



# The Florida Senate

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Committee on Transportation

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## DEVELOPMENT OF THE FLORIDA DEPARTMENT OF TRANSPORTATION'S 5-YEAR WORK PROGRAM

### Statement of the Issue

The Florida Department of Transportation (department) is responsible for the development and maintenance of Florida's transportation system.

Funding for Florida's transportation system ( project selection and prioritization) is, for the most part, dependent upon the statutorily mandated transportation planning process set forth in 23 USC 134 and in ch. 339, F.S. Florida law requires the department to develop a five-year project specific list of transportation activities and improvements known as the Work Program. The purpose of the Work Program is to strategically and efficiently program, fund, and administer Florida's transportation system on a project specific basis.

The Legislature reviews the Work Program each year and authorizes a commitment budget for the first fiscal year of the Work Program through the General Appropriations Act. In addition, the Legislature oversees amendments to the Work Program throughout the fiscal year.

The department coordinates the development of the Work Program with its seven district offices, the Turnpike Enterprise Office (Turnpike), Metropolitan Planning Organizations (MPOs), the federal government, and local governments. Development of the Work Program is based upon a complete, balanced financial plan for the State Transportation Trust Fund and other funds managed by the department. The Work Program reflects the priorities of MPOs (and counties in non-MPO areas), along with the department's centrally managed programs.

This issue brief will examine and summarize the process used by the department in developing the Work Program.<sup>1</sup>

### Discussion

#### **Work Program—Based Upon a Strategic Transportation Plan**

Section 339.135, F.S., authorizes and establishes the guidelines for the department to develop the Work Program which serves as the federally required Statewide Transportation Improvement Program.

To be included in the Work Program, a project must meet the objectives and priorities of the Florida Transportation Plan (FTP). The FTP (part of the State Comprehensive Plan) is Florida's transportation plan identifying long and short range goals and objectives to address the needs of the entire state transportation system, and it lays out a policy framework to achieve those goals and objectives. The FTP guides transportation decisions and investments based upon the prevailing principles of providing for the safety of the public, preserving the existing transportation infrastructure, enhancing economic competitiveness, and improving travel choices to ensure mobility.

A more detailed version of the FTP is the department's Program and Resource Plan. The Program and Resource Plan is a ten year plan which contains the specific long and short range components from the FTP, as well as the major programs of the department, the product to be delivered and the resources required. The Program and Resource Plan

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<sup>1</sup> Portions of this report are taken from department issue papers entitled "Process for Developing the Work Program" and "Work Program, Finance, and Budget Process Overview."

also contains selected operating policies and performance measures guiding the development of each program in the department. In essence, it establishes the programming framework by which the Work Program is developed.

### **Work Program—Developed in Coordination with Communities, MPOs, and Local Governments**

The process outlined in statute for developing a Work Program through the department's district offices and through the Turnpike is envisioned to provide maximum input and collaboration with communities and local governments. Federal law requires projects in the metropolitan areas must be developed in cooperation with the applicable MPO. At the local level, projects in the Work Program must be consistent to the maximum extent feasible with the local government comprehensive plans. Public notice and public hearings are also required in developing the Work Program.

### **Work Program—Project Phases**

All transportation projects administered by the department must be incorporated into the Work Program. The Work Program includes all proposed project commitments classified by major program and appropriation category. Because it usually takes several years to complete a project, projects are scheduled in the following phases:

1. *Planning*—The department engages in activities necessary to identify, select, define and develop a project. Planning activities are achieved through either in-house planning or planning consultants and planning grants. Planning for a new project is usually undertaken along with the department's strategic and policy planning process.
2. *Environmental Assessment and Engineering*—The department studies environmental, economic, social and historic impacts of the project. The department also studies alternative concepts and project alignments, always considering a no-build option. The public is invited to communicate ideas through workshops and is invited to comment on the final report at a public hearing held after all requisite due diligence is completed. If the project is financed in part through federal funds, the final report is sent to the Federal Highway Administration for location and design approval.
3. *Design*—The department actually designs the project during this phase which also includes the drainage, utilities, permits, median openings, access connections, and the right-of-way needs of the project.
4. *Right-of-Way Acquisition*—The state must own the land on which a project is constructed. The state pays full and just compensation for all acquired property, including relocation expenses for existing homes and businesses.
5. *Construction*—This phase includes costs of building the transportation project including the department's costs for overseeing the construction known as Construction Engineering Inspection (CEI).

By using this phased scheduling process, the department's funds are not tied up unnecessarily for long periods of time. In reality, it could take seven or more years for a project to advance from concept to concrete.

### **Work Program—Development Process**

The process the department follows in developing the Work Program is a year-round activity. For purposes of this issue brief, the process will be explained sequentially beginning in July and ending the following June. The chart on page 8 illustrates the Work Program process.

#### *July*

In July, the Work Program is adopted by the Secretary of Transportation. The Adopted Work Program reflects the general appropriations act as signed by the Governor and reflects the accounting adjustments associated with closing out the last fiscal year on June 30.

Simultaneous with the adoption of the Work Program, the following year's Work Program (Tentative Work Program) begins to be developed when the department's Executive Committee meets to establish the proposed funding levels, policies, and objectives for the new Ten-Year Program and Resource Plan and the Five-Year Finance Plan (including a thirty-six month Cash Forecast Balanced Plan). The Executive Committee is the policy-making committee of the

department and is comprised of the Secretary, the three Assistant Secretaries, the seven District Secretaries, the Executive Director of the Turnpike, and other department heads as appointed by the Secretary.

The Tentative Work Program removes Year 1 from the Adopted Work Program and adds a new fifth year to the Work Program. Projects programmed for Years 2-5 in the Adopted Work Program are amended where appropriate and are re-designated as Years 1-4 of the Tentative Work Program. The Tentative Work Program is based on the funding levels determined by the program balancing achieved in the Program and Resource planning process that began in July.

To communicate funding and policy directives to the districts and the Turnpike, Work Program Instructions (WPI) and Fund Allocations are developed by the department based upon the funding levels, policies and objectives set forth in the Program and Resource Plan. The WPI provides technical guidelines which govern the development of the Tentative Work Program. These instructions are updated to reflect the enactment of new federal and state legislation which may change the program structure and/or financing guidelines of the Tentative Work Program. For example, changes in federal and state laws may require the department to add a new program, modify characteristics of an existing program or eliminate a program altogether from the Work Program. The Work Program Instructions are finalized after review and discussion at the Fall Work Program Workshop.

Some basic guidelines contained in WPI are as follows:

1. In accordance with s. 339.135(4)(c)(2), F.S., MPOs and local governments shall submit to the districts an annual list of project priorities by October 1 of each year. The districts must include these projects, to the maximum extent feasible, in their work program.
2. When developing the Work Program, first priority should be given to projects listed in the current Adopted Work Program. This means all projects included in the second year of the previously Adopted Work Program must be advanced to the first year of the preliminary Tentative unless their removal is approved by the Secretary.
3. To maximize federal aid, districts are encouraged to identify and assign federal funds to projects prior to using state allocated funds when available.
4. The districts and the Turnpike must build the program up to the established target levels and funding levels (see discussion regarding Schedules A and B below). Districts, Turnpike and other department staff must keep the programs balanced to available funds and budget.

In addition to developing the WPI, the department staff conducts an analysis to review construction cost inflation factors and CEI in-house percentages. These factors are adjusted, if needed, and are based upon approved forecasts of economic projections.

The method by which the department distributes its financial resources is governed by federal and state laws, and by departmental policy. The WPI contains a Schedule A for fund allocations and a Schedule B for program performance targets. These schedules do the following:

1. Schedule A allocates product and product-support funds in accordance with the Program and Resource Plan. Fund amounts are based on the latest Federal-Aid Forecast, the latest Florida Revenue Estimating Conference (REC) projection of state funds, bonds, tolls, local funds, and reimbursable items contained in the Finance Plan. When distributing its financial resources found in Schedule A, the department adheres to the following:
  - a. When building the department's Tentative Work Program, s. 339.135, F.S., requires the following: to assure that no district or county is penalized for local efforts to improve the State Highway System, the department shall allocate funds for new construction to the various districts based on equal parts of population and motor fuel collections. Funding for resurfacing, bridge repair and rehabilitation, bridge fender system construction or repair, public transit block grants as provided in s. 341.052, F.S., and

- other programs with quantitative needs assessment shall be allocated based on the results of these assessments.
- b. The distribution of funds at the district level is mandated by federal law and by ss. 206.46 and 339.135, F.S. Florida Statutes do not require the department to make a distribution of funds at the county level. However, Florida Statutes do require the department to expend proceeds from the State Comprehensive Enhanced Transportation Systems (SCETS) tax, to the maximum extent feasible, in the county in which it was collected.
  - c. To protect the integrity and financial soundness of the Work Program, s. 339.135(5), F.S., was enacted and states that any transportation project of the department which is identified by specific appropriation in the General Appropriation Act shall be deducted from the funds annually distributed to the respective district. Since the development of the Work Program is based on a balanced finance plan, any additional projects, such as those contained in the approved General Appropriations Act may cause an imbalance to the Work Program. However, if these projects are funded from sources other than those already committed in the finance plan, the Work Program may not be impacted. In essence, this statute further protects the Work Program by requiring the department to make a deduction from the funds allocated to the district in which the special legislative project is to be undertaken.
2. Schedule B reflects, by district, the distribution of resources needed to achieve the department's Program objectives. Among these are:
    - a. Meet the annual needs for resurfacing, repair and replacement of bridges, and provide routine and uniform maintenance of the State's Highway System.
    - b. Develop and implement the Florida Intrastate Highway System as approved by the Legislature.

#### *August through December*

From August through September of each year, the department conducts a statewide Work Program Workshop. Primarily, this forum is held to better prepare the districts for developing the Tentative Work Program and manage the Adopted Work Program. The objectives of the Fall Workshop are to:

1. Provide districts, Turnpike and Central Office the opportunity to review in detail and comment on programming guidelines contained in the Work Program Instructions.
2. Provide an update with status reports on new developments within the department which may directly or indirectly have an impact on developing the Tentative Work Program and/or managing the Adopted Work Program.
3. Provide instructions on certain departmental processes and procedures for managing various aspects of the Adopted Work Program.
4. Provide a forum for professional interaction between staff in each district, Turnpike and Central Office, for exchange of ideas and sharing of problems and solutions related to developing and managing the Work Program.

The development of the Work Program involves three distinct sequences: gaming, tentative and adopted. Each is accomplished via remote computer terminals in the districts, Turnpike and Central Office which access the department's Financial Management System's Work Program Administration (WPA) file. During gaming, the districts use WPA system files and Schedules A and B to project future scenarios of alternative projects.

After the Fall Work Program Workshop, the districts update the Tentative Work Program using Schedule A (fund allocations), Schedule B (program targets), and Work Program Instructions.

During the development of the Work Program, the Central Office provides technical support and other assistance to district Offices and Turnpike and monitors transportation programs which are decentralized and managed by the districts and Turnpike. In addition, the Central Office develops transportation programs which have not been decentralized and are managed on a statewide basis. It should be noted that funds for statewide programs are not allocated to districts, but are managed by Central Office staff. For example, the Florida Intrastate Highway System (FIHS), the Strategic Intermodal System (SIS), and the Bridge Replacement Program are statewide programs managed by the Central Office.

The department's Chief Engineer is responsible for defining and prioritizing preservation and safety projects. The Assistant Secretary for Intermodal Development working with the district and Turnpike planning staff is responsible for developing and updating the Ten-Year SIS Plan and Cost Feasible Plan. These capacity improvement projects are approved by the Secretary.

By the end of the gaming process, and prior to submitting the Work Program to Central Office, districts and Turnpike must adhere to the following:

1. Have their projects identified, scheduled, and balanced to fund allocations.
2. Hold a public hearing in at least one urbanized area in the district to present their Work Program to the MPO to determine if changes should be made to the Work Program.
3. Provide the affected MPO with written justification for any project proposed to be rescheduled or deleted from the district or Turnpike Work Programs if the project is part of the MPO's Transportation Improvement Program and is contained in the last four years of the previous Adopted Work Program.

The entities involved in the process of developing and reviewing the Work Program are listed below:

7 District Offices  
Turnpike Enterprise Office  
12-15 Central Office bureaus  
26 Metropolitan Planning Organizations  
67 County Governments  
Florida Transportation Commission  
Executive Office of the Governor  
Legislative Committees  
Department of Community Affairs  
Department of Environmental Protection

#### *January through February*

At this stage, the Central Office staff aggregates each district and Turnpike work programs to develop the new proposed statewide Tentative Work Program for presentation to, and review by, the Secretary and the Executive Committee, the Executive Office of the Governor, the legislative appropriations committees, and the Department of Community Affairs.

The Central Office conducts a compliance review of the district and Turnpike's work programs prior to the Executive review.

The department's Office of Work Program and Office of Financial Development along with representatives from each district and Turnpike present their Work Programs to the Secretary and Assistant Secretaries. The purpose of the review is to ensure each district and Turnpike's work program conforms, to the maximum extent feasible, with the Transportation Improvement Plan, WPI and other department policies and procedures, applicable Federal and State laws, rules and regulations.

The Central Office submits a preliminary copy of the Tentative Work Program to the Executive Office of the Governor, the legislative appropriations committees, the Florida Transportation Commission, and the Department of Community Affairs at least 14 days prior to the convening of the regular legislative session.

#### *February through May*

The Florida Transportation Commission reviews the Tentative Work Program for compliance with applicable laws and departmental policies, and then presents it to the public at a statewide public hearing for further review and feedback. Following the evaluation by the Florida Transportation Commission, the proposed document is published and submitted as the department's new "Tentative Work Program."

In accordance with s. 339.135, F.S., the Final Tentative Work Program is submitted to the Executive office of the Governor and the legislative appropriations committees no later than 14 days after the regular Legislative session begins. Accompanying the Tentative Work Program is the Program and Resource Plan, 36-month Cash Forecast, Finance Plan, and FIHS Variance Report.

After the development and publication of the Tentative Work Program, the department works closely with professional staff of the Governor's Office and the appropriations committees to develop the appropriations bill. This document is comprised of information from the Governor's Budget Recommendations and the department's Tentative Work Program.

The legislators and their professional staff review the Tentative Work Program, but do not formally approve it. However, the General Appropriations Act represents legislative review and their response to the first year of the Tentative Work Program. Ordinarily, the Legislature approves the appropriations requested by the Governor's Office and the department for product categories (highway and bridge construction, right of way acquisition, public transportation, product support consultants, and operations and maintenance contracts). However, the Legislature sometimes adjusts non-product categories such as administration and other in-house categories.

Unlike other agencies, the department is authorized to operate on a cash flow basis (see s. 339.135(6)(a), F.S.). Section 339.135(3), F.S., authorizes the department to build the Work Program based on a complete and balanced financial plan which means project phases may begin before the total amount of cash is available to fund the entire project. Project estimates within the Work Program are converted to cash flow projections for multiple years and are considered in the finance plan models. The department compares transportation revenues against the expected cash out flows from the department's "commitments" to ensure an on-going balanced Five-Year Work Program. This allows the department to maximize the use of funds over time and cover existing commitments as they occur.

The entire amount of the project is programmed and budget authority is requested from Legislature. Thus, the department executes a contract having the appropriated amount on hand rather than having the entire contract cash amount on hand. However, prior to the invoice being received for work performed, the cash will be on hand to pay the invoice.

While the Legislature is still in session, the department's Executive Committee meets to begin reviewing and evaluating the department's programs. Following an analysis, the Executive Committee issues directives and sets policies for the next programming cycle. The Program and Resource Plan will be updated to reflect the Tentative Work Program, and staff will begin financial and program balancing.

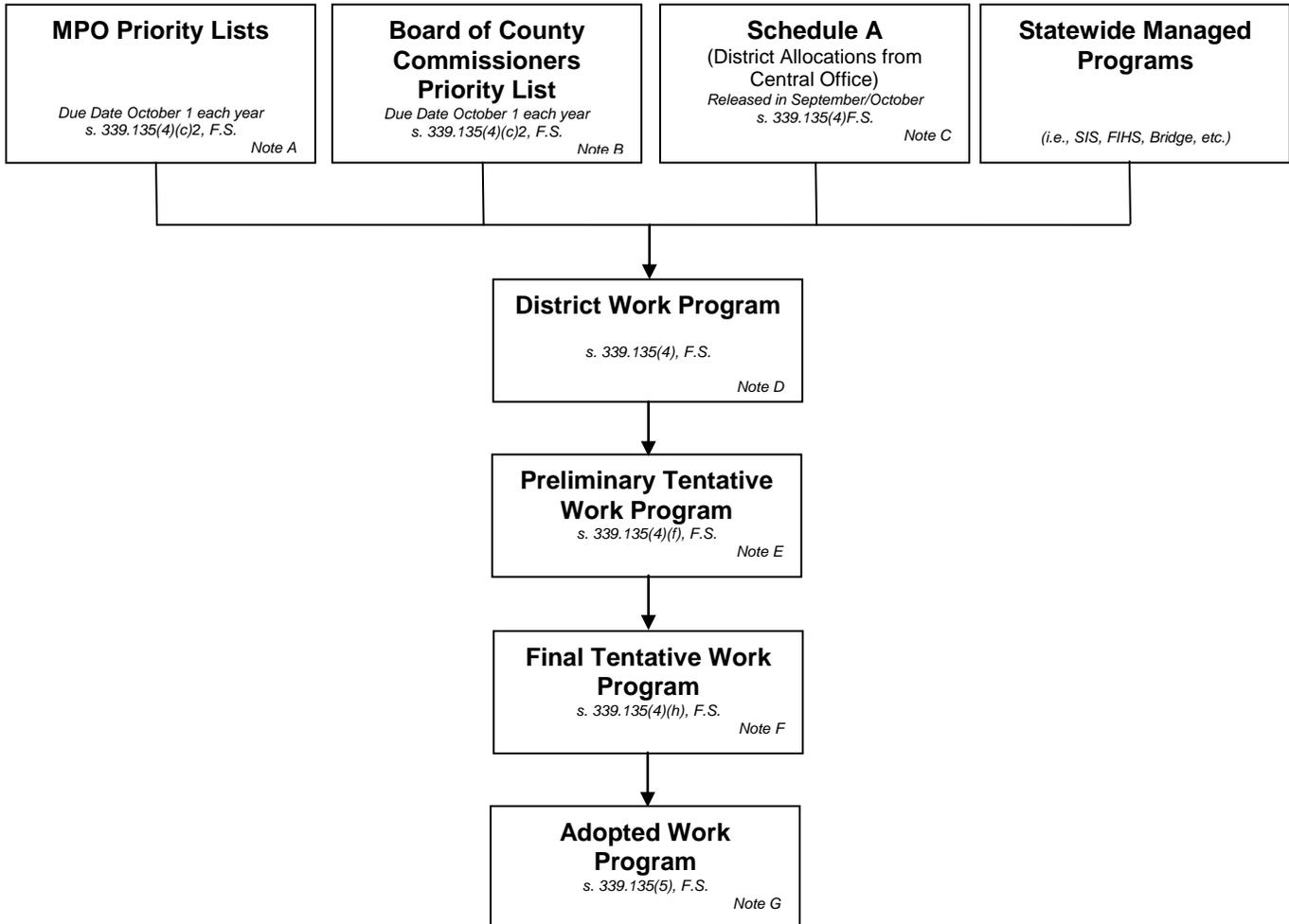
#### *May through June*

After the appropriations act is approved, the Work Program is adjusted as necessary to mirror the appropriations and to adjust for actual accomplishments of the department during the fiscal year. Prior to the beginning of the fiscal year, the new Tentative Work Program is adopted by the Secretary, and budget allocations are issued to the districts and central office divisions. Once adopted, any proposed change to the Work Program must be in compliance with s. 339.135(7), F.S.

For the department to maintain a viable Work Program, it is necessary to make modifications which reflect the most current factual information. When modifications are necessary, fiscal responsibility and data integrity of the Work

Program must be maintained. Allowing modifications, while maintaining funding and budgeting capacity, requires periodic review of the Work Program and related documents such as the Program and Resource Plan, the Thirty-Six Month Cash Forecast, the Five-Year Finance Plan and the department's budget.

### Development of the Work Program



**Notes:**

- A. MPOs provide their priorities to the department by October 1 of each year. The priorities selected for inclusion in the Adopted Work Program are then included in the MPOs’ Transportation Improvement Program (TIP) adopted the following summer. Under s. 339.175(8)(f), F.S., the Department of Community Affairs (DCA) reviews the TIP of each MPO for consistency with the approved local comprehensive plan.
- B. Under s. 339.135(4)(c), F.S., the boards of county commissioners serve as the MPO in those counties not located in an area served by an MPO and are involved in the development of the District Work Program to the same extent as an MPO.
- C. Allocations are based on s. 339.135(4), F.S., and federal regulations.
- D. Projects are programmed and analyzed to ensure phases are properly scheduled. Projects are scheduled in phases because of their length to complete and in order to avoid tying up funds unnecessarily for long periods of time. Public meetings are held with the local governments to include, to the maximum extent feasible, the local government priorities. Prior to the submission of the District Work Program to the Central Office, each district and the Turnpike hold public hearings. Districts and the Turnpike continually monitor their programs before and after building a new tentative work program to ensure the counties are receiving their fair share of the available funding.
- E. Under s. 339.135(4)(e), F.S., following submission of each District Work Program, the department develops the Tentative Work Program. The Tentative Work Program includes the District Work Programs and the statewide managed programs. In addition, the individual District Work Programs and statewide managed programs are reviewed for compliance with Work Program Instructions and applicable state and federal laws.
- F. The Tentative Work Program is reviewed by DCA for consistency with approved local comprehensive plans, by the department’s Secretary, and by the Florida Transportation Commission. After the reviews are complete, the department submits the Tentative Work Program to the Executive Office of the Governor and the Legislative Appropriations Committees.
- G. After the appropriations act is approved, the Tentative Work Program is adjusted as necessary. Under s. 339.135(5), F.S., specific line item appropriations for transportation projects in a district must be deducted from that district’s allocation of new construction funds. In early July, the new Tentative Work Program is adopted by the Secretary. Once adopted, any proposed changes to the Adopted Work Program must be in compliance with s. 339.135(7), F.S.