

**REPORT BY THE  
EXPRESSWAY AUTHORITY COALITION  
TO THE VOLUSIA COUNTY COUNCIL**

**VOLUME I**

**As Recommended January 24, 2001**

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**VOLUME II**

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## **I. EXECUTIVE SUMMARY**

The Volusia County Expressway Coalition was created by the Volusia County Council and was charged with investigating the need for an Expressway Authority in Volusia County. The Coalition's membership was comprised of representatives from the field of transportation planning, county government, and local business interests. Many communities wait until traffic congestion is at a critical state before exploring the possibility of forming an Expressway Authority. Through the vision of the County Council this Expressway Coalition is being proactive in its quest for alternative solutions to future transportation needs.

The Coalition convened on nine separate occasions over the course of the year 2000. The meetings were noticed and held in a public forum to ensure compliance with Government in the Sunshine. Information collected by the Coalition covered the formation, nature and organization of existing expressway and toll authorities and included presentations from the Florida Department of Transportation's (FDOT's) Turnpike District, the Orlando-Orange County Expressway Authority, and the Seminole County Expressway Authority. Also collected was information regarding existing and projected traffic volumes, existing status and projected trends in transportation funding, traffic and revenue forecasting, and bond rating agencies and methodologies.

Overall, there has been a dramatic increase in vehicular traffic over the past twenty years. Equally notable have been the increases in the number of registered vehicles and licensed drivers in Florida while the population growth of the State has increased by only a fraction in comparison. Transportation funding, in contrast, has lagged behind, resulting in a \$20 to \$40 billion shortfall. A great deal of effort was expended over the past year by the various MPOs, Counties, and FDOT District V to identify the transportation needs of central Florida. In identifying these needs, the one critical element that was found to be lacking in each of these endeavors was funding. It is recognized that one of the primary benefits of pursuing a user-financed facility is the probability of such a facility to eventually pay for itself, given the appropriate amount of demand for that facility.

The Coalition heard presentations regarding the status of existing Expressway Authorities in the State of Florida and the state laws affecting them. Highlighted in these presentations were both the advantages and disadvantages to forming and operating these quasi-governmental bodies. They have the advantage of being exempt from some state and federal design standards and processes, which tends to have a positive impact on the cost of constructing a transportation facility as compared to the cost of such projects when using traditional funding mechanisms. However, according to a report from the Center for Urban Transportation Research (CUTR) the formation of such Authorities tends to contribute to the fragmentation of local government due to the duplication of similar services provided by the municipalities, county, and state transportation departments.

The primary reason identified for creating an Expressway Authority is to pursue non-traditional means with which to address an identifiable, and as yet, unmet need. In this case, the Expressway Authority Coalition identified the existing and projected congestion along the I-4 corridor as an example of such unmet needs. In pursuing a project or projects to address this need there are several options available to such an Authority. Of those options, partnering with existing Authorities or with the FDOT Turnpike District offers several advantages. First, the nascent Authority has the opportunity to draw on the expertise of its partner. Additionally, such a partnership provides for some level of funding support for the construction and operation of a new facility. Finally, such a partnership can have a very positive impact, if the partner agrees to provide a systems pledge, on the ratings of the bonds issued by the newly formed Authority.

Based on the data collected and the discussions held at their meetings, the members of the Volusia County Expressway Coalition recommend that:

- The County should form an Expressway Authority to explore the viability of user-financed project(s) in Volusia County,
- This Authority should mimic the example set by the Seminole County Expressway Authority and minimize the number of staff hired by taking advantage of the County Staff and through the use of consultants,
- The specific mission of this Authority should be exploratory in nature and utilize available state funds from the Toll Facilities Revolving Trust Fund to undertake the requisite steps towards the exploration of the feasibility of such a facility. These steps include, but are not limited to, any necessary environmental and preliminary engineering feasibility studies and traffic revenue studies,
- The Authority should explore all options available for funding and partnering with other Authorities, the FDOT Turnpike District, and/or private sector groups,
- The Volusia County Council should, through the Authority, strongly encourage participation from environmental and special interest groups and from the general public in the development of any projects it chooses to pursue,
- The Authority should, by a date certain, offer recommendations to the Volusia County Council as to the feasibility and viability of pursuing a toll facility, and
- Should the Authority deem it unnecessary or infeasible to pursue a user-financed facility, that the Authority should be suspended.

## II. INTRODUCTION

### Mission and Membership

The purpose of this report is to provide the Volusia County Council with a summary of what was learned by the Expressway Authority Coalition, highlight the data that was deemed most critical by the Coalition, and provide a recommendation regarding the formation of an Expressway Authority in Volusia County. In addition, this report will identify critical issues which, the members of the coalition feel, should be taken under advisement by the County Council should their decision be to pursue the formation of an Expressway Authority for Volusia County.

The Volusia County Council created the Expressway Authority Coalition in February of 2000. The membership of the Coalition was comprised of eleven individuals including Mr. Karl Welzenbach, the Executive Director of the Volusia County MPO, Mr. Jon Cheney, the Volusia County Traffic Engineer, and Mr. James Ely, the Secretary of Florida's Turnpike District. In addition to those already mentioned, there were six members appointed by the Volusia County Council. These members included Ms. Lori Campbell Baker, Manager of Community Relations for Daytona International Speedway, Mr. Joseph Benedict III, Vice President of Consolidated Tomoka Land Company, Mr. Brad Blais of Quentin L. Hampton & Associates, Mr. Doug Daniels, a Law Partner of Heeber, Baggett & Daniels, Mr. Charles Lydecker, Senior Vice President of Brown & Brown Insurance, Mr. Richard McMahan of RAM Group Inc., and Ms. Linda White of the Greater West Volusia Chamber of Commerce. The final member of the Coalition, and the Chairwoman, was Ms. Maryam Hosseini Ghyabi of Ghyabi Lassiter and Associates, who was appointed by the Volusia County Legislative Delegation.

The sole mission of the Coalition was to determine whether or not Volusia County should form an Expressway Authority. In order to tackle this important issue in an informed and deliberate manner a schedule of presentations was set forth. The subjects of these presentations ranged from the types and histories of existing Authorities within the state of Florida to bonding issues – bond ratings, to revenue forecasts, to the current traffic volumes and the projected growth in traffic volumes across the county and within central Florida. These presentations were heard during the course of nine meetings, which were held over a period of a year.

The Coalition recognizes that while there is a myriad of issues associated with an Expressway Authority and the types of projects that such an Authority might pursue. the Coalition felt strongly that these issues were more appropriately addressed by the County Council and/or an Expressway Authority should the Council determine it is necessary to form such an Authority. An example of such concerns include: liability issues for the County forming such an Authority, environmental issues surrounding any projects such an Authority might pursue, and the economic impact of such projects, etc.

Sections I and II provide the Executive Summary and the Introduction to the report. Section III provides the information concerning the existing and projected transportation needs of Volusia County; Section IV offers a summary of the presentations heard by the Coalition; Section V addresses possible alternative strategies that the County Council may wish to pursue; and Section VI presents the recommendations and supporting arguments from the Expressway Authority Coalition.

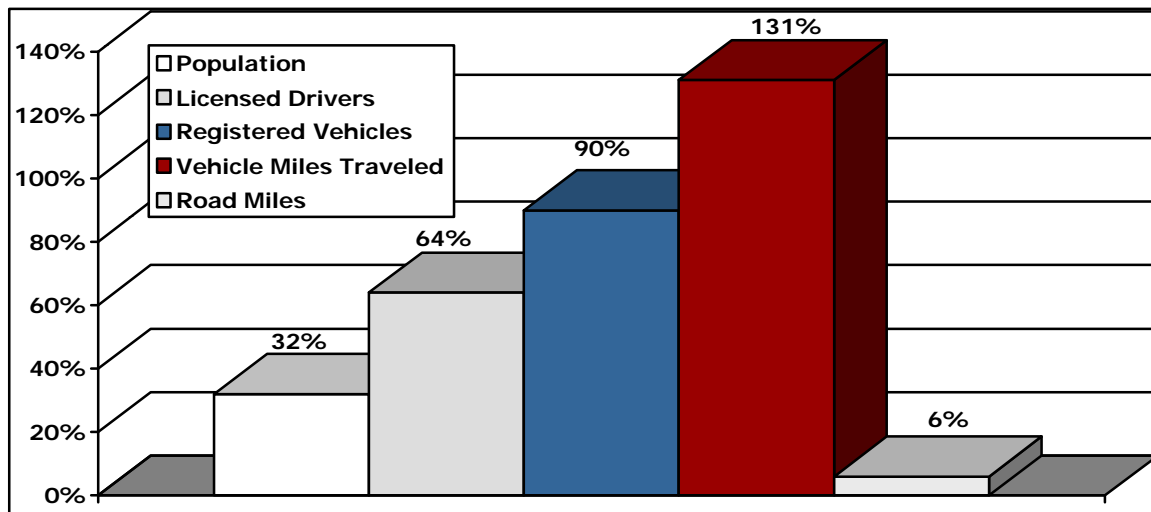
### III. TRAFFIC DEMANDS - CURRENT AND PROJECTED

In deliberating on whether or not an expressway authority should be formed by Volusia County a key question arose – is there a need? Several presentations made to the Coalition addressed the issues of traffic growth, projected future transportation needs, and transportation funding - both availability and projected shortfalls.

The Coalition focused closely on presentations made by the Volusia County MPO, the Florida Transportation Commission, and the Florida Department of Transportation.

Mr. David Brown, Vice-Chair of the Florida Transportation Commission, addressed the Coalition in September of 2000. In his presentation, Commissioner Brown noted that since 1970 the population of Florida had increased by 32%; the number of licensed drivers had increased by 64%; the number of registered vehicles had increased by 90%, and vehicle miles traveled had increased by 131%. Over this same period the actual number of road miles constructed had increased by only 6% (see Figure 1).

**Figure 1: Comparison of Population and Travel Trends**

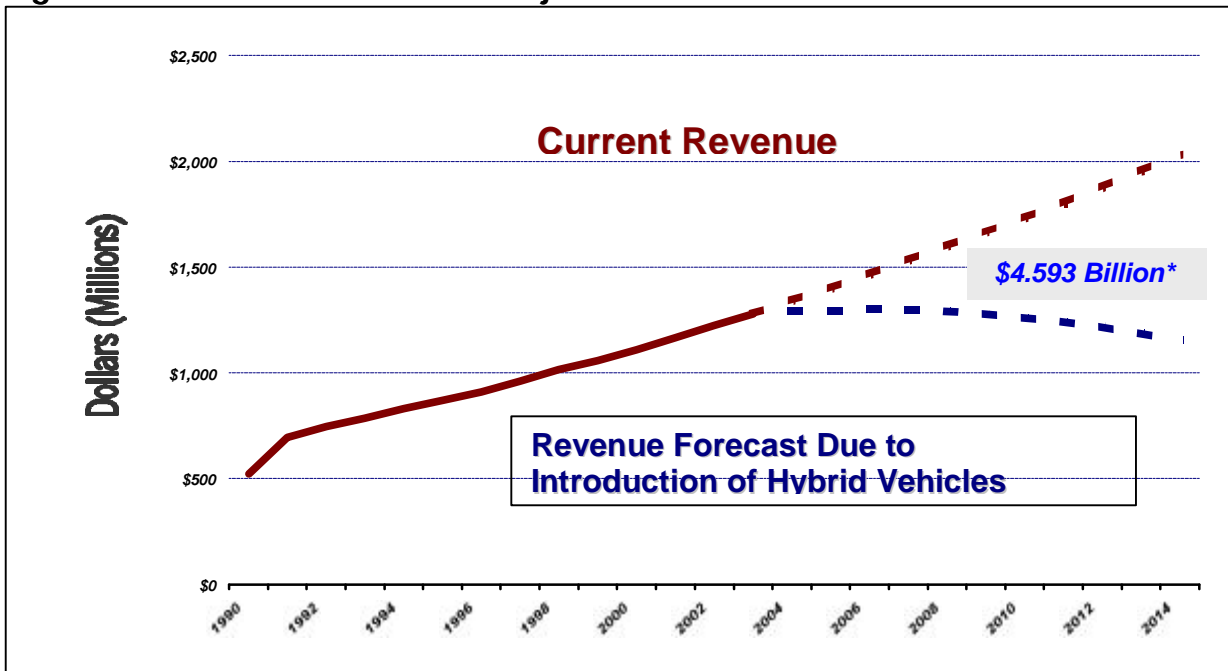


It was observed that over the last 30 years the state of Florida has been developing a funding gap between needed infrastructure improvements and funded infrastructure improvements. This “gap” was estimated at anywhere from \$20 to \$40 billion.

Commissioner Brown also noted that revenues might soon reach a maximum and then begin to decline. While the number of miles driven has increased, technological improvements in automobiles, metals, polymers, and fuels have led to dramatic increases in fuel economy and efficiencies. Automobiles that deliver between 60 to 70 miles per gallon are now available to the consumer. While

these technological improvements benefit the consumer, they have just the opposite effect on fuel-tax generated revenues (see Figure 2).

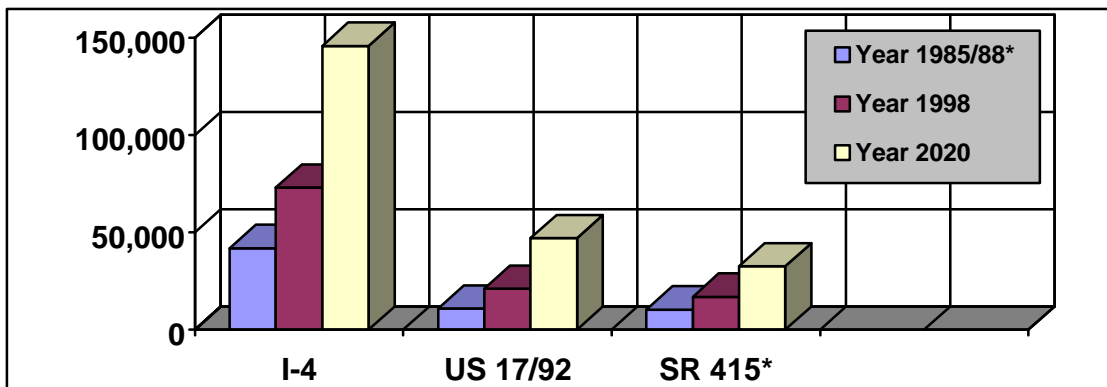
**Figure 2: Fuel Tax – Historical and Projected**



\* Cumulative Forecasted Revenue Loss Over 12 Year Period

At a previous meeting, on June 21, 2000, the Coalition heard a presentation from Mr. Mike Neidhart, Senior Transportation Planner for the Volusia County MPO. Mr. Neidhart's presentation covered the current demands on the transportation system, existing plans to meet those demands, and the projected needs over the next twenty years. The primary north-south corridors reviewed included Interstate 4, US 17/92, and SR 415. In looking at Figure 3 (below) the rapid growth of traffic on and along these corridors becomes quite apparent.

**Figure 3 : Historic and Projected Traffic Volumes**



The traffic volumes for Interstate 4 show a 74% increase from 1985 to 1998 with a projected increase of an additional 99% by the year 2020. In 2001 ground will be broken to begin the long awaited improvements to the I-4/St. Johns River bridge and the 6-laning of I-4. Even with these improvements I-4 is projected to function at a Level Of Service (LOS) of "F" by or before the year 2020<sup>1</sup>. Equally as dramatic are the historic and projected traffic volumes on US 17/92. Between the years 1985 and 1998 traffic volumes grew by 94% with an additional increase projected by the year 2020 of 124%. Should US 17/92 remain at 4-lanes it is projected that the Level of Service will drop to level "F" by or before the year 2020. State Road 415, while not exhibiting as strong a growth in traffic volumes as the other two corridors, has increased none-the-less by 63% from 1988 to 1998 with this trend expected to continue over the next 20 years. It should be noted that all of the traffic volumes considered were taken at and projected for those sections near the Volusia County/Seminole County line.

**"Between the years 1985 and 1998 traffic volumes [on US 17/92] grew by 94% with an additional increase projected by the year 2020 of 124%. Should US 17/92 remain at 4-lanes it is projected that the Level of Service will drop to level "F" by or before the year 2020."**

During the presentation, and in response to questions regarding the projected volumes, Mr. Neidhart noted that the current MPO Travel Demand model made these projections based on land-use data from 1997. Therefore these projections should be considered "conservative" given the amount of land set aside for and identified as "ripe" for development since that year. There are several Developments of Regional Impact (DRIs) that have been proposed for both east and west Volusia County that have not been accounted for, either wholly or in part, in the land-use data portion of the MPO's model. These developments (Victoria Park, Spruce Creek Ranch, and the Southwest Activity Center DRI along I-4) will have a significant impact on the roadway network throughout the County.

It should also be noted that Seminole County, in coordination with the Turnpike District of FDOT, is working toward completion of the "missing link" – that section of roadway that will connect SR 417 to I-4. In addition to this project, Seminole County is also pursuing a direct connection from SR 417 to SR 415 at the intersection of State Roads 415 and 46. Without complimentary road improvements in Volusia County, these two projects will only exacerbate the growing traffic problems along the boundaries of the two Counties.

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<sup>1</sup> Level of Service (LOS) is a ranking system used to explain how well a road is handling the traffic demand on that road. LOS ratings are ranked in alphabetical order from "A" to "F" with an LOS of "A" being the optimum – free flow of traffic – and an LOS of "F" being the worst – significant traffic congestion or gridlock.

In October of 2000, Mike Snyder, FDOT District V Secretary, made a presentation describing the efforts of a Task Force created by the Florida Transportation Commission. This Task Force was created to identify the transportation and mobility needs of central Florida and attempted to identify possible funding streams to meet these needs. The Task Force identified 15 roadway projects that were viewed as critical to the economic and transportation well being of Central Florida. Although the Task Force was pursuing funding mechanisms with which these needs could be met, it was understood that not all of the listed projects could be addressed. Secretary Snyder noted that additional funding sources must be found in order to meet all of the identified needs.

On another note, the Volusia County MPO recently adopted the latest refinement to the Long Range Transportation Plan for the year 2020. Listed in this plan are a number of much-needed roadway and transit improvements for Volusia County. Taken as a whole, the County expects to receive a significant amount of both federal and state funds for these projects over the next 20 years. However, there still exist an equally significant number of projects that are included in the "Un-funded Needs" listing many of which are considered critical to hurricane evacuation. These needs cannot be met with existing funds.

**" ... there is an increasing trend in travel between Volusia County and its neighbors to the south [and] the existing system will not sustain this growth at a reasonable, nor acceptable, level of service."**

The data cited above lead to two obvious conclusions. First, there is an increasing trend in travel between Volusia County and its neighbors to the south. Secondly, the existing system will not sustain this growth at a reasonable, nor acceptable, level of service. These conclusions indicate that there is, indeed, a need for an Expressway Authority.

## IV. RESEARCH SUMMARY

The previous section dealt with the existing and expected future demands on the transportation system in Volusia County. This information was just a small portion of the data collected by the Expressway Authority Coalition over the course of the year. The following text offers a summary of the research information collected by the Coalition and highlights some critical issues that the Volusia County Council should consider in making its decision on the formation of an Expressway Authority. For the convenience of the reader, the summary is broken down by subject and is not necessarily in chronological order.

### IV.1 A Summary of Existing Florida Expressway Authorities

At the April 26<sup>th</sup> meeting, the Coalition heard a presentation by Mr. Gary Brosch of the Center for Urban Transportation Research (CUTR), University of South Florida. CUTR had reviewed existing independent transportation authorities in the State of Florida for the Florida State Legislature in 1996. Their findings were summarized in a report entitled "A Review of the Current Functions of Independent Transportation Authorities in Florida that Own or Operate Roadways or Bridges of Toll Facilities." Mr. Brosch summarized the findings for the Coalition in his presentation. The following is a recap of that presentation and the critical issues that arose:

Authorities are created primarily to " ...develop revenue-producing facilities in an atmosphere insulated from political pressures." Toll Facility Authorities tend to be single-purpose in nature, focusing on a specific mission. They have the advantage of being exempt from some state and federal design standards and processes which may have a positive effect on the feasibility, cost, and timetable of projects. Through its bonding ability, an Expressway Authority is able to undertake major projects, the costs of which are significant enough that the State would be not be able to fund them in the short or possibly long term. Additionally, an Expressway Authority may be more sensitive to local issues than state or federal agencies since all Board members are local residents.

**"Toll Facility Authorities ... have the advantage of being exempt from some state and federal design standards and processes which may have a positive effect on the feasibility, cost, and timetable of projects."**

The primary disadvantage of an Expressway Authority, according to the report, is that "...it contributes to the fragmentation of local government, making coordination and efficient allocation of resources more difficult and making it more difficult for citizens to know where to provide community input." Another disadvantage of a Toll or Expressway Authority is that it is somewhat duplicative of the efforts and missions of other governmental agencies – primarily transportation agencies. Additionally, when the board is comprised of members who are not elected officials, an Authority is less accountable to local voters than a board made up entirely of elected officials.

There are 14 different toll-collecting authorities in the State of Florida today. Of these, only the Dade County Expressway Authority was formed under the Florida Expressway Authority Act of 1990. All of the other Authorities were created through special acts of the Florida Legislature or through local ordinances.

One of the primary differences among these authorities is the make-up of their respective Boards. The following table provides a summary of the make-up of these boards:

**Table 1 – Board Composition of Florida’s Expressway Authorities - 1996**

Authority	Elected Officials	Non-Elected Members	FDOT Representation	Total Voting Members	MPO Members <sup>1</sup>
Bay Co. Bridge Authority	5	0	0	5 <sup>2</sup>	5
Brevard Co. Expressway Auth.	5 <sup>3</sup>	5 <sup>3</sup>	0	5	0-5 <sup>3</sup>
Broward Co. Expressway Auth.	3-4 <sup>4</sup>	2-1 <sup>4</sup>	0	5	0
Dade Co. Expressway Authority	0	8	1	9 <sup>5</sup>	0
Escambia Co. Expressway Auth.	5 <sup>6</sup>	0 <sup>6</sup>	0-1 <sup>6</sup>	5-6 <sup>6</sup>	5
Fort Walton Bch Area Authority	0	7	1*	7	0
Jacksonville Trans. Authority	0	6	1	7	1
Mid-Bay Bridge Authority	0	5	1*	5	0
OOCEA	1	3	1	5	2
Pasco Co. Expressway Authority	5	0	0	5 <sup>3</sup>	5
St. Lucie Co. Expressway Auth.	6	3	0	9	0
Santa Rosa Bay Bridge Authority	0	6	1	7	1
Seminole Co. Expressway Auth.	7	0	0	7	4
Tampa-Hillsborough Co. Expressway Auth.	2	4	1	7	2

\* Non-voting member

1 Number designated joint voting memberships between authority and MPO.

2 Board consists of the County Commission

3 Board consists either of County Commissioners or appointed members

4 At the discretion of the County Commission

5 In addition, there are four non-voting members

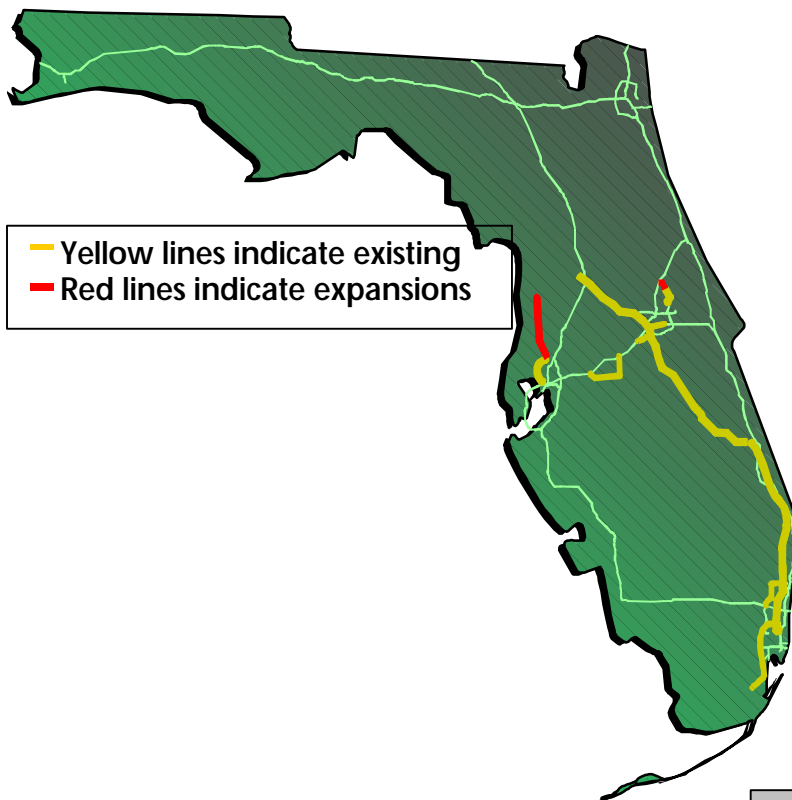
6 Proposal is for the board to be the County Commission, FDOT membership not yet addressed

At the time of this report five of the authorities, Bay County, Brevard County, Broward County, Fort Walton Beach, and Pasco County were inactive. One, the Escambia County Expressway Authority, was just being formed.

#### IV.1.1 Presentation by the FDOT Turnpike District

Mr. Jim Ely, Secretary of the FDOT Turnpike District, made a presentation at the March 23<sup>rd</sup> meeting. The presentation included an overview of Florida's Turnpike system, current projects underway, and a discussion of expansion projects (see Figure 4 below).

**Figure 4: Map of Florida's Turnpike System**



For the remainder of his presentation, Mr. Ely provided the Coalition with the primary concerns and issues to be faced when deliberating on a proposed project.

All turnpike projects built around the State must pass a number of tests in order to be considered for construction. First, project necessity – is there an existing need that cannot be met through traditional means? Second, the project must be environmentally sound – the total project costs must include the costs

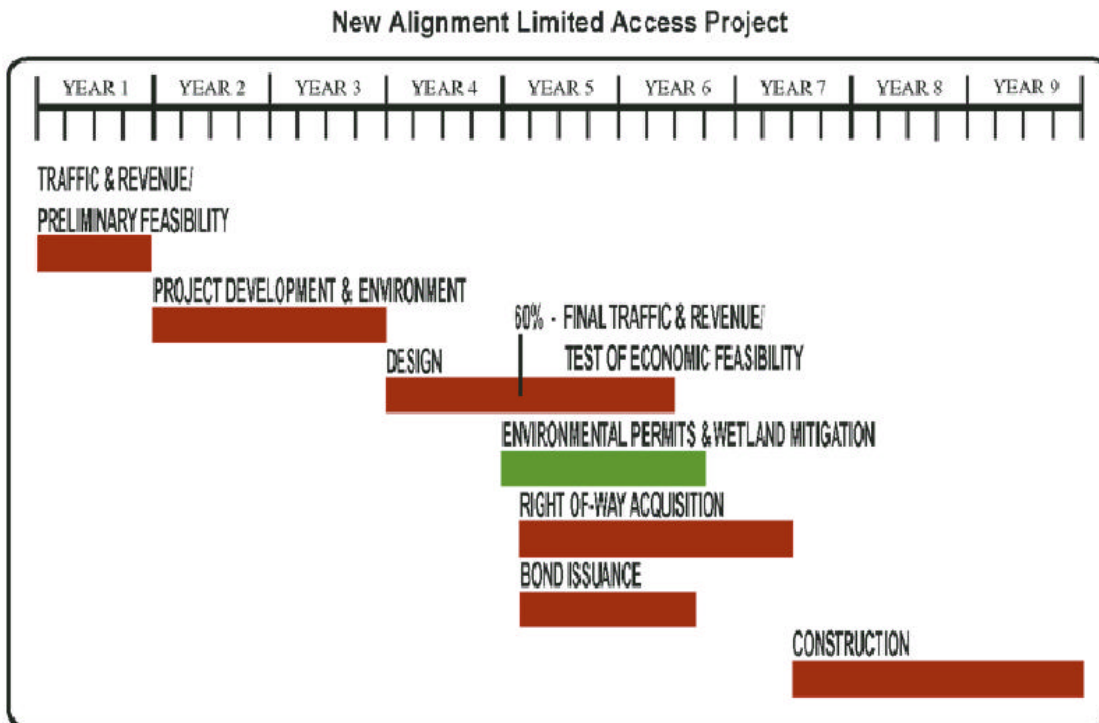
of any environmental mitigation necessary. If these costs are considered exorbitant the project would be in jeopardy. Additionally, the proposed project must pass two financial tests: will the new roadway be able to (1) pay at least 50% of its debt service, and (2) be self-sufficient by its 15<sup>th</sup> year? These last two questions are typically answered through a detailed analysis called a traffic revenue projection. This analysis consists of studying both existing and projected traffic and economic growth for the corridor in question.

**“Roadway projects are inherently expensive to pursue and should the County pursue ... an expressway project then [it] should consider partnering with one of the existing organizations that already have toll-facility networks.”**

This analysis also plays a critical role in how the bonds sold by the Turnpike are rated by the bond rating agencies.

With regard to the specific concern of the Coalition, whether or not Volusia County should pursue the formation of an Expressway Authority, Mr. Ely offered the following observations and advice. Roadway projects are inherently expensive to pursue and should the County pursue the formation of an Authority and, through that instrument, pursue an expressway project then the County should consider partnering with one of the existing organizations that already have toll-facility networks. In pursuing this type of partnership Volusia County could help alleviate its share of the debt burden and also ensure that local concerns and issues were accommodated and addressed. Mr. Ely felt that local concerns are best addressed through local agencies. The need for local support and good public relations also plays a critical role in the life of a toll facility project. This local support and consensus building is critical since the County might have to secure the bond sales associated with any proposed project with revenues from the local option gas taxes. Mr. Ely stressed the inherent risk associated with expressway and toll projects. These projects do not always follow the revenue and traffic projections, and therefore the County might find itself unable to pursue other needed road projects since the funding source dedicated to these projects – local option gas tax proceeds – has been obligated to supporting the expressway project. Mr. Ely also noted, in response to queries, that a typical turnpike project can take anywhere from seven to nine years (from concept to completion) depending on the circumstances (see figure 5).

Figure 5: Typical Development Schedule for a Turnpike Project



#### IV.1.2 Presentation by the Orlando-Orange County Expressway Authority

Dr. Harold Worrall, Executive Director of the Orlando-Orange County Expressway Authority (OOCEA), also made a presentation on March 23<sup>rd</sup>, 2000. Dr. Worrall provided an overview of the OOCEA system and reviewed, for the committee, some of the project variables that his organization considers before beginning a project. These include: will it have HOV/HOT lanes<sup>2</sup>? Will there be “value pricing” – charging a higher rate for peak hour usage than for off-peak? Will there be a sharing of alignment for light or commuter rail operations? Will express bus service be needed or incorporated?

Dr. Worrall then outlined the following separate steps that must be undertaken to construct a toll facility:

- Concept/Feasibility Study
- Preliminary Design and Engineering study
- Traffic Revenue Study – (Mr. Worrall reiterated the importance of this step.)
- Roadway Design
- Right-of-Way acquisition
- Mitigation Permitting, and finally
- Construction

Dr. Worrall also echoed Mr. Ely’s comments on making sure that any proposed project is a “good” project, i.e. there is a demonstrated need for additional infrastructure, and the proposed project addresses that need. He also reiterated the need for local involvement and community support when considering toll facilities. Dr. Worrall’s recommendation was that Volusia County first form an Expressway Authority and then investigate potential projects.

There were several points that were made by both presenters that bear repeating here for emphasis:

- Traffic Revenue Studies are critical to the estimated worth of any proposed project, both from an overall transportation system point of view and from a financial (bond ratings) point of

**“ ... both presenters highlighted the ability of both organizations to construct toll facilities in other counties if invited to do so. [But] even under such a partnering arrangement it would be in the County’s best interests to have an Expressway Authority already in place to operate as the liaison between the partnering agencies and the local community.”**

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<sup>2</sup> HOV and HOT stand for “High Occupancy Vehicle” and “High Occupancy Tolls”. HOV lanes are lanes specifically set aside for use by vehicles carrying two or more people. HOT refers to the option to charge a reduced toll for vehicles carrying 2 or more persons.

view.

- Partnering with existing authorities/agencies should be given consideration if Volusia County wishes to pursue any expressway projects since such a partnership would lessen the risk to the County associated with constructing and operating a toll facility.
- A local expressway authority would increase the level of local involvement in any transportation project, thereby better ensuring that local concerns and issues are addressed.
- Public support is paramount to the success of any expressway project.

It should also be noted that both presenters highlighted the ability of both organizations to construct toll facilities in other counties if invited to do so. However, both Dr. Worrall and Mr. Ely suggested that even under such a partnering arrangement it would be in the County's best interests to have an Expressway Authority already in place to operate as the liaison between the partnering agencies and the local community.

#### IV.1.3 Presentation by the Seminole County Expressway Authority

At the May 24<sup>th</sup> meeting Mr. Gerald Brinton, former Executive Director of the Seminole County Expressway Authority, made the last presentation by an Expressway Authority. His presentation provided a brief history of the Seminole County Expressway Authority. Created in 1974 by a special act of the Florida Legislature, the Seminole County Expressway Authority remained inactive for almost a decade. The Authority became active when two issues came to the fore: (1) there was a demonstrated need for an eastern beltway around Orlando and (2) the Orlando-Orange County Expressway Authority, having already completed one leg of that beltway – SR 417 – was looking to complete the next leg through Seminole County. In 1985 the Seminole County Expressway Authority obtained a loan from the Toll Facility Revolving Trust Fund (TFRTF) to hire a general consultant with the intention of setting an alignment for the proposed new facility by the following year. To identify the best possible alignment for the new facility the Authority undertook a massive public relations campaign holding seventy-five public hearings and meetings over the course of just seven months.

Taking advantage of the TFRTF Act, the Seminole County Expressway Authority along with the Seminole County Commission worked closely with their legislative delegation to secure, by an act of the Florida Legislature, an additional \$18.5 million loan for design and ROW acquisition. In early 1990 two events occurred that had a direct impact on the project. First, the Seminole County Expressway Authority put together a financial package to pay for the construction of the new

**"Project Necessity ...There must exist a need and the public must not only agree that the need exists but must also agree that the proposed project addresses the need."**

facility. This package included a pledge of the constitutional gas tax and local fuel tax by the Seminole County Commission. Second, the Florida State Legislature passed the new Turnpike Bill, which allowed existing Expressway Authorities and FDOT's Turnpike District to construct facilities in neighboring counties, if invited to do so. The pledging of the local option fuel taxes caused public opinion to begin to shift in opposition to the project out of fear that the County would be over extended. In response, the Seminole County Commission took advantage of the Turnpike Act and requested that the FDOT Turnpike District take over the project thus relieving the County of the enormous debt involved.

During his presentation, Mr. Brinton emphasized 6 critical points:

- **Value of a Local Expressway Authority –** Although the Turnpike District ended up constructing the project Mr. Brinton stressed the value of having a local Expressway Authority. He noted that it was the Expressway Authority that performed all of the preliminary work especially on the public relations and public involvement front. It was his opinion that only a local agency could provide the appropriate forum to respond to local concerns and questions.
- **Make up of the Expressway Authority Board –** the Seminole County Expressway Authority consisted of the 5 County Commission members and two members representing seven cities. Mr. Brinton stated that this make-up of the Expressway Authority Board was not optimal in that it did not provide enough of a buffer between elected officials and the public.
- **The Staffing Requirements of the Expressway Authority –** Mr. Brinton noted that the Seminole County Expressway Authority staff (at the time he was the Executive Director) consisted of himself and an executive assistant and he recommended that, initially at least, Volusia County mimic that formula.
- **Coordination -** Mr. Brinton strongly recommended that, should Volusia County decide to form an expressway authority and proceed with a project, that they work closely with their legislative delegation to acquire sufficient funding to undertake the preliminary work.
- **Public Opinion –** Mr. Brinton stressed the importance of this aspect. He noted that until the pledging of local gas taxes, the Seminole County Expressway Authority and the County Commission had strong support for the proposed project. He also noted that this particular phase was very time consuming but that the benefits were well worth the effort.
- **Project Necessity –** in his presentation, Mr. Brinton noted that it had become an accepted "fact" that there existed a need for the proposed project long before the Authority began to initiate steps

to build the project. This is critical. There must exist a need and the public must not only agree that the need exists but must also agree that the proposed project addresses the need.

## **IV.2 Available Funding, Traffic Revenue Forecasting, and Bond Ratings**

The Coalition heard several presentations concerning start-up funding for new toll facility projects and received a number of documents and articles relating to these issues (see listing in Appendices). In April of 2000, Mr. Lowell Clary, Chief Financial Planner for the FDOT Financial Planning Office provided a report on funding options available to those local governments and agencies wishing to pursue the construction of a toll facility. In August, Dr. Hugh Miller, Vice President of URS Greiner provided information on Toll Feasibility Studies and the importance of accurate traffic revenue forecasts. The last portion of this section covers a presentation made by Ms. Jodi Hecht, Director of Infrastructure Finance of Standard & Poors provided a summary on the role of Bond Rating Agencies and the criteria by which Toll/Expressway Authorities Bonds are rated.

### **IV.2.1 The Toll Facility Revolving Trust Fund and the State Infrastructure Bank**

Mr. Lowell Clary reviewed for the Coalition the funding available to local governments and toll authorities wishing to pursue a user-financed project. The Toll Facility Revolving Trust Fund (TFRTF) was created by the Florida State Legislature in 1988 to " ... encourage the development and enhance the financial feasibility of revenue producing road projects undertaken by local governmental entities and authorities." These funds are available as interest free loans and may be applied for (up to \$1.5 million) through the state's Secretary of Transportation. These funds may be applied to the costs of preliminary engineering studies, traffic and revenue studies, environmental studies, engineering design (up to 60% complete), and advanced Right-Of-Way acquisition. Mr. Clary stressed that these funds **may not** be used for construction or administrative costs. Additionally, these loans are subject to a repayment schedule. Repayment must start within seven years after the date of the loan and must be repaid in full by the end of the 12<sup>th</sup> year after the date of the loan. Mr. Clary noted that having the opportunity to access these funds allows for improved management of scarce funding resources and facilitates transportation projects that are otherwise delayed due to funding constraints.

**"These funds are available as interest free loans and may be applied ... to the costs of preliminary engineering studies, traffic and revenue studies, environmental studies, engineering design (up to 60% complete), and advanced Right-Of-Way acquisition."**

Mr. Clary also touched on the ability of the Turnpike District to enter into lease purchase agreements with local governments and other authorities. As an

example, he noted that the FDOT purchased the SawGrass Expressway from Broward County (at the County's request) to relieve the county of the tremendous debt burden they were suffering due to a slower than projected "ramp-up rate"<sup>3</sup>.

In addition to the TFRTF, the state also has a State Infrastructure Bank (SIB)<sup>4</sup>. This funding source was created by the Transportation Efficiency Act for the 21<sup>st</sup> Century (TEA21). The State Infrastructure Bank provides a wide range of loans (at 0% interest) and other forms of assistance. It should be recognized that the SIB utilizes federal dollars matched with state funds. All capital costs of a project are eligible under the SIB. However, should SIB funding be used, all phases of the project become subject to Federal regulations. Federal regulations are stricter than Florida DOT regulations and therefore more time consuming to meet, which tend to increase project costs. Applications for the SIB are submitted to the FDOT Financial Planning Office and approved by the FDOT Secretary. These loans are interest-free but, as with the TFRTF, there is a repayment schedule in this case of from 15 to 35 years.

#### IV.2.2 Traffic and Revenue Studies

Dr. Hugh Miller made a presentation on the nature of traffic revenue forecasts, their relationship to the project development process, and the uncertainties associated with these studies.

In the developmental process of planning for and constructing a toll facility the Toll Feasibility study comes towards the end of the process after the engineering and environmental feasibility studies have been completed. Toll Feasibility studies look at every aspect from project costs to financing terms to debt service requirements. The Traffic and Revenue portion deals primarily with traffic forecasts, the toll collection plan, estimated gross toll revenues, the estimated operating and maintenance expenses, and net toll revenues.

In estimating projected traffic on a new facility, a consultant should utilize existing information and readily available data and models. This proves relatively simple for extensions of existing facilities; a trend analysis is the primary tool used for forecasting future traffic. For start-up facilities, the job is more complex requiring the use of traffic surveys of the surrounding transportation network and through the application of travel demand

**"... estimating projected traffic [is] relatively simple for extensions of existing facilities ... For start-up facilities, the job is more complex..."**

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<sup>3</sup> Ramp-up Rate refers to the length of time it takes a new facility to begin attaining the projected traffic volumes and revenue flows.

<sup>4</sup> In June of 2000 the Florida State Legislature created a state-funded State Infrastructure Bank with available funds of \$50 million a year for FY2000/2001, 2001/2002, and 2002/2003. While the Committee did not receive a briefing on this particular funding source, FDOT does address this funding source on their website. There are eligibility requirements for receipt of the funds, however these requirements are not as strict as those for the federally funded SIB loans.

models. This process would include utilizing an existing model (the MPO's or FDOT's) and calibrating it to replicate existing travel behaviors. Once calibrated, the consultant should scrutinize closely the estimates for existing and future economic development and land use developments in the area to be served by the facility.

Concurrently, an analysis is performed on the existing and projected economic conditions of the service area to develop a toll collection plan. Such a plan provides recommendations on the estimated toll rate, methods of collecting tolls (ticket, coin, and/or electronic toll collection), and identification of mainline and ramp toll plaza locations. Additionally, total operating costs are calculated for the facility based on the project length, number of toll plazas, staffing levels for the plazas, and costs of toll collection equipment. Estimated maintenance costs are also calculated. These include the costs for maintaining the roadway and bridges, toll plaza and building maintenance, signing and lighting costs, even mowing and other roadside maintenance costs are assumed.

Once this amalgam of information is collected a series of calculations is performed that go to the very heart of the feasibility and viability of the proposed facility. The traffic projections and toll collection schedule provides the estimate for the "gross toll revenues" generated by the facility. Subtracting the projected operating and maintenance costs from the gross toll revenues results in the "net toll revenues" for the facility. It is this estimate that is scrutinized very closely by bond rating agencies to determine the financial viability of both the authority and the proposed facility.

#### IV.2.3 Bond Ratings

In May of 2000, the Coalition heard a presentation by Ms. Jodi Hecht. Ms. Hecht stated that the primary role of Bond Rating Agencies is to undertake a comprehensive analysis of the risks involved with the proposed project, set a benchmark in terms of risk and ability to pay, and to provide an independent opinion as to the merits and drawbacks of the proposed facility. There are two basic bond ratings that are assigned to toll facilities; Investment Grade or Non-investment Grade (most toll facility start-ups are rated as Non-Investment Grade). Additionally there are other assessments attached to the strength of the bonds such as financial outlook – which looks at expected trends over the next 1-3 years and provides a rating of stable, negative or positive, and credit watch, which addresses actions expected over the next 3-6 months and provides a rating of negative, positive, or developing. Ms. Hecht also provided a brief review of Standard & Poors rating process.

The bulk of Ms. Hecht's presentation dealt with the issues surrounding start-up toll facilities and what impact these issues might have on the bond rating. The following are the seven areas of focus applied to the analysis of a new project: untested demand, construction risk, service area, operating structure, financial operations and projections, debt structure, and legal provisions.

- **Untested Demand** deals with the presence (or lack thereof) of competing free alternatives, i.e., I-4 as compared to SR 417. This analysis looks at the feasibility study performed by the agency wishing to pursue the new toll facility project and examines much the same data including existing travel and traffic demands, the composition of that traffic (passenger and freight), a review of the State's and County's 5-year work program is also performed to assess future roadway projects and their possible impact on the proposed toll facility. This analysis also looks at whether the purpose for the toll facility is to relieve congestion or to spur development.
- **Construction Risk** assesses the likelihood that the project will be completed on time, on budget, and as designed. This analysis includes investigating whether all permits are in place, the Right-Of-Way requirements, ability to procure equipment, labor and materials, the ability to fund cost over-runs, the proposed toll collection system, and whether or not there is community support.
- **Service Area** refers to two things. First, area employment which includes the proximity of area attractions and regional employment, employment diversity, growth trends and anticipated future development. Second, wealth and income levels of the surrounding area, which includes amount of discretionary spending and retail sales activity.
- **Operating Structure** looks at the toll authority management's ability to coordinate activities- the willingness and independence to set toll rates, budgeting and capital planning, coordination with area planning boards and governmental bodies, and the ability to implement long-term plans.
- **Financial Operations and Projections** analyze projected revenues and operating expenses, the proposed toll rate, estimated gross and net toll revenues, inflation estimates and financial sensitivities to an economic downturn and identifies the minimum amount of traffic necessary to generate one times the debt service coverage.
- **Debt Structure** considers issues such as how the debt is leveraged, whether the debt service schedule is level or escalating, and the length of the debt.
- **Legal Provisions** covers whether or not a pledge of funds is based on the projected net revenue or on the projected gross revenue from the facility, if there exists a debt service reserve fund, and how much is available in that fund, and the ability to pledge or release additional revenues to the proposed project.

**"Ms. Hecht emphasized the inherent risk associated with start-up toll facilities and the need for careful, deliberate analysis by the proposing agency/authority before undertaking such a task."**

Also outlined in her presentation were the two main methods of pledging funds in support of the facility. One method is through a systems pledge – an advantage of toll authorities with existing systems that are planning on expanding. The second is a toll revenue pledge. Of these two methods, a systems pledge offers more financial security for the bondholders and therefore the bonds are given higher initial bond rating.

Ms. Hecht emphasized the inherent risk associated with start-up toll facilities and the need for careful, deliberate analysis by the proposing agency/authority before undertaking such a task.

## V. ALTERNATIVE STRATEGIES

While the Coalition is unanimous in its recommendation to the County Council it recognizes the need to ensure that the Council is fully informed regarding all options available when considering the possibility of further exploration of a toll or user-financed facility.

During the course of this past year, the Coalition heard presentations concerning alternative strategies that the County may wish to pursue when considering the need for and the construction of a toll facility. For reasons of simplicity we will categorize these strategies as:

1. Research, then Decide
2. Governmental Partnering
3. Private sector Partnering
4. Going it Alone

### V.1 Research, then Decide -

This option can be considered the preliminary step to the other three strategies listed above. In this option the County delays the decision to form an Expressway Authority until it has investigated the need for and viability of a proposed toll facility. To fund this process the County may apply for funding through the Toll Facilities Revolving Trust Fund. Under Florida Statutes local governmental entities are eligible for state funding which can be used to research the feasibility and impact of a proposed toll facility without requiring the creation of an Expressway Authority. Governmental entities can do this by applying to the FDOT for funding from the Florida Toll Facilities Revolving Trust Fund (TFRTF).

" ... the overall administration of such an investment – both in time and funding – would necessitate a project manager or administrator with professional experience in the issues associated with user-financed facilities; issues such as traffic and revenue forecasting methods, funding alternative strategies, bond ratings, etc."

As mentioned in the previous section, the TFRTF was created in 1988 (most recently amended by the 2000 Legislature) to encourage the development of user financed road projects being pursued by local governmental entities. Under this bill the FDOT is authorized to advance funds for "preliminary engineering, traffic and revenue studies, environmental impact studies, financial advisory services, engineering design, right-of-way map preparation, other appropriate project-related professional services, and advanced right-of-way acquisition to expressway authorities, *counties, or other local governmental entities* that desire to undertake revenue-producing road projects." At the discretion of the Secretary of Transportation up to \$1.5 million can be made available as an interest-free loan to governmental entities wishing to pursue any or all of the eligible activities cited above.

Utilizing these funds, the County could undertake the necessary environmental studies, traffic and revenue forecasts, and preliminary engineering (up to 60% completion), etc. that are required for the construction of a potential new facility. This allows the County the option to look closely at the impacts of such a facility and decide whether or not it would be cost feasible before making the decision to form an authority and pursue the project.

Two things should be understood regarding the use of TFTRF funds: (1) monies loaned from the TFTRF cannot be used for administration or construction, and (2) this is a loan (albeit interest-free) and must therefore be repaid to the TFTRF. The Florida statutes outline a repayment schedule beginning 7 years after the date of the advance and to be completed by no later than 12 years after the date of the advance.

While the County is eligible to apply for and utilize TFTRF funds and could conceivably pursue the exploration into the need for a toll facility, there are some significant drawbacks to this approach. First, the overall administration of such an investment – both in time and funding – would necessitate a project manager or administrator with professional expertise in the issues associated with user-financed facilities; issues such as traffic and revenue forecasting methods, funding alternative strategies, bond ratings, etc. Secondly, if the County Council agrees with the recommendations of this Coalition, then a great deal of time, effort, and focus would be required from the County Council to ensure that the general public, and other interested parties, is involved from the onset.

## V.2 Governmental Partnering

Florida Statutes allow both the Turnpike District and the Orlando-Orange County Expressway Authority to partner with counties and municipal governments in order to pursue toll facility projects. This method is not unknown in Florida. In fact, there are several examples of this arrangement in the State. The FDOT Turnpike District has partnered with some counties in pursuing projects, most recently with Seminole County to complete the “missing link” from SR 417 to I-4. The Turnpike District has also partnered with the Orlando Orange County Expressway Authority (OOCEA) and Disney on the Western Beltway. The Orlando Orange County Expressway Authority has also partnered with Lake County to investigate the viability of a toll facility in Lake County.

**“Partnerships share the burden of the cost between multiple agencies and ... reduces the liability on any one party should the revenues produced by the project not meet expectations.”**

When partnering with the state, it should be understood that there are several “tests” that must be met for the state to pursue a project. The project in question must be environmentally feasible. The project must be economically feasible. Finally, local support must exist for the project. The first two of these tests would

be researched during the planning stages. The OOCEA also undertakes preliminary studies of any project to ensure that it is viable.

Partnering with other governmental organizations and authorities allows for several advantages. Partnerships share the burden of the cost between multiple agencies and allows for the infusion of different funding streams to start the project. Sharing the cost of the project reduces the liability on any one party should the revenues produced by the project not meet expectations. Partnering with either the State Turnpike District or with the OOCEA provides additional benefits when it comes to bonding. Since both organizations have significant networks of other toll facilities, the rating of any bonds sold for an expressway in Volusia County (if partnered with one or both of these organizations) would receive a higher rating than if Volusia County proceeded on its own. The Coalition recognizes that both the Turnpike District and the Orlando-Orange County Expressway Authority have vast experience in the operation and maintenance of toll facilities.

### V.3 Private Sector Partnering

This form of partnership is relatively new and there are only a few examples to cite. In Florida the Disney Company has partnered with the Turnpike District on the Southern Connector Extension that connects the southern portion of SR 417 to I-4 south of Orlando. Osceola County partnered with local land owners and the Disney Corporation in the development and construction of the Osceola Parkway, and the OOCEA partnered with local land owners in the development and construction of the Western Beltway - part A (State Road 429). Two other states, Virginia and California, have had toll facilities constructed either solely by private sector entities or in partnerships with private entities. The benefits accrued from such partnerships are much the same as those from partnering with other authorities or government agencies; these include a reduction in the individual debt burden and liability, and the availability of additional funding streams which can be brought to the project.

### V.4 Going it Alone

This final strategy, Going it Alone, assumes that the County wishes to proceed on its own not only with the formation of an Expressway Authority but also with the planning and construction of a toll facility. The primary disadvantage associated with this option is that the level of risk the County would assume in the development, construction, and maintenance of a user-financed facility would be at a maximum and could negatively impact – through the dedication of local option gas tax funds to the toll facility – any other transportation projects that the County may wish to pursue in the future.

### V.5 Additional Considerations

Expressway Authorities in the state of Florida may be formed in one of two ways, either pursuant to the Expressway Authority Act of 1990 (Chapter 348, Part I FS),

or by special act of the Florida Legislature. Under the Expressway Authority Act the County Council passes a resolution establishing the Authority. The members of the Board of the Authority can be comprised of County Council members, private sector representatives, or some combination thereof. If formed under the Expressway Authority Act, the Board of an Expressway Authority may consist of from five to nine members two of which shall be appointed by the Governor.

**"An Expressway Authority is a 'single-purpose agency focused on a specific mission.'"**

As with any decision, there are advantages and disadvantages to pursuing this course of action.

***Advantages:***

1. The formation of an Expressway Authority allows for the direct input as to the make-up of the Authority and some level of control over any projects that the Authority wishes to pursue.
2. An Expressway Authority is a "single-purpose agency focused on a specific mission"; it may pursue a revenue-producing project without being subject to the whims of political pressure.
3. An Expressway Authority is exempt from some state and federal design standards and processes.

***Disadvantages:***

Pursuing a major project such as an expressway or toll facility will require funding. Bonding is the most common method by which such projects are funded. In order to receive a sufficient bond rating the County may be required to secure the bonds with local option gas tax (LOGT) dollars. Should the project fail to produce sufficient revenues to cover the cost of repaying the debt, the County would have to cover the cost by dipping into the LOGT.

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

### **VI.1 Conclusions**

In December of 2000, the Coalition met to discuss and decide on its recommendations to the County Council. Each member in turn offered his or her opinions as to what each had learned over the course of the past year and what direction they believed the County should move in. The Coalition as a group came to several conclusions regarding expressway authorities and the need for the formation of such an authority in Volusia County.

First the members of the Coalition agreed that there exists a need to address the growing traffic congestion – especially along the I-4 Corridor. In contrast to the growing need, funding for transportation improvements have been found wanting and there is no anticipated reversal of this trend.

Secondly, while using county staff during the exploration phase for potential projects is a possible alternative, the formation of an Expressway Authority offers certain advantages:

- The exploration of any proposed facility would require expertise in, and understanding of, all the various aspects of user-financed facilities from inception and exploration to construction and operation.
- Should a proposed facility prove to be a viable project, an Expressway Authority, again through the role of an Executive Director, would provide for continuity of the process in pursuing any commitments made by the County and Authority during the preliminary phases.
- The formation of an Expressway Authority would focus the accountability of the process to a small group of community leaders willing to give the time and effort in addressing the growing transportation needs of Volusia County and to work closely with the County Council.
- An Expressway Authority would allow for greater availability to and improved communication with the general public through the role of the Executive Director and Authority members.
- An Expressway Authority, through regular reports to the County Council, allows for greater focus by the Council on the issues as they arise.

Therefore, the formation of an Expressway Authority improves focus, allows for acquisition of expertise, identifies and ensures accountability, promotes availability to the general public to insure maximum public involvement, and better ensures the continuity of any commitments made in the early stages of the project.

## VI.2 Recommendations

The following points outline the specific recommendations of the Coalition to the County Council. The Coalition recommends that:

- (1) The County should form an Expressway Authority to explore the viability of a user-financed project(s) in Volusia County.
- (2) With regard to staffing requirements of said Authority, the County should look to the Seminole County model – and Executive Director and an Executive Assistant - rather than develop a significant bureaucracy. The Authority should take full advantage of the use of the County staff and of consultants and should request, as needed, assistance from Florida’s Turnpike District and the Orlando-Orange County Expressway Authority.
- (3) The specific mission of the Expressway Authority should be, through the use of Toll Facilities Revolving Trust Fund loans, to undertake the requisite planning, environmental, engineering, and traffic revenue studies associated with the recommendation of any potential project(s).
- (4) The Authority should explore all funding and partnering options available.
- (5) The Authority should work closely with the County and with the FDOT to perform due diligence on the project(s) up to the design stage.
- (6) The Authority should make every effort to include the general public, business, and environmental groups through the formation of advisory committees and/or task forces and seek additional public input through the use of public meetings, hearings, workshops etc.
- (7) By a date certain (no more than 2–3 years) the Expressway Authority should make recommendations to the County Council as to the viability of a project or projects and to recommend a course of action.
- (8) Finally, should the Expressway Authority deem the construction of a toll facility unnecessary, or find that a user-financed project is not viable, the Authority should be suspended.