



# The Florida Senate

*Interim Project Report 2003-141*

*January 2003*

Committee on Transportation

Senator James E. "Jim" King, Jr., President

## REVIEW OF PROGRAMS FOR SETTING AND FUNDING TRANSPORTATION PRIORITIES

### SUMMARY

Priorities for funding the Florida Department of Transportation's programs and projects are established through the implementation of federal and state laws. Metropolitan Planning Organizations are primarily responsible for prioritizing projects and programs in metropolitan areas. State funded programs and projects are prioritized based upon Florida Statutes and FDOT's policies.

While Florida's transportation needs have never been fully funded, the 2000 Legislature addressed some of the funding shortfall by creating transportation programs such as Mobility 2000, the Transportation Outreach Program, the State Infrastructure Bank, the County Incentive Grant Program, and the Small County Outreach Program.

The current revenue projections are not as encouraging as they were in 2000. The state's transportation infrastructure needs are far greater than the revenue available to meet those needs; therefore, some reprioritization may be necessary. Numerous studies have recommended a comprehensive, regional, intermodal approach to transportation infrastructure investments. Some of the programs created by the 2000 Legislature do not meet this standard.

This report recommends the Legislature reexamine the TOP project selection process in order to codify a more intermodal, systematic approach to planning and funding projects.

deepwater seaports. This system is funded from a variety of sources. For fiscal years 1998 through 2007 the Florida Department of Transportation will average approximately \$5 billion per year in funding. Approximately 36 percent of these funds come from the federal government. The primary source of federal funding for both transit and highways is from motor fuel taxes which are collected in Florida. These funds are then distributed to the states through formula and discretionary programs authorized in the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21).

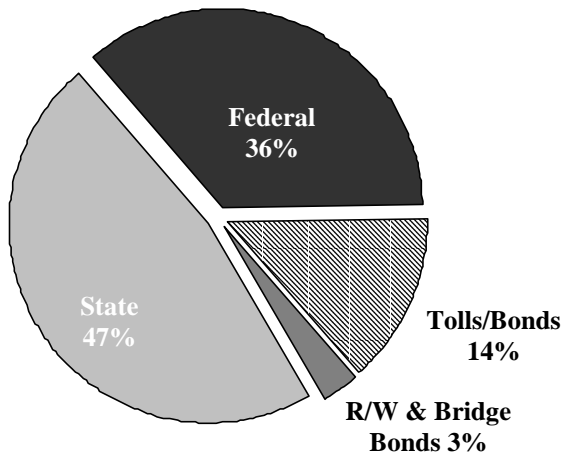
Florida currently receives 86 cents per dollar rate of return on the fuel taxes sent to the federal government. Florida is considered a donor state meaning a portion of Florida's federal fuel tax revenues are distributed to other states.

The federal taxes for highway fuels total 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel fuel. Of these taxes, 0.1 cent per gallon is used for leaking underground storage tanks, 2.86 cents per gallon is directed to mass transit, and the remainder is utilized for the federal-aid highway program. Federal-aid highway funds apportioned to Florida were approximately \$1.0 billion in fiscal year 1997-98. The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) passed in June 1998, increased Florida's federal funding to \$1.2 billion in fiscal year 2001, and \$1.3 billion through fiscal year 2002. The following chart reflects revenue sources of the State Transportation Trust Fund.

### BACKGROUND

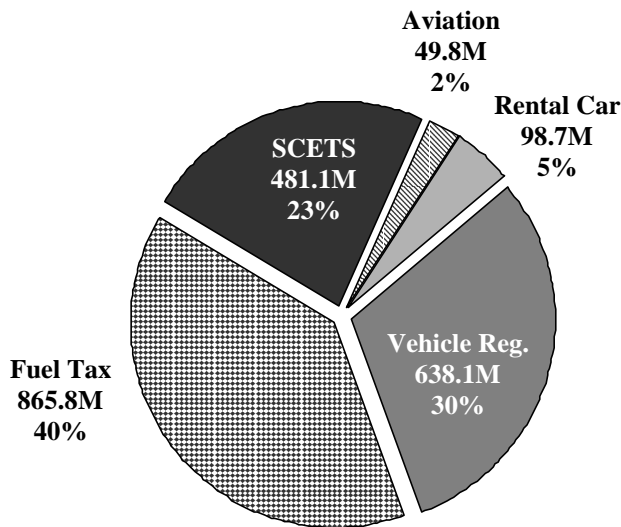
Florida's transportation system includes 40,451 lane miles on the state highway system (SHS), 23 public transit systems, 19 commercial airports and 14

**Total STTF Funding**



State taxes for fuels purchased in Florida total 15.4 cents per gallon. State fuel taxes and fees provide about 47 percent of the state’s transportation funds. Sources of this funding include the state fuel tax, the State Comprehensive Enhanced Transportation System Tax (SCETS), aviation fuel tax, the rental car surcharge, and fees from vehicle registration.

**State Funding Resources**



Local governments also fund highways and transit. Local taxes on fuel total up to 16 cents per gallon. Local transportation funding sources include the Constitutional and Legislative Motor Fuel Taxes (3 cents for counties and 1 cent for municipalities), Local Option Fuel taxes (1-12 cents), Local Option Infrastructure Sales Tax (.5 or 1 percent), and local impact fees and permits. These local taxes are

prioritized and used by counties and municipalities for local transportation needs.

**Non Transportation Uses of STTF**

Approximately 11 percent of the funds deposited into the STTF are diverted for non-transportation uses. The largest diversion (approximately 48 percent of the diversions) goes toward education. Other diversions include General Revenue Fund Transfers, General Revenue Service Charges, the Office of Tourism, Trade and Development, and aquatic weed control.

State and federal funds are deposited into the State Transportation Trust Fund (STTF). How FDOT spends these funds can be broken down into two areas: capacity and non-capacity.

**Non-Capacity**

Non-capacity expenditures include FDOT’s safety and preservation programs, product support and administrative expenditures. In FDOT’s 2020 revenue forecast, non-capacity expenditures account for approximately 52 percent of STTF funds (after funds are diverted from the STTF for non-transportation uses).

Funds for non-capacity programs are prioritized based upon statutory guidance and FDOT policies. The largest part of the state’s non-capacity program is the preservation of the existing State Highway System (SHS). Section 334.046, F.S., requires FDOT to ensure: 80 percent of the pavement on the SHS meets FDOT standards; 90 percent of FDOT maintained bridges meet FDOT standards; and to ensure 100 percent of the acceptable maintenance standards (mowing of vegetation, litter control and fixing potholes) are achieved on the SHS.

Resurfacing, bridge repair, and operations and maintenance consume approximately 57 percent of all non-capacity funds. Of the remaining 43 percent of non-capacity funds: approximately 35 percent goes to product support; 2 percent goes to safety programs; and 6 percent goes toward administrative expenses. Non-capacity programs protect Florida’s significant investment in transportation infrastructure and protect the safety of the public.

**Capacity Programs**

Capacity programs improve the traffic carrying capacity of the state’s transportation system. Capacity

programs include improvements to the state's aviation, transit and rail and highway systems which allow for an increase in the amount of traffic on the system. In FDOT's 2020 revenue forecast, capacity expenditures account for approximately 48 percent of STTF funds. Of the capacity funds: 18 percent goes to the Florida Intrastate Highway System (FIHS); 2 percent to aviation; 4 percent to transit; 1 percent to rail; 3 percent to intermodal access; 1 percent to the seaports; and 17 percent to other highways.

Section 339.135, F.S., provides 50 percent of any new discretionary highway capacity funds must be allocated to the FIHS for capacity improvements. New discretionary highway funds are defined in the section to be any funds available to FDOT above the prior year funding level for capacity improvements, which FDOT has the discretion to allocate to highway projects. The remaining funds must be allocated by formula to the districts.

### Setting Priorities

The FDOT project selection and prioritization process is, for the most part, dependant upon the statutorily mandated transportation planning process. The priorities for transportation projects are set by the entity having authority over the funding. Florida Metropolitan Planning Organizations (MPO) have been involved in the transportation planning and prioritization process through interlocal agreements and public involvement since the early 1970's. The shift toward metropolitan planning began nationally in 1975 with the issuance of joint planning regulations by the Federal Highway Administration and the Urban Mass Transit Administration (now known as the Federal Transit Administration). The new regulations gave major responsibility for transportation planning to MPOs. The federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), greatly expanded the role of MPOs in the transportation planning process and the Transportation Equity Act for the 21st Century (TEA-21) solidified the current process.

In order to carry out transportation planning, federal law (23 USC Sec. 134) and state law (s. 339.175, F.S.) requires a Metropolitan Planning Organization to be designated for each urbanized area of more than 50,000. This designation is accomplished by an agreement between the Governor and the local government which represents at least 75 percent of the population of that urbanized area. The boundaries of a MPO are determined by agreement between the Governor and the MPO.

A MPO may have no less than five members and no more than 19, and all MPO members must be elected local officials. However, if possible, no less than one-third of a MPOs membership must be county commissioners.

Certain larger counties are authorized to reapportion the membership of the MPO to include more involvement from municipalities. Federal and state laws establish many requirements for the MPO and statewide transportation planning and prioritization processes. Long and short-range transportation plans are required to be produced at the local and state level and must address a number of specific factors. In particular, MPOs must develop annually a list of project priorities and a transportation improvement program (TIP) for all federally funded transportation projects. In developing the long-range transportation and the TIP, each MPO must consider projects and strategies that will:

1. Support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency;
2. Increase the safety and security of the transportation system;
3. Increase the accessibility and mobility options available to people and for freight;
4. Protect and enhance the environment, promote energy conservation, and improved quality of life;
5. Enhance the integration and connectivity of the transportation system between modes;
6. Promote efficient system management and operation; and
7. Emphasize the preservation of the existing transportation system.

### Work program process

By October 1 of each year, the MPOs submit a list of project priorities to be used by FDOT in developing the work program. Section 339.135, F.S., authorizes and sets the guidelines for the FDOT to develop a State Transportation Five-Year Work Program. This document is a statewide project specific list of transportation activities and improvements that must meet the objectives and priorities of the Florida Transportation Plan.

The Department's Work Program is the combination of the projects which are prioritized by the MPOs with input from the FDOT district office and local

governments. Input is also received through public hearings, the Legislature, and the Governor's Office. Section 339.135 (4), F.S., provides the first three years of the Adopted Work Program (the first five years of for projects on the FIHS) stand as the commitment of the state to undertake transportation projects that local governments may rely on for planning purposes. At the local level, the program has to be consistent to the maximum extent feasible with the capital improvement elements of the local government comprehensive plans. The districts identify projects and develop schedules based on project priorities of MPOs and County Commissions in non-MPO areas within the limitations of the funds allocated to them.

### **Regional and State Priorities**

Numerous studies by the Florida Chamber Foundation, the Transportation and Land Use Study Committee, and the Florida Freight Stakeholders Task Force stressed the importance of expanding comprehensive regional and intermodal planning.

In 1990, as an early response to the need to regionalize transportation policy, the Legislature created the Florida Intrastate Highway System (FIHS). The FIHS is the state's major highway network connecting all of Florida's urban areas and places of commerce and interest. The current FIHS comprises about 3,800 centerline miles of limited access and controlled access highways. Although the FIHS makes up only 3 percent of Florida's public roads, it carries 32 percent of the traffic. The FIHS makes up about a third of the SHS, yet it carries half of the traffic and 70 percent of the heavy truck volumes on the entire system. The purpose of the system was to serve high-speed, long distance, interregional movements with limited or controlled access to the system. State funds are set aside to fund the FIHS and are one of the few areas FDOT sets the priorities (with MPO concurrence).

Another response to the growing need for regional and intermodal planning was the Florida Freight Stakeholders Task Force. The task force, created in 1998, defined and assessed Florida's freight terminals for each mode and the network of connecting highways and railways. In 1999, Florida implemented the Fast Track program which built upon the work of the Freight Stakeholders' Task Force. The Fast Track program was intended to strengthen Florida's economic competitiveness and improve the business climate through transportation. Fast Track allowed transportation projects that had been unfunded or under funded in the past to receive priority consideration for

accelerated funding in the first year of the work program.

A Fast Track Advisory Council was formed from recommendations by the Florida Chamber, the Freight Stakeholders Task Force, the MPO Advisory Council and the Governor's Office of Tourism, Trade and Economic Development. The advisory council, supported by FDOT staff, developed specific criteria for a quantitative methodology to screen and score projects. The Selection Committee met twice in November, 1999, and recommended projects to be funded to the Secretary of FDOT. In its first year, \$59 million in funds previously dedicated to high-speed rail was dedicated to fund projects in aviation, rail, transit, seaport, space or intermodal freight or passenger facilities.

The Secretary submitted a list of projects to the Governor as part of FDOT's annual budget, for expenditure beginning July 1, 2000. These projects were approved by the 2000 Legislature as part of the budget, House Bill 2145, and later signed by the Governor. During the 2000 Legislative session (SB 862), the Fast Track program was replaced with the Transportation Outreach Program (TOP).

An increase in General Revenue in 2000 allowed the 2000 Legislature to address some of the funding shortfalls for transportation needs in Florida. Mobility 2000 was a program created during the 2000 Legislative Session which allowed over \$4 billion in transportation projects to be advanced over a ten year period. In addition to Mobility 2000 and the TOP, Senate Bill 862 also created the State Infrastructure Bank, the County Incentive Grant Program, and the Small County Outreach Program.

### **The Transportation Outreach Program**

SB 862 created the TOP to fund transportation projects of a high priority based on the principles of preserving the existing transportation infrastructure, enhancing Florida's economic growth and competitiveness and improving travel choices to ensure mobility. One billion dollars was provided over a ten-year period, averaging about \$100 million a year. Projects are selected and recommended for funding during the next legislative session, by an Advisory Council of private business people appointed by the Governor, Speaker of the House of Representatives and the President of the Senate. Eligible projects include major highway improvements; major public transportation projects; and projects that facilitate retention and expansion of

military installations, or that facilitate reuse and development of any military base designated for closure by the Federal government.

Projects may be proposed by any local government, regional organization, economic development board, public or private partnership, metropolitan planning organization, state agency, or other entity engaged in economic development activities.

### **State Infrastructure Bank**

SB 862 provided state funding of \$50 million a year for three years for the State Infrastructure Bank (SIB). The State Infrastructure Bank provides loans to help fund transportation projects that otherwise may be delayed or not built. The loans are repaid from revenues generated by the project such as a toll road or other pledged resources. The repayments are then re-loaned to fund new transportation projects.

The first \$50 million was deposited in the state funded SIB in state fiscal year 2000/01. Due to budget constraints and a general revenue shortfall, the capitalization was reduced to \$43.5 million in state fiscal year 2001/02 and no funding in state fiscal year 2002/03. A fund shift of \$33.5 million from the State Transportation Trust Fund was made in state fiscal year 2002/03 to allow funding for projects that are currently awarded and possible future awards.

To add further flexibility to the SIB program, House Bill 261 became law in April 2002. House Bill 261 includes projects that provide for connectivity between the State Highway System and airports, seaports, rail facilities, transportation terminals, and other intermodal options for the increased accessibility and movement of people, cargo and freight.

### **County Incentive Grant Program**

The Legislature created the County Incentive Grant Program within FDOT to provide grants to counties to improve transportation facilities located on the State Highway System or that relieve congestion on the State Highway System. Approximately \$490 million was provided over a ten-year period to fund the program. In order to encourage local governments to take a regional perspective, transportation facility improvements in all counties are eligible with state funding at 60% for projects on the Florida Intrastate Highway System, 50% for projects on the State Highway System; and 35% for projects on the local highway system that are

demonstrated to relieve congestion on the State Highway System.

Projects for the County Incentive Grant Program are selected by FDOT based on criteria including: projects must be consistent, to the maximum extent feasible, with local metropolitan planning organization plans and local government comprehensive plans; the extent to which the project will encourage, enhance, or create economic benefits; the likelihood the assistance would enable the project to proceed at an earlier date than the project could otherwise proceed; the extent the project would foster innovative public-private partnerships and attract private debt or equity investment; the extent to which the project uses new technologies, including intelligent transportation systems, which enhance the efficiency of the project; the extent to which the project helps to maintain or protect the environment; the extent to which the project includes transportation benefits for improving intermodalism and safety; and other criteria as determined by FDOT.

In the first year of the program (fiscal year 2000-2001) \$37.1 million was awarded to projects. In fiscal year 2001-2002, \$148.9 million was awarded. There is no funding for the County Incentive Grant Program for fiscal year 2002-2003; however, funding for the program will resume in fiscal year 2005-2006 at \$21 million, \$42.7 million in fiscal year 2006-2007, and \$43 million in 2007-2008.

Over the three years of the program's existence: 64.9 percent of the funds were awarded to projects off the state highway system (35 percent state match); 30.4 percent of the funds were awarded to projects on the state highway system (50 percent state match); and 4.7 percent of the funds were awarded to projects on the FIHS (60 percent state match).

### **Small County Outreach Program**

SB 862 also created the Small County Outreach Program within FDOT to assist small county governments in resurfacing or reconstructing county roads or in constructing capacity or safety improvements to county roads. Approximately \$120 million was provided over a ten-year period. County road improvements in counties with a population of 150,000 or less based on the most recent population estimate, are eligible for state matching of 75% of the project costs. Projects are selected by the FDOT based on criteria including: whether the county has attempted to keep county roads in satisfactory condition; the physical condition of the road as measured by the

Department; whether a road is used as an evacuation route; whether a road has high levels of agricultural travel; whether a road is considered a major arterial route; whether a project is considered a feeder road; and other criteria as determined by FDOT.

In the first year of the program (fiscal year 2000-2001) \$12.6 million was awarded to projects. In fiscal year 2001-2002 \$37.3 million was awarded. There is no funding for the Small County Outreach program for fiscal year 2002-2003; however, funding for the program will resume in fiscal year 2005-2006 at \$5.2 million, \$10.7 million in fiscal year 2006-2007, and \$10.9 million in 2007-2008.

## METHODOLOGY

Staff met with and interviewed numerous FDOT staff concerning FDOT funding and prioritization of programs. Staff reviewed federal and state highway funding practices and reviewed FDOT programs to determine which programs are legislatively mandated or agency policy. Staff also attended and monitored meetings of the TOP Advisory Council and the Strategic Intermodal System Steering Committee.

## FINDINGS

The recently updated 2020 Florida Transportation Plan identifies significant changes that will occur over the next 20 years. These changes will have a dramatic effect on Florida's transportation system. The future of Florida's economy will depend on a transportation system that can successfully move residents and tourists and transport goods within Florida and to and from the United States and international markets. By 2020, Florida will add about 5 million new residents, imports and exports are expected to double, and the number of tourists is expected to reach nearly 110 million. Meeting the needs generated by such growth will require investments of statewide funds in a well-planned transportation system that efficiently connects the various forms of travel. Limited resources should be dedicated to statewide and regional priorities.

The need in Florida for expansion and improvement in highways, transit, seaports, airports, and other transportation facilities have been documented in various studies. For example, according to FDOT: Florida's seaports will need about \$1.3 billion to accommodate anticipated growth over the next five years; The Florida Aviation System Plan estimates the total cost of needed improvements of airport capacity terminals, parking and access over the next 10 years is \$6 billion. The Center for Urban Transportation

Research (CUTR) estimated a \$22 billion shortfall (1995 dollars) in meeting the needs identified in Florida's 25 metropolitan areas, about half of which was for public transportation needs in four large metropolitan areas.

## MPO Regional Cooperation

As stated earlier, it has been widely believed and supported by numerous reports focusing limited funds on regional and statewide transportation projects is the most cost effective way to manage the state's transportation system.

In the past, MPOs have been criticized for a lack of coordinated regional planning. Cities and counties blend together while traffic does not heed jurisdictional boundaries. There are very few multi-county MPOs in the state and each MPO has its own priorities. MPOs have recently made some moves to take a more regional perspective.

The Central Florida MPO Alliance began as a two county alliance between Orlando and Volusia MPOs in 1997 and expanded in 2000 to include the Brevard MPO, Lake County Government, METROPLAN Orlando and the Volusia County MPO. The South Florida Regional Transportation Organization was created in 1997 by interlocal agreement and is comprised of the Broward County Commission, Miami-Dade County Commission, Palm Beach County Commission, Broward MPO, Miami-Dade MPO, Palm-Beach MPO, Tri-County Commuter Rail Authority, and the FDOT.

The Southwest Florida Regional and Metropolitan Transportation Subcommittee is comprised of one appointed elected official from the Sarasota/Manatee MPO, Charlotte County-Punta Gorda MPO, Lee County MPO, and the Collier County MPO, an official representative from each of the 6 counties, an appointee from the local office of economic development, a representative from the Southwest Florida Transportation Initiative and a representative of the FDOT.

West Central Florida MPOs Chairs' Coordinating Committee was created in 1992. However, the Legislature questioned the effectiveness of the Coordinating Committee's regional perspective and passed legislation in 2000 strengthening the Committee's coordination efforts. The Committee is comprised of the Chairmen from the six MPOs in the region, including the Hernando, Hillsborough, Pinellas,

Pasco, Polk and Sarasota/Manatee County MPOs. In addition the FDOT District Secretaries and the Regional Planning Councils are represented in a non-voting capacity.

The 2000 Census designates four new urbanized areas in the state which qualify as MPOs (St. Augustine, Zephyrhills, Lady Lake and Leesburg-Eustis). As stated earlier, MPOs are created through an agreement between the local government and the Governor. Four new MPOs could be an impediment to cost effective regionalization of planning practices. The Federal funding formula for MPO planning is currently under review, and incentives could be included in the funding formula to provide a more regional perspective to the MPOs.

The United States Department of Transportation apportions funds to states for metropolitan planning based on population data from the 10-year Census. States distribute these funds to MPOs by a formula which is developed by each state DOT in consultation with MPOs, and approved by the Federal Highway Administration. The 2003 apportionment of MPO planning funds is \$12 million. The current formula provides for off-the-top allocations of \$200,000 to the Metropolitan Planning Organization Advisory Council, and \$300,000 to MPOs in air quality maintenance areas. Of the remaining funds, 60 percent is divided equally among MPOs and forty percent is distributed by population.

### **The Transportation Outreach Program**

In the first year of project selection by the TOP Council, there were 207 applications for TOP funding. FDOT staff sorted the projects by mode and gave each member a copy of each 20 page application with a two page summary of the project. FDOT staff advised the council members to use a scoring system, similar to the one used to prioritize fast track projects, to help the members in the selection process, but the Advisory Council decided not to use that process. The Council also agreed to allow themselves to be lobbied by applicant representatives.

From the Council's first meeting on September 26, 2000, to the second meeting on December 11, 2000, the 207 applications had been narrowed to 32 projects recommended for funding. By January 8, 2001 the funding recommendations were narrowed to 24 projects. These funding recommendations were reported to the Legislature, where 23 of the projects were selected totaling \$74,702,850.

The Center for Urban Transportation Research (CUTR) recommended a new method for prioritizing projects. CUTR advised the application should be changed in order to collect data necessary for a more informed prioritization of projects. CUTR also recommended a new scoring system to aid in prioritization; however, the Advisory Council did not adopt CUTR's suggestions.

The second round of projects, fiscal year 2001-2002, there were 206 applications submitted to the same Advisory Council. However, in order to streamline the process, the Chairman of the council asked each member of the council to examine all applications and submit fifteen recommendations for funding to the Council as a whole. In 2002, 49 projects were selected totaling \$91,140,307.

The TOP Advisory Council had its last meeting on June 14, 2002. Since many Council members' terms were to end in the summer of 2002, the council discussed possible future directions for the 2003 Program and did not set specific timelines. On June 14, 2002 the President of the Senate appointed two new Advisory Council members, and on October 21, 2002 the Speaker of the House of Representatives appointed two new Advisory Council members. However, the Governor has yet to appoint the three board members allowed by statute. While four members constitute a quorum, the Council has decided to wait for all Council seats to be filled before conducting business.

### **The Strategic Intermodal System**

A greater understanding of the importance of the connections between modes (seaports, airports, rail, and highways) has lead to a more integrated planning process within FDOT. The gradual evolution from concentration on highways to a more comprehensive realization of the effects of Florida's dynamic trade has prompted a rethinking of the efficiency of the FIHS as a stand alone transportation facility. The movement toward more intermodal planning has prompted the consideration of the Strategic Intermodal System (SIS).

The SIS is being developed in partnership with representatives of: statewide, regional and metropolitan transportation interests; private industry; shipping, aviation and trucking interests; and environmental and growth management interests. This diverse group of 41 members, the SIS Steering Committee, met for the first time on February 25, 2002 and has approved a final draft report.

The Steering Committee spent a large amount of time building a consensus for the creation of the SIS. A draft map of the SIS was developed from criteria developed by the Steering Committee. The system will include: 1) Hubs, which are defined as ports and terminals that move goods or people within Florida or between Florida and other origin/destination markets in the United States and the rest of the world; 2) Corridors, which are defined as highways, rail lines, waterways, and other exclusive use facilities that connect major origin/destination markets within Florida or between Florida and other states and nations; 3) Connectors, which are defined as highways, rail lines, transit lines, or waterways that connect nodes, corridors and other modes.

The Steering Committee settled on a tiered approach to the SIS. This approach was adopted because of concern that facilities that were not on the SIS would be underfunded. They would be primary SIS facilities, which meet the criteria for inclusion on the SIS because of current high volume of trade and traffic, and emerging SIS facilities which are in growing markets but do not meet the criteria for the primary SIS.

The SIS has garnered credibility because of the wide variety of interests which were able to reach a consensus concerning the viability of a SIS, and because of its holistic intermodal approach to transportation planning.

## **RECOMMENDATIONS**

The current Transportation Outreach Program lacks a strategic vision for funding transportation projects. There is no uniform project selection process. Therefore staff recommends a reevaluation of the TOP project selection criteria and application process in order to codify a more intermodal, systematic approach to planning and funding projects.