

Meeting Minutes
Governmental Services Committee
Taxation and Budget Reform Commission
Hillsborough County Aviation Authority Board Room
September 10, 2007
9:30 a.m. – 3:00 p.m.

Committee Members: *Roberto “Bobby” Martinez, Chair, Barney Barnett, Martha Barnett, Mark Bostick, Talbot “Sandy” D’Alemberte, Bruce Kyle, Robert “Bob” McKee, Les Miller, Jr., Randy Miller, Jade Moore, James Scott*

Members Present:

Roberto “Bobby” Martinez
Barney Barnett
Robert “Bob” McKee
Jade Moore
Les Miller, Jr.
James Scott

Members Present by Phone:

Randy Miller
Mark Bostick

Members Absent:

Martha Barnett
Sandy D’Alemberte
Bruce Kyle

Chairman Martinez called the meeting to order at 9:30 am.

Rob Shave called roll and announced the presence of a quorum.

Chair Martinez asked for a motion to approve the minutes from the August 21st meeting, as posted on the website. Several members so moved, and seconded. Minutes were approved.

Chairman Martinez introduced the first presenter, former Secretary of Florida’s Department of Transportation and current Director of Miami International Airport, Jose Abreu. Secretary Abreu informed the commissioners that his presentation would cover the past, present, and future of transportation and intermodalism. Mr. Abreu opened by saying that he feels somewhat like Charles Kettering¹ who is quoted as saying, “My interests are in the future because I’m going to spend the rest of my life there.” Sec.

¹ An engineer, industrial pioneer, and apostle of progress, Charles F. Kettering (1876-1958), first as an independent inventor and later as General Motors Corporation's research chief, conducted research which established him as one of the most creative Americans of his generation.

Abreu added that in respect to future projections, engineers don't usually take down a fence until they know why it was erected in the first place. Mr. Abreu indicated that the decisions we make today will have a profound impact on Florida's ability to be economically competitive in the future.

Chair Martinez announced the recent opening of the new South Terminal at Miami International Airport. The structure is 1.7 million square feet in size, itself larger than most airports, and will handle 89 million passengers per year.

Mr. Abreu told the committee that for more than a century our transportation system has adapted to growth and changes in our economy and in our communities. This flexibility began with extension of the rail services from Jacksonville to the rest of peninsular Florida. The State of Florida has pioneers like Henry Flagler² and Henry Plant³ to thank for opening this door to the rest of the world.

According to Mr. Abreu, 2006 marked the 50th anniversary of the United States Interstate system. Nothing has affected the State of Florida's growth and development more than the interstates. The Interstate Highway System was originally designed to connect major urbanized areas and other states, interstates now act more like a commuter road system. The 2000 census confirmed that one in five Floridians now commutes to work from one county to another. These statistics reveal the need for regional thinking in transportation. The FDOT examined the macro-economic impacts of transportation investments in its 5-year work program. Over the next 25 years, the FDOT work program investments are expected to produce over \$147 billion in user and economic benefits for the State of Florida and its residents compared to the actual cost of \$26 billion. This means that every dollar invested in the 5-year work program generates approx. \$5.60 in benefits. Aviation spending generates even more profit. For every dollar invested by the State of Florida in aviation generates \$300 in user benefits. Most of it is generated by the gas tax. There is 18 cents or so in federal gas tax, 17 cents in state gas tax, and there are some local gas taxes that can be as much as 11 cents per gallon. Altogether, there is approximately 50 cents on the gallon that goes into gas taxes. The engine behind transportation funding is the gas tax.

The newer automobiles and cleaner technologies (hybrids, ethanol, E-85, biodiesel, etc.) which are becoming more and more popular will have a negative impact on fuel revenues. We will need to change the model of just gas tax. There are models that are based on user fees. Some models like GPS tracking for road use fees are now being explored by the Federal DOT and other states. This system works by allowing a GPS to

² Henry Flagler (1830-1913) was a self-made millionaire and industrialist who co-founded the Standard Oil Company. He masterminded the plan that transformed Standard Oil into the most successful monopoly of the nineteenth century. During the second half of his life, he developed land and built railroads in Florida, establishing agriculture and tourism as the state's leading industries.

³ Henry Bradley Plant (October 27, 1819 - June 23, 1899) was involved with many transportation projects, mostly railroads, in Florida. Eventually he owned the Plant System of railroads which became part of the Atlantic Coast Line Railroad. Plant City, located near Tampa, was named after him.

track how far your vehicle travels and to bill you appropriately. For instance, if you leave your home and travel 5 miles to Publix, the State of Florida will bill you for only the 5 miles you travel (10 miles roundtrip). The State of Florida needs to look into a newer model and begin to move away from the gas tax.

Commissioner McKee asked to whom are you telling that the current model will not work? Sec. Abreu answered that he had worked extensively in Washington DC with the current Secretary of the Florida Department of Transportation, Stephanie Kopelousos. Secretary Kopelousos played a key role in helping the State of Florida while she was in Washington DC. Doug Callaway was another individual who represented Florida and fought to make sure the state was given necessary funding. One of the major issues is that Florida is a donor state, and yet only gets 86 cents on the dollar in Federal funding. The State of Florida should receive at least 95% and the next window of opportunity to pass a Federal Bill is 3 ½ to 4 years. We should begin working on these changes now, according to Mr. Abreu

Commissioner McKee asked if the State of Florida was not a donor state, would we generate enough revenue to be self-sufficient. Jose Abreu answered no, because of all the earmarks included in the Federal Transportation Bill, which the State of Florida does not necessarily want; we would not be in a good position to pay for projects like the Miami Tunnel. Federal funding by earmark was only 2 million dollars; the total cost of the project was closer to a billion. Local governments, cities, and MPO's (?) go to their Senators and Congressmen in Washington DC asking for earmarks for projects that they thought were important but the State of Florida did not. So, they may get a third of a project funded and the State of Florida is left to pay for the rest out of the work program being planned for growth management.

Chairman Martinez announced the arrival of Commissioners Les Miller and Barney Barnett.

Mr. Abreu continued that by the year 2030 work program investments are expected to create 68,000 permanent jobs, produce an economic impact of 7 billion dollars in personal income, \$7.5 billion in gross state product, and \$12 billion for businesses. Increasing population (particularly older cohort) will create new transportation needs like public transit. Demographic statistics and trends reveal a troubled future for transportation.

Former Secretary Abreu added that as far as cargo is concerned, Miami International Airport leads all other airports in the United States. 95% of all cargo bound for Florida goes through MIA. That is why intermodalism needs to be a priority for the State of Florida in the future.

Chair Martinez asked Mr. Abreu what percentage of cargo comes from South America. Sec. Abreu replied the figure is probably over 50%.

Commissioner Les Miller raised the matter that considering that Miami International Airport is the highest volume airport in terms of cargo, what is the State of Florida doing to assist (DHS) with cargo review? Secretary Abreu answered that currently the policy requires “self-reporting” which does not screen nearly 100%. The logistics of screening all of the airport’s cargo would be a large undertaking, and would require an assembly line setup. Currently, there is a proposal under review with the Department of Homeland Security.

Chair Martinez questioned the issue of traffic on roads and highways. Abreu answered that there is presently a 46% delay factor on ground transportation. He added that that figure was 34% only two years ago.

Chair Martinez asked if growth numbers take into consideration the “quality of life” issues like commute times, congestion, etc. Mr. Abreu relied that all aspects of transportation are all in play, but there currently is not enough resources to support future growth. The 46% figure in delay factor is expected to increase to 56% in the near future.

The State of Florida developed the Strategic Intermodal System (SIS) to focus on where best to expend its resources. Florida's Strategic Intermodal System is a transportation system that . . .

- Is made up of statewide and regionally significant facilities and services **(strategic)**
- Contains all forms of transportation for moving both people and goods, including linkages that provide for smooth and efficient transfers between modes and major facilities **(intermodal)**
- Integrates individual facilities, services, forms of transportation (modes) and linkages into a single, integrated transportation network **(system)**

Florida’s Strategic Intermodal System (SIS) was established in 2003 to enhance Florida’s economic competitiveness by focusing limited state resources on those transportation facilities that are critical to Florida’s economy and quality of life. According to Secretary Abreu, Counties, Cities, and MPO’s need to get off of the idea of a “donor system”; it must be a statewide system.

Transportation is the driver of Florida’s economy. Without our transportation system, no supplies could be brought in to support the housing market. No visitors could travel to the State of Florida to bolster the tourism market. None of the State’s fruits, vegetables, poultry, and cattle could be distributed without transportation.

Dedicated trust funds are in place to help FDOT plan for projects outside of 10 years “from concept to concrete”. The State of Florida should have the planning capability to make projections out to at least 20 years. Based on Mr. Abreu’s calculations, one of the main problems facing FDOT in making long-term projections is that only 6% to 7% of needed funds for work program are available at any given time.

Commissioner Scott asked if the \$26 billion for work programs over 5 years includes all revenues. Secretary Abreu answered yes.

Commissioner Scott questioned if there is an additional backlog of needs-based projects. Abreu responded that yes there is about \$56 billion unfunded over the next 20 years in strategic needs.

Commissioner Scott said that the Growth Management Bill took revenue from documentary stamps to help fund future transportation needs. What may be good for the commission is to draft a “one-pager” on what the State of Florida’s unmet needs are. With the federal government’s funding shrinking and limited resources in the transportation trust fund, we need to look for innovative ways to funds projects for growth.

Secretary Abreu added that recent court findings on rock mining in Florida will cause major cost increases in road building. 300% - 400% cost increases are going to become normal because of a lack of road-building supplies.

Commissioner Jade Moore pointed out that despite that fact that so much cargo comes through the Miami International Airport; with a 50% delay, which needs to be looked at. I would like to hear more about SIS; it doesn’t do any good to be an economic engine if you are out of gas. Tell us how we can help. Currently in South Florida, 3% of the roads are carrying 34% of the traffic.

Commissioner Bob McKee observed that schools have a governing body, wouldn’t it seem that an oversight commissioner could be useful to protect the trust funds from the legislature. Commissioner Scott answered, we do, but the legislature can always change the plan as long as they are within the limits of the constitution. Commissioner Les Miller added that when he was in the legislature, trust funds were raided – I didn’t like it, but instead of raising taxes the legislature took from the trust funds.

Commissioner McKee commented that of all the excellent presentations we have heard in this committee, there is a common theme that keeps recurring; the subject of trust funds has been mentioned again and again. Our committee, as a Governmental Services Committee, should look into making strides to protect the trust funds.

Commissioner Les Miller suggested that we simply have more needs and more of a need to raise more money for General Revenue to pay for services. We need to look at ways to generate new revenue.

Commissioner Jim Scott responded that another option is to determine priorities. No matter how much is raised in revenue, there is still a need to prioritize and evaluate our priorities.

Chair Martinez stated that the following question is not meant to offend, but is growth good?

Commissioner Les Miller replied that some growth is good, but that some areas continue to be problematic. Another committee had Amy Baker, Executive Director of EDR deliver a presentation⁴ on population and growth management who addressed many of these issues of growth and how to manage it.

Commissioner Bob McKee pointed out that there was another point from Amy Baker's presentation that he found interesting. The State of Florida due to demographic trends has a need to offer incentives for skilled labor and the labor intensive workforce, and create disincentives for elderly migration.

Chairman Martinez thanked Jose Abreu for his presentation and welcomed Kevin Thibault. Mr. Thibault is the Assistant Secretary of the Department of Transportation. Thibault explained about the FTP (Florida Transportation Plan) which is a 20 year outlook which is updated every 5 years.

Assistant Secretary Thibault identified some of FDOT's responsibilities:

- Primary interregional movement of people and goods
- Operate and maintain State Highways (12,067 miles)
- Focus resources on implementing the Strategic Intermodal System (SIS)
- Shared responsibility, with private and other public interests, for regional and local movement of people and goods
- Assist owners of Transit, Aviation, Rail, and Port facilities and services.
- Secretary is Chief Executive
- Florida Transportation Commission – Advisory
- Decentralized Agency – 7 districts and Turnpike
- \$8+ Billion Annual Budget - Trust Funded
- 7,548 Positions (10,354 in 2001)
- Highly Privatized
 - Planning 74%
 - Design 83%
 - Construction 100%
 - Maintenance 80%

Assistant Secretary Thibault declared that safety was his highest priority, and that mobility creates quality of life. He added that DOT's goal is to work for the customers.

Chair Martinez asked how much change would there be between the 5 year and 10 year plans. Kevin answered that there would likely be little difference unless there was a specific problem like cost increases. The DOT's work program must be balanced to available revenues. Not to mention the fact that many projects take as many as 20 years to build.

Chair Martinez asked if the use of rotaries could cut down of the number of intersection accidents. Kevin agreed that yes they can and do reduce accidents.

Commissioner McKee asked if there were any options to force people to use public transport. Kevin Thiebault answered that currently mass transit is a choice that Floridians and visitors may make, but no method of forcing people to take public transit is in place.

Commissioner Les Miller asked about services for the elderly. Kevin replied that DOT works with transit organizations to advocate better signage, visibility, and etc.

Kevin Thiebault pointed out that 40% - 50% of the aggregate affected by recent court ruling requires new permitting. Army Corps of Engineers is scheduled to have the new permits ready by the end of the year.

Commissioner Scott asked if Florida still pays more in Federal taxes than we get back. Kevin answered that is correct.

Commissioner Jade Moore pointed out that a very small percentage of funding goes into debt services. Is that because of less bonding? No, most debt is in toll revenues.

Chair Martinez recognized Marcia Johnson, Director of Financial Management answered that FDOT works with bonding companies to get best possible rate on bonding to keep rating high.

Kevin Thiebault delivered an overview of the SIS Strategic Intermodal System. What is the Strategic Intermodal System? It's a statewide system of high-priority transportation hubs, corridors and connectors.

Focus on moving people and freight

- Between Florida and other states and nations
- Between regions within Florida

Designated based on objective measures of transportation and economic activity.

Chairman Martinez thanked Kevin Thiebault for speaking before the committee and suggested a 45 minute lunch. Committee members seconded.

Lunch Break

Chairman Martinez introduced Wes Watson, Executive Director of the Florida Public Transportation Association (FPTA). Mr. Watson thanked the chairman for his invitation and explained that he represents the 29 fixed route and paratransit agencies around the State of Florida. He explained that the three main types of transit agencies that he speaks for are: Bus, Rail, and Paratransit.

Mr. Watson continued that his clients are located in every major city in the State of Florida, and as well as many medium sized cities and some smaller towns. People once said that the State of Florida is not dense enough for public transit. Now, the medium

sized communities are the fastest growing areas for public transportation; making up approximately 250 million riders per year.

Chairman Martinez asked how the local transit costs are handled. To which, Mr. Watson replied that local fees are the usual method, but the legislature passed a bill a couple of years ago creating a \$2 fee for public transportation; Governor Bush vetoed the act. In addition to local user fees, the FDOT is extremely helpful and supportive of transit groups; CUTR, from the University of South Florida is another group that offers FFTA great resources. The State of Florida's funding, in the form of block grants make up \$65 million dollars for operating costs. Florida needs "capital match" and dedicated sources of funding. Last year, FFTA attempted to get dedicated funding from a local retail sales tax; the measure was defeated by the legislature

Chair Martinez asked if there are empirical statistics that indicate whether or not passengers in the larger cities are able to travel where they need to go. Watson replied that in Miami, due in part to an exclusive bus way, over 30% of all trips on US1 to the metro-rail are on public transit.

Chairman Bobby Martinez showed his appreciation for Wes Watson's presentation, and then introduced the President of the Florida Transportation Builder's Association, Bob Burleson.

Mr. Burleson began by pointing out that the FTBA is the primary industry group representing Florida's road and bridge contractors. Florida's contracting industry has worked with the FDOT to address cost increases and attempt to mitigate their impact on the work program.

Since 2004, funding sources for transportation have been declining at both the state and federal levels in addition to drastic cost increases for construction. Mr. Burleson listed several reasons for the cost increases: escalation in fuel and material costs, lack of skilled workers, uncertain material delivery, and larger contingencies built in to protect against increases in long-term jobs, Florida's booming economy gave contractors many options and many chose not to bid on FDOT projects. He pointed out that, like Mr. Abreu, he too supports a "pay for miles driven" system rather than the current funding system of gas taxes.

Bob Burleson indicated that Florida has a unique aggregate (road materials) problem. The reasons for the problems vary drastically: Rock is scarce in Florida, permitting new mining sources is difficult, a Federal judge effectively wiped out 15-20% of the State of Florida's supply overnight, prices for rock are now more uncertain than ever, port capacity is such that importing material will not fully meet our needs, rail delivery is limited, State of Florida imports rock from Georgia, Alabama, Mexico, Bahamas, and even Canada – all are very expensive options. Contractors face a real dilemma when bidding work. Rock shot up \$5 a ton immediately after the court ruling with more increases on the horizon.

The Florida Department of Transportation entered into a contract to purchase 300,000 tons of new source material from Vulcan Materials. This rock is coming from Mexico. FDOT has every right to be concerned and act to acquire material supply of their own but 300,000 tons is a drop in the bucket for a FDOT market of 40 million tons. Contractors believe that the market will step up to supply rock as the need arises. The state's contract is of very little help and by the time the contract was put into place, the price was higher than the open market price. That could change, however, with the recent court ruling. In terms of overall price considerations, aside from the rock issue, prices are now a little more stable in Florida. Of late, the volume of work in the private market is down pushing some contractors back into the public market. Competition is greater now for local government work, and the labor market has been steadily improving.

Mr. Burleson listed several of the Florida Department of Transportation's responses that we (FTBA) like:

- They have significantly improved their project estimates. This is by far the best thing FDOT has done.
- Utilizing "bid options" for what they need versus what they want.
- Looking at reducing night work where possible.
- Extending night working hours where possible.
- Not always trying to see how large they can make an individual contract.
- Working with industry to develop long-term solution to our aggregate issue.
- Trying to improve rail and port infrastructure to increase capacity.
- Assessing risk assumption.

Commissioner Jade Moore pointed out that the Governor is accelerating capital projects in order to raise tax revenue; why not accelerate some road construction projects for the same reason.

Chairman Martinez offered that he believed that VMT (Vehicle Miles Traveled) must be a National system. Portland, Oregon is doing a voluntary pilot project.

Chair Martinez next welcomed and recognized the Director of Floridians for Better Transportation, Doug Callaway.

Mr. Callaway's presentation began with a humorous quote by President Ronald Reagan, "Status Quo is Latin for the mess we're in."

He added that Florida has a transportation based economy, and that without transportation, there would be no way to support economic engines like: tourism, agriculture, and housing.

Over the next ten years we will need an additional \$23 Billion just to keep transportation the way it is today. Florida's explosive population growth will create some difficult problems in the near future. Each day, nearly 1,100 new residents move to Florida.

Mr. Callaway identifies four strategies which Floridians for Better Transportation supports and views as necessary for the State:

1. Protect Existing Transportation Funding Sources
 - a. State Transportation Trust Fund (STTF) and the new monies from the 2005 Growth Management Plan - \$542 million annually.
 - b. When the economy is slowing, don't apply the brakes.
 - c. The first casualty of a revenue downturn should not be safety.
 - d. Don't pull the plug on smart growth management.
2. Provide more money for Transportation improvements
 - a. Use technology to move away from a gas tax and towards a distance-based user fee.
 - i. Portland, Oregon Pilot Program
 - b. P3's (Public, Press, & Politicians)
 - c. Electronic Tolling
 - d. Managed Lanes (Rapid Bus Transit)
 - e. Truck Tollways.
3. Move ahead quickly on new transportation corridors
 - a. New corridors paid by tolls – not “robbing Peter to pay Paul”
 - b. New corridors help provide congestion relief to existing routes.
4. Empower Local Governments to do more for Transportation.
 - a. Local “option” rental car surcharge
 - b. Index Local option gas tax
 - c. Index Motor Vehicle fees.

Doug Callaway concluded his presentation by declaring that Florida can't move forward with economic recovery if transportation system is in reverse.

Chair Martinez asked Mr. Callaway if he would be willing to inform the committee further on Oregon's pilot program with the VMT system. Mr. Callaway allowed that the VMT device would act very much like a GPS. System would track each driver's miles traveled and bill driver accordingly, much like a utility. The chairman thanked Doug Callaway for his presentation and introduced the last presenter on the agenda.

Joel Volinski is a representative of the CUTR Institute at the University of South Florida. Mr. Volinski indicated that the world and technology are moving so quickly, this group could meet more often than 20 years.

CUTR is a scholarly, nonbiased and independent source of information. Much of CUTR's work is done on research. Mr. Volinski and CUTR are often hired to perform studies on things like the VMT pilot program in Oregon.

He agreed with some of the other speakers that a VMT system holds promise over time.

Also, Mr. Volinski advocated finding ways to support innovations in public transportation through capital support for solutions that work for a specific area. Volinski

concluded, "Give the bus the advantage." Chairman Martinez thanked Mr. Volinski for his speech. Due to time constraints, the chairman agreed to allow only a few minutes from one guest who had filled out an appearance card and requested to speak.

Chairman Martinez recognized the Executive Director of the Sarasota/Manatee Metropolitan Planning Organization and representative of the MPO Advisory Council, Michael Howe.

Mr. Howe began by allowing that the Sarasota/Manatee MPO is one of 26 MPO's in the State of Florida. In 2005, Sarasota had over \$20 Billion in needs and had only \$2 Billion to spend.

On the state level, cost escalation, needs due to growth, and the strategic intermodal program are all taking funds from local projects to support the strategic intermodal system. Other state roads (non-SIS) are getting only 25% of 50% of the pot. Local projects were given 50% only a few short years ago. Given the current funding issues, it will take 70 years to do the work that is on the board today.

Mr. Howe recommended the establishment of a Transportation Revenue Study Commission to address the disparities in these funding issues. He recommended that the commission be staffed by CUTR.

Chairman Martinez asked that Mr. Howe submit a draft in writing after the approval of draft language at the October 24th meeting. He agreed and thanked Chair Martinez for the opportunity to testify.

The chairman raised the issue of future topics for the Governmental Services Committee; subjects included: water policy, courts/prosecutors/defenders, DCF, DJJ, and special taxing districts. The chairman announced the expansion of the 9-27 meeting from 9:30 to 12:30, as well as the opening for meetings on October 4th and 11th.

There being no further business, Chairman Bobby Martinez ordered the meeting adjourned at 3:04 p.m.