

Meeting Summary

Volusia County Expressway Authority Coalition

April 26, 2000

**Volusia County Mobility Management Center
950 Big Tree Road, South Daytona, Florida**

Members Present:

Maryam Hosseini Ghyabi
Lori Campbell Baker
Brad Blais
Jon Cheney

Doug Daniels
James Ely
Karl Welzenbach
Linda White

Members Absent:

Richard McMahan
Joseph Benedict III

Charles Lydecker

Others Present:

Darla Zakaluzny, Recording Secretary
Lennon Moore
Lowell Clary
Keith Cober
Jackie Whitfield
Kathy Marsh
Council Member Ann McFall

Harriet Damesek
Bob Koslow
Gary Brosch
Council Member Joe Jaynes
Glenn Storch
Council Member Big John

1. Welcome and Introductions

Chair Maryam Ghaybi called the meeting of the Volusia County Expressway Authority Coalition to order at 10:10 AM.

Chair Ghyabi recognized Council Member Ann McFall, Council Member Big John and Council Member Joe Jaynes.

2. Approval of March 23, 2000 Meeting Minutes

Mr. Daniels moved to approve the March 23, 2000 minutes. The motion was seconded by Mr. Cheney and carried.

3. Presentation by Lowell Clary, Manager, Financial Planning Office, FDOT

Mr. Ely stated that the presentations are being presented out of order, as material is forthcoming. He introduced Mr. Lowell Clary, who is the Manager of Financial Planning with the Florida Department of Transportation. Mr. Ely stated that there has been discussion at the last two meetings regarding different pots of money available in creating an Expressway Authority and the Toll Revolving Trust Fund.

Chair Ghyabi expressed thanks to Mr. Clary for information that he forwarded to her 1-1/2 years ago regarding GARVEE Bonds for the I-4 Bridge. She stated that this information was extremely helpful.

Mr. Clary distributed and went over informational material on Toll Road Financing. Highlights of the presentation follows:

- In the State of Florida for the year 2000, \$500-\$600 million dollars will be collected statewide in tolls. By the year 2004, it will grow to approximately \$760 million.
- Keep things together that will work for Volusia County and for whatever projects that ultimately decided upon for construction.
- Toll Facilities Revolving Trust Fund was created by the State of Florida from revenues that were **words unclear** and it was created for the purpose of developing toll facilities.
- Three advantages of the Toll Revolving Trust Fun are: (1) allows you allow to take money, interest free, and to go ahead and start moving forward with the development of a project; (2) facilitates transportation projects that are delayed or may not happen without the assistance; and (3) enhances financial flexibility in the use of other scarce resources.
- Uses for the funds are: (1) preliminary engineering studies; (2) traffic and revenue studies; (3) environmental studies; (4) financial advisory services; (5) engineering design; (6) right of way maps; and (7) advanced right of way acquisition.
- The money cannot be used for construction.
- The application for Toll Revolving Trust Fund dollars must be submitted to the FDOT. The FDOT Secretary can approve funding up to \$500,000 annually, but anything over \$500,000 would have to be approved by the Legislature.
- The loans are interest free and there are two choices for the repayment of the loan. They are (1) initial bond issue to construct the project; or (2) start repayment in year 7 and complete by the end of year 12.

Ms. Moore asked if there are caps to the size of the project that the loan can be secured for? Mr. Clary replied no. He went on to say that the turning factor is the design of the plan.

Mr. Ely stated that the Toll Revolving Trust Fund does not pay for administration costs. He asked how much that is and what is the cost for the planning and environmental studies? Mr. Clary replied that, typically, to do the initial work of the traffic and revenue study and the initial environmental would be in the range of \$1-2 million. Mr. Clary stated that all of those costs would be eligible under the Toll Facility Revolving Trust Fund.

Mr. Clary stated that if it is project specific it would be eligible, but if its more general management type activities, it would not be eligible.

Ms. Moore asked if there were any federal dollars involved? Mr. Clary replied no.

Chair Ghyabi asked if the project needed to have specific requirements or qualifications in order to qualify for this funding? Mr. Clary replied no. He stated that the concept would need to be discussed with the County and the MPO. Mr. Clary stated that they would need to have a general agreement that says that they would agree conceptually with doing the study. Mr. Clary stated that the District would determine if the project is feasible.

Mr. Clary stated that the next step would include a traffic and revenue study. He stated that the Department would want to see some solid cost estimates. Ms. Campbell Baker asked if there is a formal application process for this part of it? Mr. Clary replied yes.

Mr. Welzenbach asked how much was put into the trust fund initially by the State? Mr. Clary replied that the estimated dollar amount loaned out and put back in was approximately \$70 to \$80 million. He noted that this amount has been loaned out several times.

Mr. Blais asked if there were any documents that the members could look at in order to see what has been done by other communities? Mr. Clary replied yes. Mr. Ely noted that project applications could be reviewed.

Chair Ghyabi stated that when the County Council was first approached about the concept of an expressway authority for Volusia County, it was noted that three components needed to be fully studied. They are environmental, transportation and funding. Chair Ghyabi stated that this committee is trying to get information on whether an authority is needed and how you go about it. She stated that in the future, environmental impacts would be one of their emphasis areas.

Chair Ghyabi asked if the funding could be used for environmental studies? Mr. Clary replied yes. Mr. Ely noted that it would fully pay for the environmental study and that cost would fall in the range of \$1.5 million.

Mr. Welzenbach asked if the funding could be used as state match for federal funds? Mr. Clary replied no. Mr. Welzenbach stated that the PD&E could be funded through federal funds regardless whether it is for a toll authority or a toll facility. He stated that if we were to proceed it would help having all of the money up front as it would reduce the amount that we would have to pay back for the initial PD&E. Mr. Clary asked where the federal funds would come from? Mr. Welzenbach replied that there are federal funds available for projects (i.e. discretionary funds). Mr. Clary noted that discretionary funds are not easy to obtain.

Mr. Clary went over the information in the packet regarding the State Infrastructure Bank including the advantages, uses for the funds, and the application submittal procedures. In order to receive the funding, the project must meet all federal requirements. Mr. Clary stated that toll agencies do not want to apply for State Infrastructure Bank funding because of the need to meet federal requirements.

Mr. Clary noted that these applications are submitted to the FDOT and authorized by the Secretary of Transportation. The loans are at a 0% percent interest rate and loans of up to 35 years can be approved. However, the recommended repayment time period is 15 years or less. Mr. Clary also noted the importance of partnerships.

Minor discussion took place.

4. Presentation by Gary Brosch, Director, Center for Urban Transportation Research (CUTR)

Mr. Ely introduced and provided a brief background report on Mr. Gary Brosch, the Director of CUTR. Mr. Brosch reported on the advantages and disadvantages of having an expressway authority. Informational handouts were distributed to the members. Highlights of the presentation are:

Advantages of Public Authorities:

- Concentrated focus
- Citizens/Leadership
- Debts
- Businesslike Operations

Disadvantages of Public Authorities:

- No guarantee of professional administration
- Does not remove policy issues
- Less accountability to the public
- Inefficient

Advantages of Expressway Authorities:

- Focus
- Able to borrow money
- Exempt from some state and federal standards

- Sensitive to local issues
- Implement needed but controversial projects
- Citizens opportunity to serve

Disadvantages of Expressway Authorities:

- Fragmentation of local government
- Less accountability to local voters
- Duplicates other governmental entities
- Cost of collecting the tolls

Chair Ghyabi asked for an example of authorities that have been successful or non-successful. Mr. Brosch replied that the Orlando Orange County Expressway Authority has been very successful. He stated that their projects have been on time and on budget.

Mr. Brosch stated that you must have a need or the project is not a viable project. He went on to say that the other part to success is having a board, whatever the composition, who would be dedicated to doing a good job. Chair Ghyabi asked if the Board can be created with duties that are job specific? She also asked if they can they oversee a project, and then turn it over to an agency like the Turnpike District for maintenance? Mr. Brosch replied yes, it is possible for the Board to complete the task and then walk away.

Mr. Clary noted that the Seminole County Expressway Authority was set up to handle a project, but they are going away. He stated that this Board is the County Commission. Mr. Clary stated that Miami-Dade County had an expressway authority that went away, but it was recreated at a later date because they wanted to build new projects.

Mr. Welzenbach asked if there were term limits for the directors that served on the board? Mr. Brosch stated that they all have term limits. Mr. Welzenbach asked if the research suggested that you need to identify a specific project before you address the issue? Mr. Brosch replied that the research did not answer that question, but you do not have to start with a specific project. He stated that there must be a need for the project.

Mr. Ely stated that the Broward County Expressway Authority was created in the 1980's and their intent was to build what is called the Sawgrass Expressway. The traffic and revenue analysis was done, and the project was built, but their projections of revenue were way off the mark. The County was liable for the debt and they had to use their secondary gas tax for the bond. Mr. Ely stated that the Sawgrass Expressway Authority no longer exists.

Mr. Ely stressed the importance of having a very professional traffic and revenue analysis done for whatever project is being looked at. He asked what the risk was to Volusia County if an expressway authority was created? Mr. Brosch replied that the ultimate liability would fall to the County.

Mr. Clary stated that a county commission can create an authority and make appointments to the board. The county would ultimately be responsible for paying back the money. Mr. Clary stated that one way to look at is to develop it through the revolving trust fund and then turn it over to a group that is in business to deliver a product, such as the Turnpike District.

Mr. Welzenbach asked if the Sawgrass Expressway was paying to itself now? Mr. Ely replied that the District has sunk in almost \$80 million in the last ten years for the project, but he feels that in the next 3-4 years it will be self-sufficient. Mr. Ely stated that this project required significant support from the Turnpike District for the last 10 years.

Mr. Glenn Storch asked why the Sawgrass project was off so much? Mr. Ely replied that back in the 1980's they assumed connections with the interstates and other facilities, which never occurred. He stated that they made assumptions for improving the transportation network that did not happen.

Chair Ghyabi asked how difficult it was to set up an authority? Mr. Clary replied that under the Expressway Authority Act, it would be done by special resolution of the County Council/Commission.

Mr. Welzenbach asked if the work could be hired out to consultants? Mr. Clary replied that most authorities have one or two staff members who work for them, but the rest could be hired out.

Mr. Welzenbach referenced the mixing of funds to fund an expressway. He stated that one benefit gleaned from tolls is that you do not detract from the existing funds in the existing roadway network. Mr. Welzenbach stated that there is a growing deficit as far as available funding of past revenues from the county, state, and federal level. He stated that the idea of a toll expressway has the one benefit of not dipping into that money. Mr. Welzenbach stated that there have been several examples of looking at eliminating toll authorities and the biggest agency that says no is the DOT because they would have to then maintain that facility.

Mr. Welzenbach stated that that consideration would have to be taken into account if you look at mixing funds. He stated that SR 415 has been raised by the committee more than once. As a project itself, it would probably not receive a very good rating and we would not be able to get the traffic counts necessary for this to be a good project. Mr. Welzenbach asked if connecting this roadway to SR 417 in Seminole County would be a feasible project? Mr. Ely replied that he is not ready to discuss projects at this time. He went on to say that Ms. Jodi Hek, Standard and Poors, will be addressing the committee next month on the issue of bond rating.

Mr. Ely noted, however, that it would be a good project to partner with the local expressway authority. He stated that the partnership does not have to be contiguous from one project to the next. Mr. Ely stated that the key thing in the early stages of the process would be to determine if it is really a transportation project.

Chair Ghyabi stated that she is not ready to comment on any specific projects, as there is not enough information available.

Council Member McFall stated that she was impressed with the speakers at the meetings. She stated that some of the questions she had were addressed today. Council Member McFall stated that there are several authorities in place already in Volusia County, such as the Port Authority and the Volusia Transportation Authority (VOTRAN), which is the County Council. She asked where would it be more beneficial to use an existing authority to build one project as opposed to recreating another authority? Mr. Brosch replied that if you have an authority **words unclear**. He stated that the staff would be the fulltime champions of whatever projects are determined and there is also the possibility of subcontracting with private agencies. Mr. Brosch stated that he would not recommend setting up an authority with a large staff for only one project.

5. Discussion

Ms. Campbell Baker stated that the presentations made today were very helpful and educational.

Chair Ghyabi stated that the County Council Members were informed about the presentation made by Mr. Ely last month. She stated that Mr. Ely has been a big help to the committee as he has arranged the presentations that have been made and the ones that are forthcoming at future meetings.

Chair Ghyabi stated that the next meeting will be held May 24 and a representative from a rating agency will be making a presentation to the committee. It was suggested that the Transportation Commission be invited to attend the next meeting of the Expressway Authority Coalition.

Mr. Welzenbach expressed thanks to Mr. Clary and Mr. Brosch for their presentations, which were very informative.

6. Public Comments

Mr. Glenn Storch asked when the next meeting would be held. Chair Ghyabi replied that the next meeting is scheduled for May 24 at this facility.

7. Other Business

The meeting adjourned at 12:00 PM.