459,957,000	$ 1,701,181,000	$ 1,939,317,000	$ 2,282,878,000
Land Acquisition		357,589,000	358,560,000	365,025,000	416,438,000	423,270,000
Infrastructure Assets		875,665,000	918,254,000	945,967,000	1,122,691,000	1,196,661,000
Construction in Progress		124,488,000	183,143,000	390,189,000	400,188,000	662,947,000
Preservation of Transportation Assets		$ 12,699,000	$ 12,104,000	$ 20,588,000	$ 24,431,000	$ 37,216,000
Renewal & Replacement of Infrastructure		4,420,000	2,461,000	10,515,000	13,407,000	24,734,000
Routine Maintenance of Infrastructure		8,279,000	9,643,000	10,073,000	11,024,000	12,482,000
SHS Maintenance Condition Rating	90	91.0	92.0	93.0	90.0	89.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	100.0%	100.0%	100.0%	100.0%	100.0%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	100.0%	100.0%	100.0%	100.0%	100.0%
SHS Bridge Structures with posted weight restrictions	0%	0.0%	0.0%	0.0%	0.0%	0.0%
Toll Collection Transactions						
Electronic Transactions	> 75% by 12/31/08	47.7%	55.1%	58.0%	61.7%	65.9%
Revenue from Electronic Transactions		47.7%	53.0%	56.2%	59.9%	64.2%
Annual Revenue Growth						
Toll & Operating Revenue		7.8%	9.8%	5.3%	8.9%	5.5%
Revenue Variance						
Actual Revenue with "recovery of fines"		98.3%	98.3%	97.9%	97.6%	97.6%
Actual Revenue without "recovery of fines"	< 4% (96%)	98.2%	98.2%	97.7%	97.3%	97.2%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.52)	0.339	0.414	0.593	0.610	0.108
Customer Service						
Customers satisfied with level of service	> 90%	97.6%	N/A	N/A	98.8%	N/A

Operations & Budget:

	Objective	2003	2004	2005	2006	2007
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	N/A	N/A	25.5%	24.7%	25.2%
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%	44.4%	62.5%	80.0%	90.0%	100.0%
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.12	$0.12	$0.11	$0.11	$0.11
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		45.7%	52.7%	43.7%	43.6%	36.8%
Routine Maintenance Expense as a % of Operating Expense		14.1%	16.6%	14.6%	14.4%	13.6%
Administrative Expense as a % of Operating Expense		7.8%	10.1%	8.8%	9.3%	6.4%
Operating Expense as a % of Operating Revenue		38.0%	34.1%	38.4%	39.3%	44.7%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	+/- 10% (90%)	91.3%	99.2%	86.2%	89.2%	83.2%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		22.7%	23.7%	22.4%	22.8%	22.5%

Applicable Laws:

		2003	2004	2005	2006	2007
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90%of agency target:	17.6%	17.1%	14.1%	7.3%	18.7%

Revenue Management & Bond Proceeds:

		2003	2004	2005	2006	2007
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Main))/CommDebt	> 1.5	1.73	1.56	1.50	1.52	1.59
Comprehensive Debt ((Rev-Interest)-(Toll+Main))/AllDebt	> 1.2	1.73	1.56	1.50	1.52	1.59

Property Acquisition:

	2003	2004	2005	2006	2007
Right-of-Way					
Agency Appraisals	$ -	$ -	$ 25,761,675	$ 32,240,654	$ 38,379,665
Initial Offers	$ -	$ -	$ -	$ -	$ 14,423,493
Owners Appraisals	$ -	$ -	$ -	$ -	$ 18,176,809
Final Settlements	$ -	$ -	$ 26,920,824	$ 33,681,121	$ 45,707,728

Five Year Trend for Toll Agency Performance Measures and Reportable Indicators

Toll Agency Name: SANTA ROSA BAY BRIDGE AUTHORITY

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2003	2004	2005	2006	2007
Growth in Value of Transportation Assets[1]		$ 108,048,735	$ 107,979,385	$ 107,910,407	$ 107,841,427	$ -
Land Acquisition[1]		-	-	-	-	-
Infrastructure Assets[1]		108,048,735	107,979,385	107,910,407	107,841,427	-
Construction in Progress[1]		-	-	-	-	-
Preservation of Transportation Assets		$ 44,689	$ 14,423	$ 99,322	$ 89,734	$ 118,224
Renewal & Replacement of Infrastructure		-	-	-	-	-
Routine Maintenance of Infrastructure		44,689	14,423	99,322	89,734	118,224
SHS Maintenance Condition Rating	90	0.0	0.0	0.0	0.0	0.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	100.0%	100.0%	100.0%	100.0%	100.0%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	100.0%	100.0%	100.0%	100.0%	100.0%
SHS Bridge Structures with posted weight restrictions	0%	0.0%	0.0%	0.0%	0.0%	0.0%
Toll Collection Transactions						
Electronic Transactions	> 75% by 12/31/08	23.5%	25.9%	26.7%	30.1%	32.4%
Revenue from Electronic Transactions		20.0%	22.6%	24.1%	27.6%	29.2%
Annual Revenue Growth						
Toll & Operating Revenue		8.3%	15.1%	28.3%	8.6%	-4.1%
Revenue Variance						
Actual Revenue with "recovery of fines"		N/A	98.6%	95.4%	95.7%	96.9%
Actual Revenue without "recovery of fines"	< 4% (96%)	N/A	98.6%	95.4%	95.7%	96.9%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.52)	0.0	0.0	0.0	0.0	0.0
Customer Service						
Customers satisfied with level of service	> 90%	92.0%	96.0%	96.0%	96.0%	N/A

Operations & Budget:

	Objective	2003	2004	2005	2006	2007
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	$0.51	$0.71	$0.56	$0.49	$0.61
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		84.3%	31.2%	89.4%	88.4%	86.2%
Routine Maintenance Expense as a % of Operating Expense		5.0%	0.4%	9.0%	9.2%	10.0%
Administrative Expense as a % of Operating Expense		0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expense as a % of Operating Revenue		28.7%	112.2%	23.9%	19.6%	24.7%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	+/- 10% (90%)	68.8%	120.8%	109.0%	88.2%	106.3%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		25.6%	35.4%	23.5%	19.1%	23.8%

Applicable Laws:

		2003	2004	2005	2006	2007
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

Revenue Management & Bond Proceeds:

		2003	2004	2005	2006	2007
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Main))/CommDebt	> 1.5	0.49	0.49	0.72	0.78	0.68
Comprehensive Debt ((Rev-Interest)-(Toll+Main))/AllDebt	> 1.2	0.49	0.49	0.72	0.78	0.68

Property Acquisition:

	2003	2004	2005	2006	2007
Right-of-Way					
Agency Appraisals	$ -	$ -	$ -	$ -	$ -
Initial Offers	$ -	$ -	$ -	$ -	$ -
Owners Appraisals	$ -	$ -	$ -	$ -	$ -
Final Settlements	$ -	$ -	$ -	$ -	$ -

[1]Land Acquisition, Infrastructure Assets, and Construction in Progress amounts based on the Authority's Federal FY (October 1 through September 30). All other data based on the State FY (July 1 through June 30).

Five Year Trend for Toll Agency Performance Measures and Reportable Indicators

Toll Agency Name: TAMPA-HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY

Official Reporting Period: July 1 through June 30

Operations:

	Objective	2003	2004	2005	2006	2007
Growth in Value of Transportation Assets		$ 320,002,461	$ 432,507,561	$ 557,662,917	$ 665,128,334	$ 670,744,462
Land Acquisition		90,276,506	90,276,506	90,828,320	91,036,618	91,037,064
Infrastructure Assets		133,275,611	133,275,611	137,596,721	137,388,423	571,918,661
Construction in Progress		96,450,344	208,955,444	329,237,876	436,703,293	7,788,737
Preservation of Transportation Assets		$ 7,131,745	$ 736,327	$ 1,370,388	$ 1,534,702	$ 2,346,663
Renewal & Replacement of Infrastructure		5,824,185	-	12,280	185,719	261,733
Routine Maintenance of Infrastructure		1,307,560	736,327	1,358,108	1,348,983	2,084,930
SHS Maintenance Condition Rating	90	89.0	94.0	95.0	89.0	86.0
Pavement Condition Rating						
SHS Lane Miles rated "excellent or good"	> 85%	100.0%	100.0%	100.0%	100.0%	100.0%
Bridge Condition Rating						
Bridge Structures rated "excellent or good"	> 95%	82.7%	83.0%	85.9%	86.2%	86.2%
SHS Bridge Structures with posted weight restrictions	0%	0.0%	0.0%	0.0%	0.0%	0.0%
Toll Collection Transactions						
Electronic Transactions	> 75% by 12/31/08	25.1%	38.7%	52.0%	57.4%	64.0%
Revenue from Electronic Transactions		28.0%	54.6%	49.7%	55.5%	64.7%
Annual Revenue Growth						
Toll & Operating Revenue		2.3%	2.9%	7.7%	5.5%	27.2%
Revenue Variance						
Actual Revenue with "recovery of fines"		N/A	97.6%	97.9%	95.8%	96.0%
Actual Revenue without "recovery of fines"	< 4% (96%)	N/A	97.5%	97.5%	95.6%	95.9%
Safety						
Fatalities per 100 million vehicle miles traveled	> 10% below 5 yr. avg. (.52)	0.000	1.127	0.000	0.514	0.000
Customer Service						
Customers satisfied with level of service	> 90%	87.7%	92.0%	95.7%	95.6%	95.8%

Operations & Budget:

	Objective	2003	2004	2005	2006	2007
Consultant Contracts						
Final Cost % increase above Original Award	< 5%	24.8%	15.4%	17.9%	19.9%	8.4%
Construction Contracts						
Completed within 20% above original contract time	> 80%	100.0%	25.0%	50.0%	0.0%	N/A
Completed within 10% above original contract amount	> 90%	100.0%	50.0%	50.0%	50.0%	N/A
Cost to Collect a Toll Transaction						
Cost to Collect a Transaction (net of exclusions)	< $0.16	$0.15	$0.20	$0.15	$0.16	$0.19
Operating Efficiency						
Toll Collection Expense as a % of Operating Expense		35.6%	70.2%	56.5%	56.8%	46.2%
Routine Maintenance Expense as a % of Operating Expense		8.9%	7.1%	14.5%	14.2%	15.1%
Administrative Expense as a % of Operating Expense		8.7%	12.1%	16.6%	13.0%	14.1%
Operating Expense as a % of Operating Revenue		58.7%	39.9%	33.7%	32.4%	37.0%
Annual OM&A Forecast Variance						
Actual OM&A Expenses to Annual Budget	+/- 10% (90%)	113.8%	124.0%	107.4%	90.1%	97.7%
Rating Agency Performance						
Operations & Maintenance Expense as a % of Total Revenue		26.1%	30.9%	23.9%	23.0%	22.7%

Applicable Laws:

		2003	2004	2005	2006	2007
Minority Participation						
M/WBE & SBE Utilization as a % of Total Expenditures	> 90%of agency target:	12.2%	6.1%	8.0%	5.5%	4.7%

Revenue Management & Bond Proceeds:

		2003	2004	2005	2006	2007
Debit Service Coverage						
Bonded/Commercial Debt ((Rev-Interest)-(Toll+Main))/CommDebt	> 1.5	1.10	1.02	1.54	1.30	1.16
Comprehensive Debt ((Rev-Interest)-(Toll+Main))/AllDebt	> 1.2	1.01	0.97	1.31	1.24	1.15

Property Acquisition:

	2003	2004	2005	2006	2007
Right-of-Way					
Agency Appraisals	$ 37,517,450	$ 260,000	$ -	$ -	$ -
Initial Offers	$ 28,782,075	$ 560,000	$ -	$ -	$ -
Owners Appraisals	$ 1,550,000	$ 893,000	$ -	$ -	$ -
Final Settlements	$ 29,170,712	$ 559,930	$ -	$ -	$ -

Five Year Trend for Transit Agency Performance Measures
and Reportable Indicators

Transit Agency Name: CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX)
Official Reporting Period: October 1 through September 30

Performance Measures

	Objective	2003	2004	2005	2006	2007
Average Headway (minutes)						
Average headway of all routes	<60 Minutes	60	60	60	60	60
Operating Expense Per Revenue Mile						
Operating expense divided by total annual revenue miles	<$5.30	$ 4.82	$ 4.81	$ 5.11	$ 5.22	$ 5.45
Operating Expense Per Revenue Hour						
Operating expense divided by total annual revenue hours	<$75	$ 67.11	$ 67.49	$ 72.06	$ 73.52	$ 76.52
Operating Revenue Per Operating Expense						
Ratio of all revenue generated through operation of the transit agency with respect to total operating expense	>30%	23.2%	25.8%	27.4%	32.0%	30.8%
Operating Expense Per Passenger Trip						
Operating expenditures divided by the total annual ridership	<$3	$ 2.86	$ 2.76	$ 2.84	$ 2.88	$ 3.03
Operating Expense Per Passenger Mile						
Operating expense divided by the number of passenger miles	<$0.47	$ 0.49	$ 0.48	$ 0.46	$ 0.47	$ 0.53
Revenue Miles Between Major Incidents						
Number of total annual revenue miles divided by the number of major incidents for bus	>141,000	618,408	929,051	1,030,637	755,181	938,146
Revenue Miles Between Failures						
Number of total annual revenue miles divided by the number of 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	15,799	12,144	10,500	10,306	8,041
Revenue Miles versus Vehicle Miles						
Number of annual miles of vehicle operation while in active service divided by total annual vehicle miles that 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	>.90	0.92	0.92	0.92	0.92	0.91
Customer Service						
Average time from complaint to response	2 weeks	n/a	n/a	n/a	n/a	2 weeks
# of complaints per boarding	<1 per 5,000 boardings	0.8	0.8	1.0	0.9	0.7
On-time Performance						
% trips end to end on time < 5 minutes late	>80%	n/a	n/a	n/a	n/a	75%

Reportable Indicators

		2003	2004	2005	2006	2007
Operating Expense Per Capita (Potential Customer)						
Annual operating budget divided by the service area population		$ 40.71	$ 40.69	$ 44.51	$ 46.20	$ 49.89
Farebox Recovery Ratio						
Ratio of passenger fares (revenue generated annually from carrying passengers in regularly scheduled service, including payment from jurisdictions for feeder bus service) to total operating expenses. Mode specific calculation: Motor Bus for LYNX		21.0%	22.6%	24.0%	25.4%	23.6%
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		1,536,900	1,536,900	1,536,900	1,536,900	1,536,900
Service Area Population Density						
Persons per square mile based on the service area population and service area size reported in the National Transit Database (NTD)		605.6	605.6	605.6	605.6	605.6
Operating Expense						
Reported total spending on operations, including administration, maintenance, and operations of service vehicles		$ 62,569,048	$ 62,540,258	$ 68,402,819	$ 71,006,590	$ 76,671,049

CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX) - Page 2

Reportable Indicators

	2003	2004	2005	2006	2007
Operating Revenue All revenues generated through the operation of the transit agency. Includes passenger fares, special transit fares, school bus service revenues, freight tariffs, charter service revenues, auxiliary transportation revenues, subsidy from other sectors of operations, and non-transportation revenues	$ 14,526,334	$ 16,117,486	$ 18,759,732	$ 22,716,943	$ 23,615,929
Total Annual Revenue Miles Number of annual miles of vehicle operation while in active service (available to pick up revenue passengers)	12,986,576	13,006,713	13,398,280	13,593,266	14,072,186
Total Annual Revenue Hours Total hours of operation by revenue service vehicles in active revenue service	932,284	926,687	949,292	965,844	1,001,947
Total Revenue Vehicles Number of vehicles available for use by the transit agency to meet the annual maximum service requirement. Total revenue vehicles includes spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but excludes vehicles awaiting sale and emergency contingency vehicles	236	230	237	249	285
Peak Vehicles Number of vehicles operated in maximum (peak) service. Represents the number of revenue vehicles operated to meet the annual maximum service requirements, i.e., the revenue vehicle count during the peak hours of the peak days/weeks of the peak season (typically the rush period). Vehicles operated in maximum service exclude atypical days or one-time special events	190	195	197	199	240
Ratio of Revenue Vehicles to Peak Vehicles (spare ratio) Total revenue vehicles, including spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but excludes vehicles awaiting sale and emergency contingency vehicles, divided by the number of vehicles operated in maximum service; a measure of the efficient use of the revenue fleet	19.5%	15.2%	16.9%	20.1%	15.8%
Annual Passenger Trips Annual number of passenger boardings on the transit vehicles. A trip is counted each time a passenger boards a transit vehicle. If a passenger has to transfer between buses to reach a destination, the passenger is counted as making two passenger trips	21,894,985	22,667,846	24,059,369	24,624,906	25,322,312
Average Trip Length A number typically derived based on sampling and represents the average length of a passenger trip	5.8	5.8	6.2	6.1	5.8
Annual Passenger Miles Number of annual passenger trips multiplied by the system's average trip length (in miles). Provides a measure of the total number of passenger miles of transportation service consumed, and is typically derived based on sampling	127,428,813	131,473,507	149,168,088	150,211,927	145,856,517
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	22.8	22.9	22.3	23.5	23.3
Average Fare Passenger fare revenues divided by the total number of passenger trips	$ 0.60	$ 0.62	$ 0.68	$ 0.73	$ 0.71
Passenger Trips Per Revenue Mile The ratio of annual passenger trips to total annual revenue miles of service	1.69	1.74	1.80	1.81	1.80
Passenger Trips Per Revenue Hour Ratio of annual passenger trips to total annual revenue hours of operation	23.5	24.5	25.3	25.5	25.3
Passenger Trips Per Capita Passenger trips per capita	14.2	14.7	15.7	16.0	16.5
Average Age of Fleet in Years Age of Fleet (years) Average	6.4	7.3	6.3	5.7	5.7
Unrestricted Cash Balance - Financial Indicator End of Year Cash Balance from Financial Statement	n/a	n/a	n/a	$ 5,620,701	$ 19,693,978
Weekday Ridership Average weekday ridership	71,009	73,728	77,194	78,779	81,445
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	n/a	n/a	n/a	n/a	91%
% of capital spent on system expansion	n/a	n/a	n/a	n/a	4%
Intermodal Connectivity Number of intermodal transfer points available	n/a	n/a	n/a	5	5

Five Year Trend for Transit Agency Performance Measures and Reportable Indicators

Transit Agency Name: SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY (SFRTA/Tri-Rail)

Official Reporting Period: July 1 through June 30

Performance Measures

	Objective	2003	2004	2005	2006	2007
Average Headway (minutes) Average headway of all routes	<50 Minutes	71.2	71.2	68.5	50.9	45.6
Operating Expense Per Revenue Mile Operating expense divided by total annual revenue miles	<$18	$ 11.55	$ 12.16	$ 13.21	$ 15.53	$ 16.15
Operating Expense Per Revenue Hour Operating expense divided by total annual revenue hours	<$500	$ 420.45	$ 404.33	$ 338.90	$ 399.68	$ 415.95
Operating Revenue Per Operating Expense Ratio of all revenue generated through operation of the transit agency with respect to total operating expense	>25%	28.1%	26.7%	19.6%	17.4%	17.7%
Operating Expense Per Passenger Trip Operating expenditures divided by the total annual ridership	<$15	$ 8.72	$ 8.89	$ 10.64	$ 12.16	$ 12.26
Operating Expense Per Passenger Mile Operating expense divided by the number of passenger miles	<$0.45	$ 0.29	$ 0.30	$ 0.38	$ 0.41	$ 0.43
Revenue Miles Between Major Incidents Number of total annual revenue miles divided by the number of FRA reportables for rail	Zero	n/a	n/a	n/a	0	0
Revenue Miles Between Failures Number of total annual revenue miles divided by the number of revenue vehicle system failures. A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system	>10,500	n/a	n/a	n/a	n/a	38,057
Revenue Miles versus Vehicle Miles Number of annual miles of vehicle operation while in active service divided by total annual vehicle miles that 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	>.90	0.95	0.96	0.91	0.89	0.94
Customer Service Average time from complaint to response	2 weeks	n/a	n/a	n/a	n/a	2 wks
# of complaints per boarding	<1 per 5,000 boardings	n/a	n/a	n/a	n/a	1.1
On-time Performance % trips end to end on time < 6 minutes late	>80%	78.1%	63.3%	51.8%	77.6%	70.0%

Reportable Indicators

		2003	2004	2005	2006	2007
Operating Expense Per Capita (Potential Customer) Annual operating budget divided by the service area population		$ 4.83	$ 5.17	$ 5.98	$ 6.45	$ 7.54
Farebox Recovery Ratio Ratio of passenger fares (revenue generated annually from carrying passengers in regularly scheduled service, including payment from jurisdictions for feeder bus service) to total operating expenses. Mode specific calculation: Commuter Rail for SFRTA		26.5%	25.2%	18.7%	16.7%	17.4%
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		4,919,036	4,919,036	5,448,962	5,477,831	5,541,080
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)		4,408	4,408	1,063	1,068	1,081
Operating Expense Reported total spending on operations, including administration, maintenance, and operations of service vehicles		$ 23,765,286	$ 25,422,782	$ 32,603,818	$ 35,358,863	$ 41,794,730

SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY (SFRTA/Tri-Rail) - Page 2

Reportable Indicators

	2003	2004	2005	2006	2007
Operating Revenue All revenues generated through the operation of the transit agency. Includes passenger fares, special transit fares, school bus service revenues, freight tariffs, charter service revenues, auxiliary transportation revenues, subsidy from other sectors of operations, and non-transportation revenues	$ 6,686,614	$ 6,789,229	$ 6,379,422	$ 6,147,108	$ 7,412,341
Total Annual Revenue Miles Number of annual miles of vehicle operation while in active service (available to pick up revenue passengers).	2,057,563	2,091,255	2,467,897	2,277,313	2,587,883
Total Annual Revenue Hours Total hours of operation by revenue service vehicles in active revenue service	56,523	62,877	96,205	88,467	100,481
Total Revenue Vehicles Number of vehicles available for use by the transit agency to meet the annual maximum service requirement. Total revenue vehicles includes spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but excludes vehicles awaiting sale and emergency contingency vehicles	30	36	43	48	63
Peak Vehicles Number of vehicles operated in maximum (peak) service. Represents the number of revenue vehicles operated to meet the annual maximum service requirements, i.e., the revenue vehicle count during the peak hours of the peak days/weeks of the peak season (typically the rush period). Vehicles operated in maximum service exclude atypical days or one-time special events	20	26	37	43	52
Ratio of Revenue Vehicles to Peak Vehicles (spare ratio) Total revenue vehicles, including spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but excludes vehicles awaiting sale and emergency contingency vehicles, divided by the number of vehicles operated in maximum service; a measure of the efficient use of the revenue fleet	33.3%	27.8%	14.0%	10.4%	17.5%
Annual Passenger Trips Annual number of passenger boardings on the transit vehicles. A trip is counted each time a passenger boards a transit vehicle. If a passenger has to transfer between buses to reach a destination, the passenger is counted as making two passenger trips	2,725,142	2,861,217	3,064,074	2,908,420	3,408,486
Average Trip Length A number typically derived based on sampling and represents the average length of a passenger trip	30.0	29.7	27.8	29.4	28.5
Annual Passenger Miles Number of annual passenger trips multiplied by the system's average trip length (in miles). Provides a measure of the total number of passenger miles of transportation service consumed, and is typically derived based on sampling	81,879,617	84,978,145	85,181,257	85,507,548	97,141,851
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	17.7	17.7	17.7	18.0	19.0
Average Fare Passenger fare revenues divided by the total number of passenger trips	$ 2.31	$ 2.24	$ 1.99	$ 2.03	$ 2.13
Passenger Trips Per Revenue Mile The ratio of annual passenger trips to total annual revenue miles of service	1.3	1.4	1.2	1.3	1.3
Passenger Trips Per Revenue Hour Ratio of annual passenger trips to total annual revenue hours of operation	48.2	45.5	31.8	32.9	33.9
Passenger Trips Per Capita Passenger trips per capita	0.55	0.58	0.56	0.53	0.62
Average Years Since Last Rebuild Average Years Since Last Rebuild for Locomotives (9 years)	8.0	9.0	10.0	2.9	5.2
Average Years Since Last Rebuild for Coaches (12 years)	14.0	12.0	10.0	8.0	6.2
Unrestricted Cash Balance - Financial Indicator End of Year Cash Balance from Financial Statement	$ 5,530,468	$ 6,806,419	$ 7,267,824	$ 413,212	$ 7,400,122
Weekday Ridership Average weekday ridership	9,135	10,243	10,429	10,281	11,545
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 Number of intermodal transfer points available	18	18	18	18	18

Appendix C - List of Significant Meetings and Events

Chronology of Events Transportation Authority Oversight As of 1/30/08		
DATE	**SUBJECT**	**ACTION**
May 24, 2007	FTC Workshop on Commission responsibilities for oversight of Transportation and Expressway Authorities in anticipation of the passage of CS/CS/HB 985. Sub-committee created.	FTC Sub-committee formed
June 14, 2007	Performance Measures Working Group (PMWG) convened to solicit guidance and direction on establishing measures for Transp. Auth.	Recommendations received
June 19, 2007	House Bill (HB) 985 signed into law by Governor Crist	Becomes law on July 1, 2007
July 6, 2007	First Meeting/Teleconference with FTC Sub-committee on Performance Measures - Review statutory provisions; discuss approach; PMWG recommendations; staffing and scope of services for contract support	Request budget, org-chart, policy and financial information from authorities in preparation for July 25 meeting
July 25, 2007	Meeting with Transportation Authorities (MDX, THEA, OOCEA, SFRTA, CFRTA, NFTCA, SWFEA, FTC, FDOT) held in Orlando to review information provided. Authorities made presentations on their org-structure, financing, governance and recommended performance measures	Each Authority (Expressway/Toll/Transit/Rail) is to send to the FTC recommended performance measures for consideration for their particular mode by August 3rd. Also, indicate which Turnpike Enterprise measures <u>are not applicable</u> to your organization
July 30, 2007	Meeting/Teleconference with FTC Sub-committee on Performance Measures - To discuss progress to date on establishing performance measures, establish how measures will be developed and reported amongst the various authorities, set the next meetings of the subcommittee, and review the scope of services for contract support of this effort.	Matrix of Transit and Toll Authority recommended measures being developed for discussion at August 22 meeting.
August 22, 2007	Meeting/Teleconference with FTC Sub-committee on Performance Measures (including the Toll and Transit Authorities) - To review the matrices for transit and toll authority performance measures that have been recommended. Review these in detail, request additional information and prepare for the September 6 sub-committee teleconference that will result in a draft report and recommendations to be discussed at the September 13 full Commission meeting in Pensacola.	Transit briefly discussed; transit authorities requested to review recommended measures, identify most important measures, common definition of each measure and add agency objective. Toll Authority measures discussed in more detail. Requested common definitions, recommend best measures, provide agency objective. Action item to identify how toll authorities compute cost to collect a toll transaction (subject of a special August 31, teleconference)
August 31, 2007	Teleconference to adopt Cost to Collect a Toll Transaction cost basis	Concurrence of definition of components
September 6, 2007	Teleconference with Tolls and Transit	Discuss and approve performance measures
September 13, 2007	FTC Presentation in Pensacola on Proposed Measures	Commissioner Marchena presents draft measures, governance, activities to date and plan for adoption and first report
October 1, 2007	Teleconference with Tolls and Transit	Final review of performance measures prior to adoption at 10/9 meeting
October 8, 2007	FTC Workshop on Commission responsibilities for oversight of Transportation and Expressway Authorities.	
October 9, 2007	FTC Presentation and Adoption of Performance Measures	Adopted transit and toll performance measures and objectives. The Toll Agency measure for consultant contract costs is still being developed. Governance issues discussed but not adopted.
October 30, 2007	Governance teleconference	Reviewed and approved governance items with modification.
November 2, 2007	Request for 2007 Performance data with November 29 deadline for submittal	
November 27, 2007	Governance teleconference prior to Dec 6 meeting	
December 6, 2007	Commission adopted Governance items and outstanding performance measure on consultant contract costs	
January 11, 2008	At request of OOCEA, met with Deputy Executive Director to discuss performance measure data and audit plan	

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Appendix D - Performance Measures Considered by the Florida Transportation Commission

Not Adopted

Toll Authority Measures Considered - Not Recommended

- Operating and maintenance expenses per mile
- Outstanding debt per mile
- Outstanding debt per toll transaction
- Total transactions
- Outstanding debt per lane mile of highway
- Total debt/ available cash
- Operating margin
- Gross debt service coverage
- Days cash on hand
- Consultant contracts planned versus actual contracts awarded
- Value of construction contracts awarded versus estimated
- Work program expenditure variance
- Peak hour electronic toll transactions
- Growth in electronic toll transactions
- 1st, 2nd, 3rd lien debt service coverage
- Maintenance, operating, and administrative expense as a percentage of gross income
- Gross income per lane mile
- Land acquisition expenditures
- Vehicle miles traveled (VMT)
- Growth in VMT
- Increase in travel time versus increase in VMT
- Unrestricted cash/total debt
- Forecast revenue versus actual revenue

Transit Authority Measures Considered - Not Recommended

- Scheduled versus unscheduled maintenance expenditures
- Administrative expenditure per revenue mile
- Vehicle maintenance expenditure per revenue mile
- Vehicle operating expenditures as a percentage of total operating expenditures
- Non-vehicle operating as a percentage of total operating expenditures
- Operating cost per employee work hour
- Passengers per revenue mile
- Revenue hours versus vehicle hours
- Average speed
- Unscheduled absenteeism
- Fleet fuel efficiency
- Violations issued
- Weekday revenue miles
- Passenger trips per full time employee
- Rate of return on investments
- Weekday passenger boardings

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Appendix E - OOCEA Audit Action Plan and Management Responses

AUDIT OF THE ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY
ACTION PLAN

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
1.	We commend the new Chairman of the Authority's Board and the Board for adopting the new policy and authorizing the establishment of a centralized purchasing function. We recommend the Authority ensures the following:					
A)	Establishment of a strong centralized purchasing function as authorized by the Board;	✓			✓	
B)	The new purchasing procedures are utilized to reduce purchasing related expenditures paid to outside consultants; and,	✓			✓	
C)	Specific and actual purchasing authority is provided to the newly created Procurement Director position.	✓			✓	
2.	We recommend the Authority considers bringing the outsourced legal services in-house. Further all access to any outside legal counsel should be controlled through the in-house counsel. To this end, we commend the Authority's Chairman and Board for having authorized bringing the legal consultant's duties in-house, and staff for beginning the implementation process by hiring an in-house counsel.	✓			✓	
3.	We recommend the Authority considers structural changes and cost savings measures as addressed above to include a review of duties currently performed by the consultants and determine which items could be done more effectively, efficiently and economically by in-house staff.	✓			✓	
4.	We recommend the Authority establishes an internal audit function reporting directly to the Board or audit committee. In addition, safeguards should be put in place to ensure the position is independent. On August 22, 2007, the Authority Board approved the establishment of an Internal Auditor position; we commend the Board Chairman and Authority Board for this action.	✓			✓	
5.	We recommend the Authority not assign the performance of any services to a firm that is also providing oversight responsibilities for those same services.	✓			✓	
6.	We recommend the Authority Board clarifies the composition of the Authority Finance Committee.	✓			✓	
7.	We recommend the Authority ensures the following:					
A)	Written contracts, detailing all relevant events are entered into for all contractual relationships in accordance with newly written procurement procedures;	✓			✓	
B)	Implementation of procedures that ensure the fair and unbiased selection of all consultants and contractors not only in fact, but in appearance;	✓			✓	
C)	Issue all contracts through the newly created Procurement Director and ensure contracts do not contain duplicate scope of services;	✓			✓	
D)	Follow procedures for analyzing and evaluating LOIs, responses to RFPs, technical proposals, oral presentations, price proposals and bids for contract awards;	✓			✓	

AUDIT OF THE ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY
ACTION PLAN

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
7. E)	Adequate documentation of the selection and award process;	✓			✓	
F)	Cancel and re-bid the contract for the MMC and the storage facilities; and,	✓				✓
G)	No open-ended contracts without expiration dates are awarded.	✓			✓	
8.	We recommend the Authority performs the following:					
A)	Informs the Board of all relevant information related to approvals requested;	✓			✓	
B)	Ensures that all supplemental agreements are presented to the Authority Board for approval; and,	✓			✓	
C)	Expand the Authority agenda provided to the public to include more detailed and informative data.	✓			✓	
9.	We recommend the Authority develops and implements a formal written policy for utilizing the direct purchase method of procurement. This policy should be presented to the Board for approval.		✓			
10.	We recommend the Authority performs the following:					
A)	Takes appropriate steps to amend the current highway maintenance contracts to include language that requires a reduction of monthly billings for maintenance work that is performed by construction contractors when highways are being improved; and,	✓				✓
B)	Considers re-bidding the maintenance service contracts.	✓				✓

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
11.	We recommend the Authority ensures that contracts for CEI services for independent projects be competitively solicited.	✓				✓
12.	We recommend the Authority performs the following:					
A)	Document the review of bids received where the lowest responsive bidder is more than 10 percent outside the final construction estimate for adequacy of the estimate and winning bid; and,	✓				✓
B)	Review the Section Engineer and GEC roles in providing final cost estimation to ensure the most cost effective method is used.			✓		
13.	We recommend the Authority performs the following:					
A)	Develops written criteria or guidelines for the evaluation of consultants and other contractors for renewal of contracts for the option years; and,	✓			✓	
B)	Develops contracting procedures which will ensure that agreements for services that would be renewed for the option year with significantly increased labor rates are bid	✓			✓	
14.	We recommend the Authority ensures the following:					
A)	Appropriate audit clauses are utilized;	✓			✓	
B)	Truth in negotiation clauses are utilized in professional services contracts;	✓			✓	
C)	Appropriate value engineering clauses are included in construction contracts;			✓		
D)	Appropriate early termination clauses are utilized in all contracts;	✓			✓	

AUDIT OF THE ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY
ACTION PLAN

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
14. E)	Prices are computed on a per year basis for multiple year contracts or an average rate clause be utilized; and,	✓			✓	
F)	Contractors and consultants use appropriate language that protects the interests of the Authority in their contacts with subcontractors.	✓			✓	
15.	We recommend the Authority review additional GEC projects and periods to determine if any additional billing errors occurred.	✓			✓	
16.	We recommend the Authority establishes an adequate mechanism to ensure consultant and contractor compliance with contract provisions. In addition, adequate documentation should be retained to show such compliance as well as the performance of annual and other required contract reviews.	✓			✓	
17.	We recommend the Authority establishes adequate contracting procedures to ensure the following:					
A)	Contract amounts are accurately stated as justified by supporting schedules;	✓			✓	
B)	Allowances for direct expenses are adequately detailed and reasonable based on tasks to be performed; and,	✓			✓	
C)	Contract language clearly delineates the disposition of Authority provided assets at contract termination.	✓			✓	

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
18.	We recommend the Authority develops procedures to ensure the following:					
A)	Goods purchased by consultants/contractors and charged to the Authority are approved in writing prior to purchase. Further, ensure reimbursement requests for such items are adequately supported with a description of the items acquired and actual costs; and,	✓			✓	
B)	Contract close-out procedures include ensuring all available credits are realized	✓			✓	
19.	We recommend the Authority ensures following:					
A)	Purchase orders are approved by authorized personnel;	✓			✓	
B)	Purchase orders are issued and approved before goods/services are ordered;	✓			✓	
C)	A standard purchase requisition form or the requisition function in the computerized purchasing module is utilized; and,	✓			✓	
D)	Prices extended to the Authority by vendors under contract with the State do not exceed the prices afforded under their State contract.	✓			✓	
20.	We recommend the Authority performs the following:					
A)	Implements written policy and procedures for the operation of the P-Card program and provides adequate training to P-Card users;	✓			✓	
B)	Restricts the use of P-Cards to only the individual assigned the P-Card;	✓			✓	

AUDIT OF THE ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY
ACTION PLAN

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
20. C)	Reviews and approves the P-Card master statement prior to the date of payment;			✓		
D)	Ensures all individual P-Card statements are reviewed by a supervisor;	✓			✓	
E)	Implements procedures to prevent and detect the payment of sales taxes on purchases and,	✓			✓	
F)	Ensures the P-Card Administrator is not assigned or authorized to use a P-card.	✓				✓
21.	We recommend the Authority performs the following:					
A)	Consistently applies contracting procedures for micro-contracts in accordance with generally accepted purchasing procedures. In addition, Contract MCP No. 093 should be terminated and re-bid in accordance with Authority Policy.	✓				✓
B)	Revises the micro-contract application form to include notation of approval or rejection with appropriate analysis performed.	✓			✓	
22.	We recommend the Authority performs the following:					
A)	Continues to review the Team's billings to determine if further action is required, including reimbursing any unsupported charges; and,	✓			✓	
B)	Ensures outside consultants provide adequate evidence that assigned duties are performed.	✓			✓	
23.	We recommend the Authority ensures invoices received from the GEC are adequately supported and reviewed prior to authorization and payment.	✓			✓	
24.	We recommend the Authority ensures the following:					
A)	Written contracts be utilized for purchases of services in excess of an established dollar limit; and,	✓			✓	
B)	Work is not performed prior to Board authorization. In the event the work is of an emergency nature and has to be performed prior to Board approval, such circumstances should be adequately documented and disclosed to the Board when approval is requested.	✓			✓	
C)	All subcontractors used by contractors be approved by the Authority		✓		✓	
25.	We recommend the Authority ensures the following:					
A)	Retainage is withheld as specified in contract documents; and,	✓			✓	
B)	Section Engineers list positions billed and hourly rates of pay on invoices. In addition, the rates of pay and positions should be compared to the original contract for reasonableness. Further, consideration should be given to restructure the contracts to require rates used to determine the contract limiting amount are adhered to unless specific approval is given by the Authority.	✓				✓
26.	We recommend procedures be established to ensure the following:					
A)	Invoices are reviewed by Authority staff that have knowledge of the work performed and approved in accordance with Board policy; and,	✓			✓	
B)	Changes to Board approved policies are submitted to the Board for review and adoption.	✓				✓

AUDIT OF THE ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY
ACTION PLAN

		MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
NO.	RECOMMENDATIONS	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
27.	We recommend procedures be established to ensure the following:					
A)	Adequate documentation to show receipt of goods and services are provided with invoices;	✓			✓	
B)	All invoices and supporting documents are cancelled to prevent misuse; and,	✓			✓	
C)	Invoices contain adequate description of the goods and services charged.	✓			✓	
28.	We recommend procedures are established to ensure the following:					
A)	Contract balances reported by vendors are periodically reconciled to the Authority's records and appropriate action is taken when discrepancies are noted;	✓				✓
B)	The cost to construct and maintain each of the roads in the expressway system are accurately stated in the Authority's records;	✓			✓	
C)	Practices relative to fixed assets are compliant with Board adopted policies. Further, fixed asset polices should be reviewed on a periodic basis to determine if they should be updated;	✓			✓	
D)	Detailed information for qualifying property and equipment are entered in the Fixed Asset Module in a timely manner;	✓			✓	
E)	Adequate controls are in place to prevent the check file from being altered once it has been reviewed; and,	✓			✓	
28. F)	Periodic audits are performed for all existing check supplies.	✓			✓	
29.	We recommend the Authority performs the following:					
A)	Establishes and adopt a pay plan with ranges of pay that reflects the actual positions filled at the agency; and,	✓				✓
B)	Develops standardized job descriptions for all positions employed within the organization in standard format that accurately reflect the duties to be performed.	✓			✓	
30.	We recommend the Authority performs the following:					
A)	Formally advertise open positions not filled from within;	✓			✓	
B)	Retain documentation of the selection process for filling vacant positions;	✓			✓	
C)	Retain evidence of background checks for all newly hired employees; and,	✓			✓	
D)	Develop a written policy addressing employment of employees' relatives or terminated employees by the Authority's contractors and vendor.		✓		✓	
31.	We recommend the Authority revises the current policy and ensures travel reimbursement forms are submitted for payment in a timely manner.	✓			✓	
32.	We recommend the Right-of-Way Acquisition Procedures Manual be updated to reflect current processes and when changes occur in the future.	✓			✓	
33.	We recommend the Authority ensures the following:					
A)	Periodic review of the actual in-place embankment material that results after compaction to ensure the quantity in-place corresponds to the quantity billed; and	✓			✓	
B)	The contractor and the CEI sign the pay estimates.		✓		✓	
34.	We recommend the Authority ensures the CEI for SR 528 perform their own calculations for Voids in Mineral Aggregate, Voids Filled with Asphalt and Dust Proportion.	✓			✓	

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Appendix F - Tampa-Hillsborough County Expressway Authority Auditor General's Audit

Action Plan

Auditor General's Findings	*Status*	*Staff Assignment*	*Plan of Action*	*Target Completion Date*	*Final Update*

1. Administrative Expenses: The Auditor General suggests that the Authority "improve its cost-efficiency in certain areas and should document the public purpose served in expending moneys for certain expenses and providing benefits to its employees.	Accepted	Chief Financial Officer and Accountant III
		
		Chief Administrative Officer (CAO)
			• Establish parameters and a process for determining cost-efficiency and public purpose of proposed expenses
			• Identify expenses requiring upfront analysis
			  • Assign staff responsibility
			  • Incorporate findings into approval process and formalize in official policies and procedures
			  • Insure that the public purpose served by such expenditures and employee benefits is documented in Authority records.
				March 26, 2007. Series 500.01
				
				Policy Series 210.03 Employee Benefits completed June 25; July 23, 2007	

2. Internal Financial Reports: The Auditor General suggests that "Authority staff should present, on a periodic basis (e.g., monthly), expenditure reports, including budget-to-actual expenditures, to the Board."	Accepted	Chief Financial Officer	• Develop relevant financial reporting mechanisms for presentation to the Board • Present financial reports to the Board beginning in January of 2007 and subsequently on a monthly basis	**Completed**	
3. Internal Controls: The Auditor General suggests that "the Authority should...restrict access to the accounting system functions based on assigned job responsibilities and strengthen controls regarding job assignments within day-to-day operations to more effectively promote a proper segregation of duties. System Administrator capabilities should be assigned to one primary employee, such as the Information Technology Manager, and one back-up employees. The back-up employee should not have responsibilities relating to critical accounting or payroll functions, and this employee's activity should be monitored. The Authority should also deactivate the System Administrator user ID that was included with the software package."	Accepted	Chief Financial Officer, Accountant III, and IT Manager	*Separation of CFO and Accountant III duties:* • CFO (not Accountant III) will reconcile vendor accounts • CFO (not Accountant III) will now reconcile journal entries to accounting system • Accountant III (not CFO) will process payroll *Appropriate accounting system access:* • Active users adjusted, past users removed • Accountant III no longer assigned purchase order access • Administrator functions to IT Manager only • Password security enhanced	**Completed** **Completed**	
4. Written Policies and Procedures: The Auditor General recommends that the Authority "revise and update polices and procedures to ensure that they are consistent with current practices, applicable laws, and other guidelines. " It was further recommended that the update address other deficiencies noted in the report.	Accepted	CAO and General Counsel	• Update and revise Authority policies and procedures • Establish schedule for regular update of policies and procedures • Annual update of Sunshine and Public Records Laws for Board and staff	**Policies/Procedures cited in AG Findings completed July 24, 2007** **Every 2 years** **Annually / December**	**Other policies (under Series 200-600) to be presented to the Board by end of 1st quarter 2008.**
5. Employment Practices: The Auditor General suggests that the Authority make significant improvements	Accepted	CAO and Senior Management Team	• Adopt position descriptions and minimum requirements for all positions • Set a standard pay grade or range for each position • Establish annual performance evaluation process • Implement procedures to ensure that all prospective employees submit an employment application • Develop a form to document employee appointment • Properly verify and document employee qualifications for the position • Review all employment contracts to ensure consistency with the above	**December, 2007** **Annually / Completed** **Employee contracts terminated July 24, 2007. Policy Series 210.20**	
6. Severance Pay: The Auditor General recommends that the Authority review all current and future contracts regarding the public purposes served by providing severance pay in the contract. Should the Authority implement a severance package in the future, the Authority should document the public purpose served and consider using employment terms to provide a cost savings to the Authority.	Accepted	CAO and General Counsel	• The policy and procedures update will include provisions for evaluating and documenting any benefits/public purpose of a severance package in any future employment arrangement. (see Item 4)	**Completed July 24, 2007** **Policy Series 210.19**	

Auditor General's Findings	Status	Staff Assignment	Plan of Action	Target Completion Date	Final Update
7. Education Leave with Pay: The Auditor General stated that "in granting educational leave with pay, the Authority should demonstrate, in its public records, the public purpose served by the arrangement," as "it is not a proper expenditure to pay for the training and education of an employee to qualify the employee for a different occupation." The Auditor General also notes that the Authority should conduct a cost/benefit analysis prior to outsourcing functions and competitively select those functions. Also, recurring services, such as legal or auditing, should have limited contract terms, be competitively bid and re-utilized periodically. Also, contractual arrangements should be evidenced by written contracts.	Accepted	CAO and General Counsel	Same as Item 1. • Establish parameters for determining cost-efficiency and public purpose of proposed expenses • Identify expenses requiring upfront analysis • Assign staff responsibility • Incorporate findings into approval process • Insure that the public purpose served by such expenditure is documented in Authority records	**Policy rescinded June 25, 2007**	
8. Acquisition of General Counsel Services: The Auditor General suggests that the Authority analyze its current need for both in-house Legal Affairs Director and general counsel by engaging in a cost-benefit analysis. If the Authority decides to retain both, it should ensure (by some type of mechanism) that there is no duplication of efforts. Contracts for services should include finite terms and should be analyzed for necessity and cost effectiveness, and competitively selected on a periodic basis.	Accepted	Interim Executive Director	• Conduct a review of legal functions of outside General Counsel and in-house Legal Affairs Director and perform a cost/benefit analysis. The analysis will determine what arrangement is in the best interest of the Authority and avoid duplication of functions. If outside counsel is determined to be appropriate, contracts will be competitively procured and for finite contract periods. • Recruitment for In-house General Counsel	**CBA February 12, 2007** **March-April 2007** **In-house General Counsel Hired June 1, 2007**	

Auditor General's Findings	Status	Staff Assignment	Plan of Action	Target Completion Date	Final Update
9. Legal Services Contract: The Auditor General observed that the contact for legal services did not provide for a maximum amount, hourly increases were not always documented, and subcontractors were hired for lobbying services contrary to the terms of the contract, the Authority's procurement policies and without written agreements between the Authority and the subcontractors.	Accepted	CAO and General Counsel	Implement the following activities through Authority's Written Policies and Procedures: • Include a maximum contract amount • Require reports be provided to evaluate contract performance for payment • Provide a contract monitoring mechanism • Create a procedure requiring Board approval prior to hourly rate adjustment • Implement policy prohibiting contracted parties, other than construction contractors, from hiring subcontractors that are not contracted directly with the Authority	**Completed March 26, 2007**	
10. Requests for Proposal: The Auditor General suggests that the Authority document in the Board minutes reasons and justifications for any re-rankings, should the Board not accept the rankings provided by the Selection Committee.	Accepted	CAO and General Counsel	• The policy and procedures update will include provisions for justifying and documenting any re-rankings by the Authority Board in the Board meeting minutes. (see Item 4)	**March 26, 2007 Policy -Series 500.04 General Procurement Methods**	
11. Lobbying Services: The Auditor General strongly suggests that the Authority "discontinue its relationship with contracted lobbyists and consider assigning applicable statutorily prescribed activities to an employee of the Authority" (such as authorizing the managing director to seek funding and act as an advocate).	Accepted	Designated Board Member and Interim Executive Director	• The Authority will cease using outside lobbying services and implement an immediate interim plan while conducting an evaluation to determine a permanent arrangement for the provision of inter-governmental relations services. • The immediate plan calls for the assignment of this activity to a Board Member and the Interim Executive Director, and exploring opportunities for assistance from the organizations' partners. • The analysis of a longer term solution will include an assessment of on-going needs and required activities and include a cost/ benefit evaluation.	**Termination letter sent January 10, 2007** **Meeting held with Chair. On-going dialogue with legislators.** **9/24/07 – Board authorization to pursue options for interim government relations consultant services for the upcoming legislative session.**	**10/22/07 – Authorization to hire an in-house government relations manager position, and to use the Government Cooperative Purchasing Policy to obtain outside services on an interim basis.** **11/19/07 – Selection of outside government relations consultant for a not to exceed 9-month period.**

Auditor General's Findings	Status	Staff Assignment	Plan of Action	Target Completion Date	Final Update
12. Outsourcing: The Auditor General recommends that the Authority evaluate and conduct a cost benefit analysis of its outsourced functions to determine if they may be more effectively handled by existing or additional Authority staff. Such a cost-benefit analysis and reasons for any outsourcing should be documented.	Accepted	CFO, Interim Executive Director, and CAO	• The Authority will conduct a documented cost/benefit analysis of all outsourced functions to determine if these functions should remain contracted or brought in-house. • Include in Authority policies and procedures a process of cost benefit analysis and documentation of such, along with documentation of public purposes served prior to outsourcing any activity.	**Communications analysis presented to Board on 02/12/07 – recruitment active** **In-house Communications Manager hired May 1, 2007**	
13. Conflict of Interest: The Auditor General states that the Authority should clarify its appointment of the Temporary Interim Executive Director.	Accepted	Board and General Counsel	• Action was taken at the Board meeting of December 4, 2006 to clarify the duties of the in-house staff member and the contracted individual. Further, the Board acted at its December 18, 2006 meeting to engage the services of an Interim Executive Director. The Board will consider the Interim Executive Director contract at its January 8, 2007 meeting.	**Completed – Interim Director Approved January 8, 2007**	

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FLORIDA TRANSPORTATION COMMISSION

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