

COMMITTEE MEETING EXPANDED AGENDA**APPROPRIATIONS SUBCOMMITTEE ON
TRANSPORTATION, TOURISM, AND ECONOMIC
DEVELOPMENT****Senator Brandes, Chair**
Senator Powell, Vice Chair**MEETING DATE:** Wednesday, January 11, 2017**TIME:** 10:00 a.m.—12:00 noon**PLACE:** *Toni Jennings Committee Room*, 110 Senate Office Building**MEMBERS:** Senator Brandes, Chair; Senator Powell, Vice Chair; Senators Artiles, Benacquisto, Gainer, Gibson, Passidomo, Rader, Simpson, and Thurston

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Agency Overviews		Presented
2	Discussion of Future Transportation Funding Trends		Presented
Other Related Meeting Documents			



Agency Overview

January 11, 2017



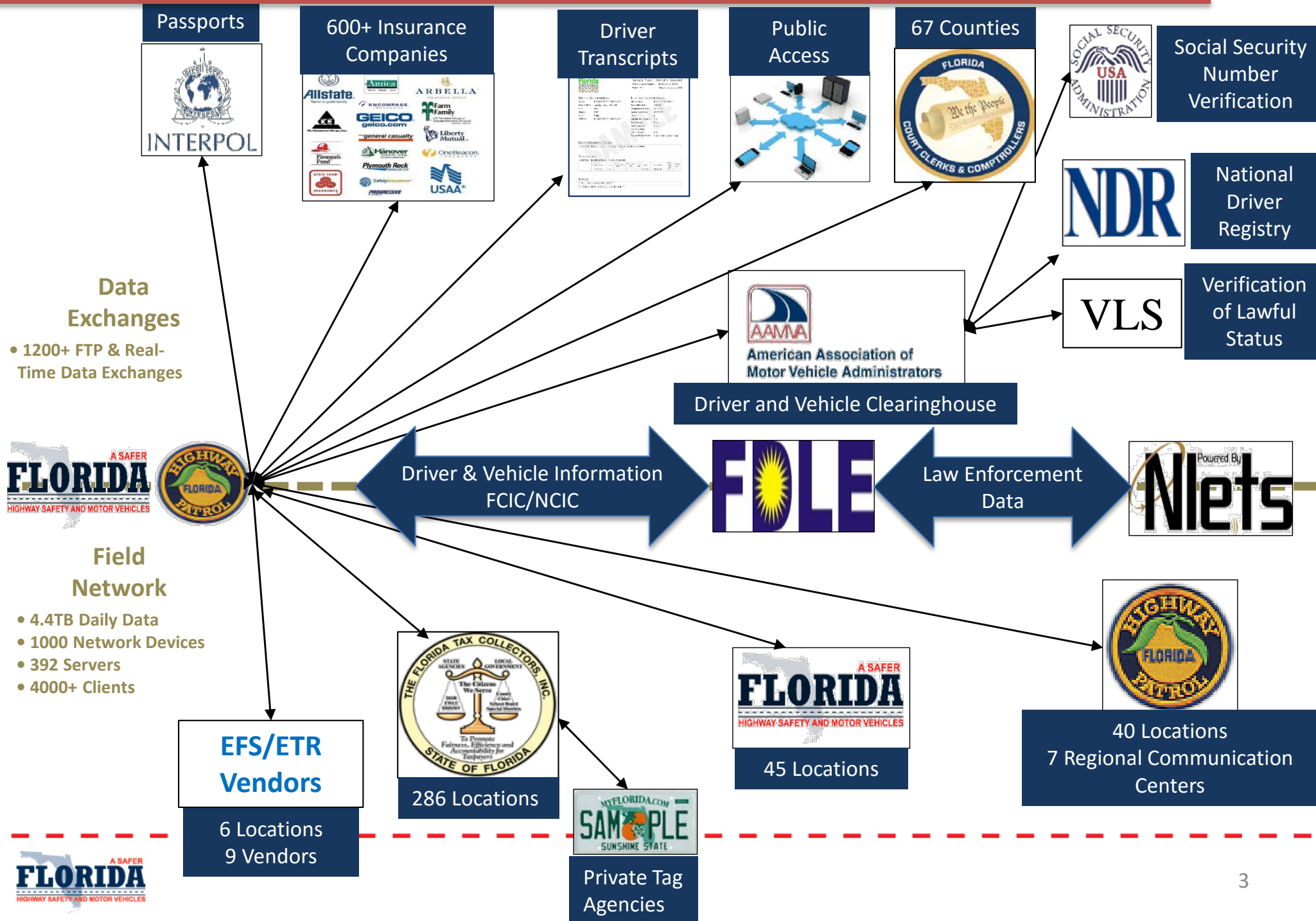
AGENCY OVERVIEW

Department of Highway Safety and Motor Vehicles

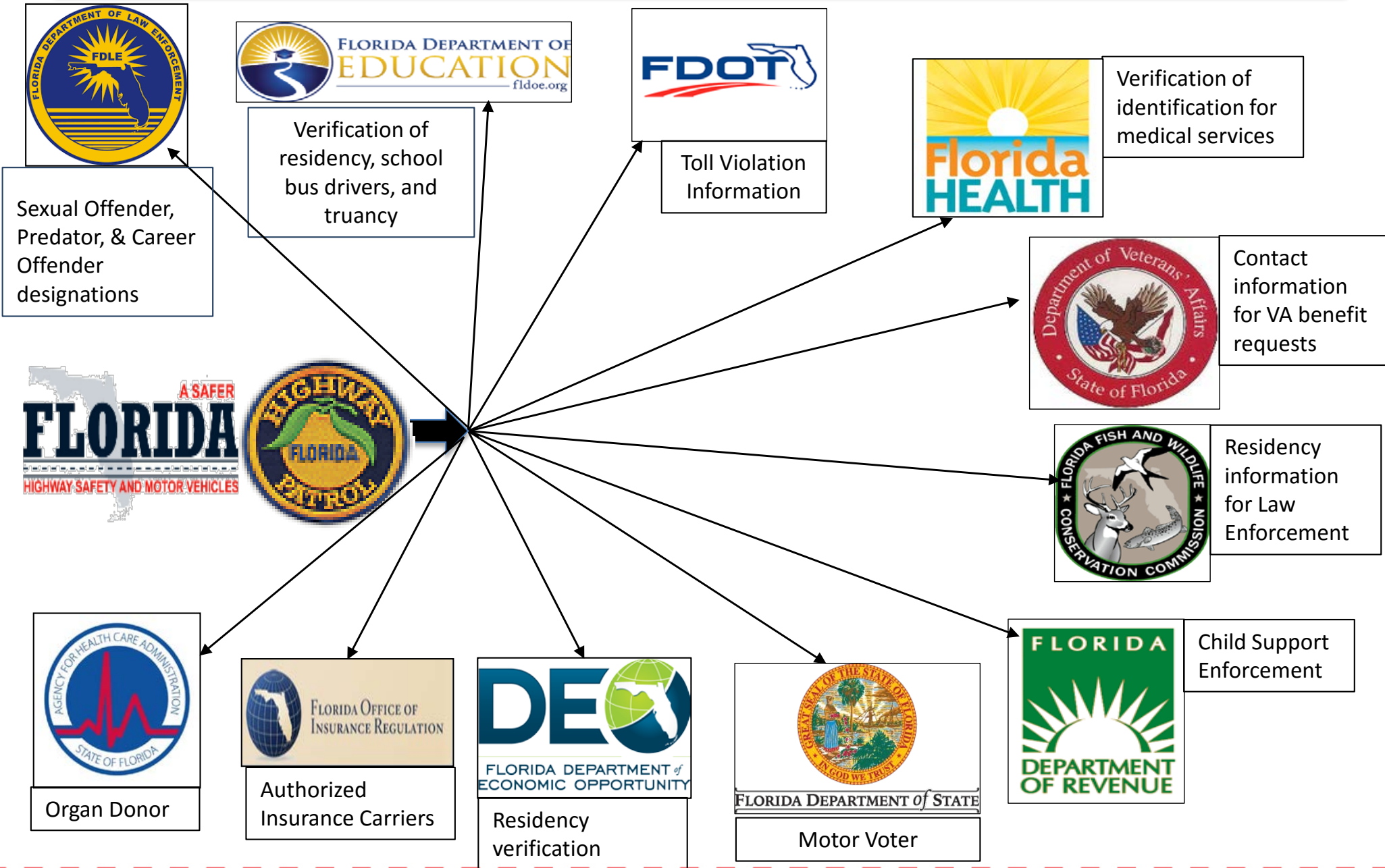
Our Mission: “Providing Highway Safety and Security Through Excellence in Service, Education, and Enforcement.”

- Composed of Four Divisions: Florida Highway Patrol, Motorist Services, Administrative Services, and Information Systems Administration.
- 4,414 Full -Time Employees, includes 1,974 sworn Law Enforcement Officers.

PRIMARY DATA EXCHANGES



DATA EXCHANGE WITH OTHER STATE AGENCIES



PROGRAM AREAS AND CORE SERVICES

Florida Highway Patrol

- Help ensure motorists safety through the enforcement of Florida's traffic laws
- Motorist assistance
- Crash response and investigation
- Traffic homicide / fatality investigations
- Commercial Vehicle Enforcement
- Criminal Interdiction/K-9 Unit
- Domestic security / Mutual Aid

Administration / Information Services

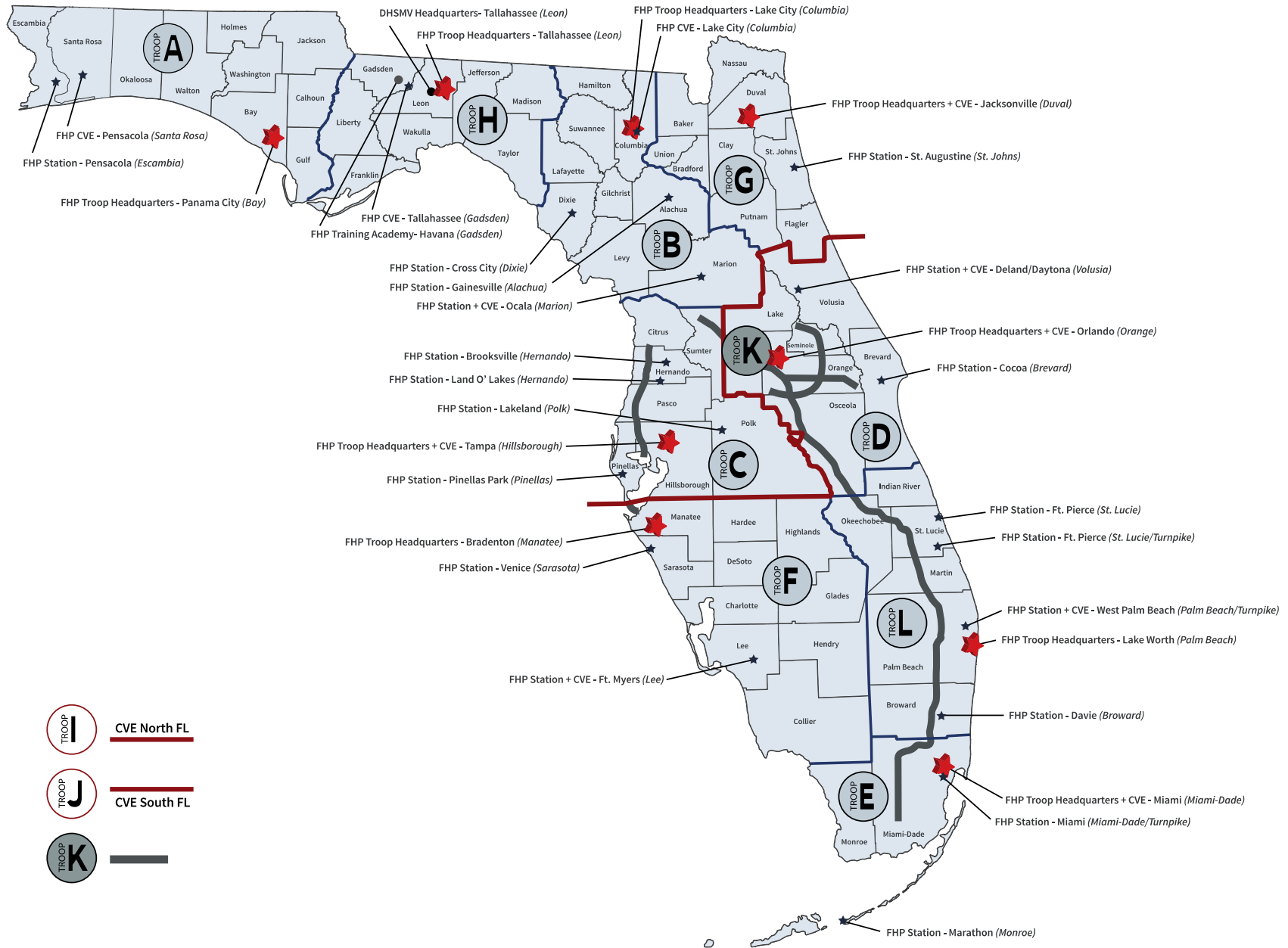
- Collect and Distribute Over \$2.4 Billion in Revenue
- Motorist Modernization Initiative
- Learning and Development Activities (Employees, Tax Collectors, Industry)
- Data security protection
- Law enforcement technology support
- CJIS Compliance
- Public safety education outreach
- Data Analytics identifying trends
- Administrative Reviews to ensure due process for motorists

Motorist Services

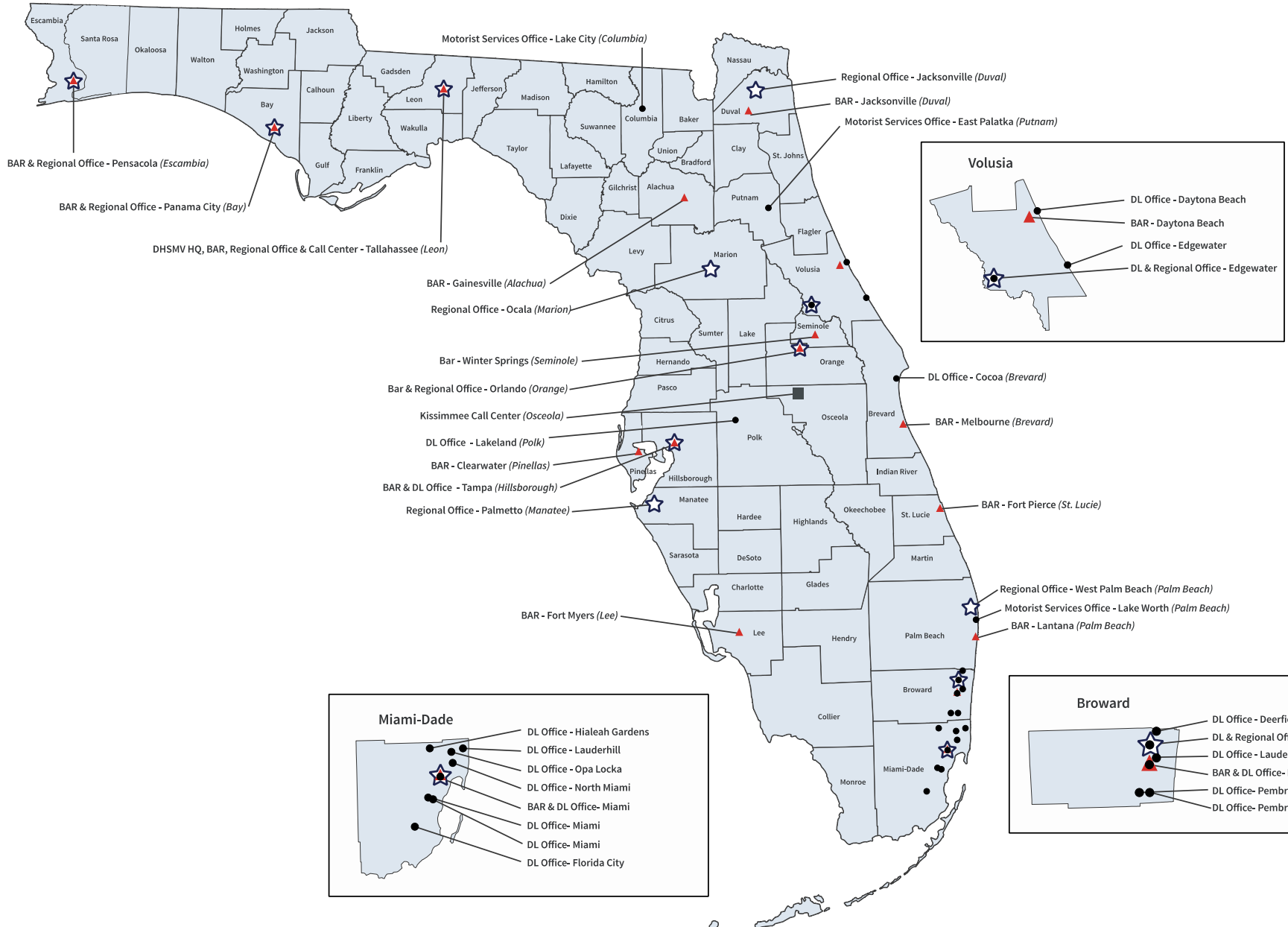
- Driver license and Identification Card issuance
- Commercial driver licenses
- Motor vehicle title and registration issuance (License Plates)
- Motorist compliance (License suspensions and reinstatements)
- DUI programs and licenses
- Medical review of drivers
- Driver, motor vehicle and crash records
- Driver education and improvement
- Vessel title and registration
- Financial responsibility (Vehicle Insurance Compliance)
- Motor vehicle dealer, manufacturer and distributor licensing
- Mobile home & RV dealer, manufacturer and installer licensing
- Quality Assurance Program

- Review and prepare final agency actions

DHSMV – Florida Highway Patrol



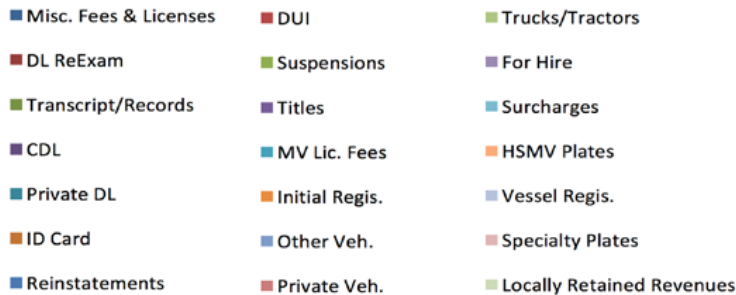
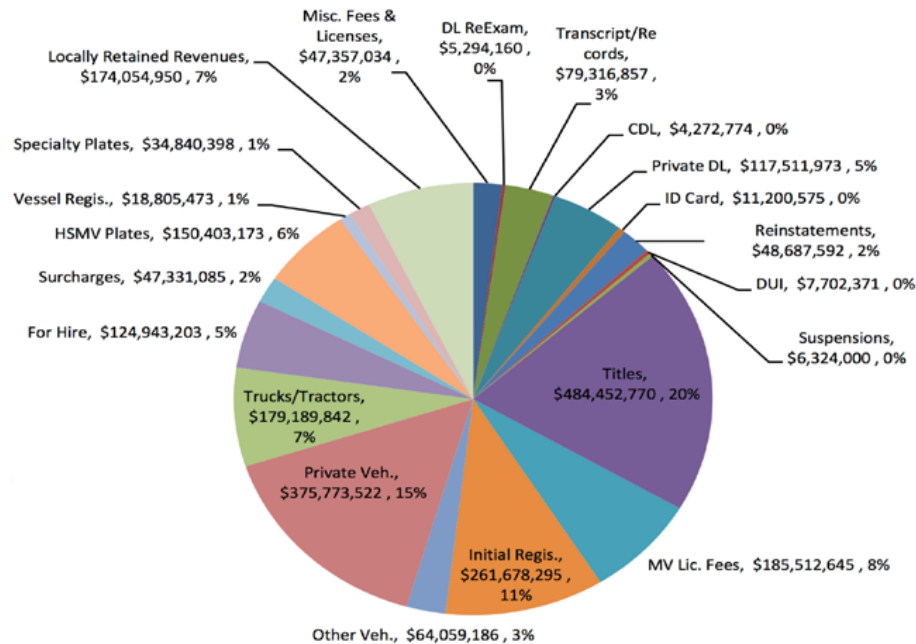
DHSMV – Motorist Services



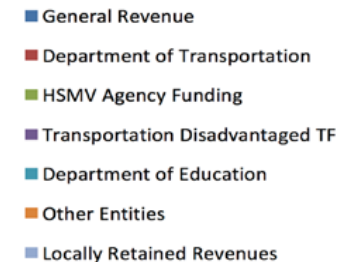
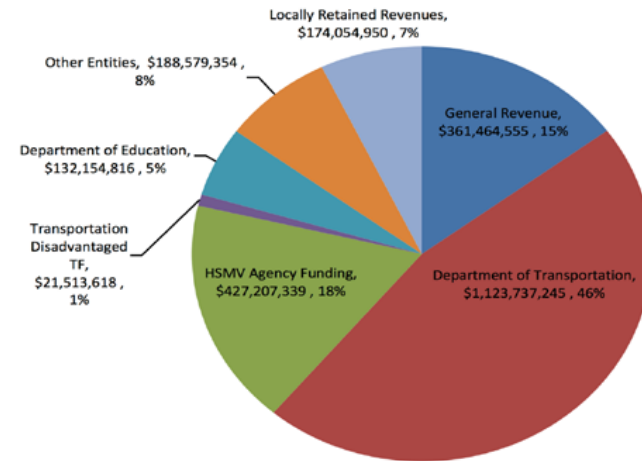
Revenue Distributions

Responsible for distributing over \$2.4 billion in state revenue

WHERE THE MONEY COMES FROM



WHERE THE MONEY GOES



FISCAL YEAR 2016-17 BUDGET

4,414 FTE \$473 Million

Governor and Cabinet

Office of Executive Director and Administrative Services

FTE: 252

Budget: \$22,638,839

Florida Highway Patrol

FTE: 2,511

Budget: \$275,871,038

Motorist Services

FTE: 1,488

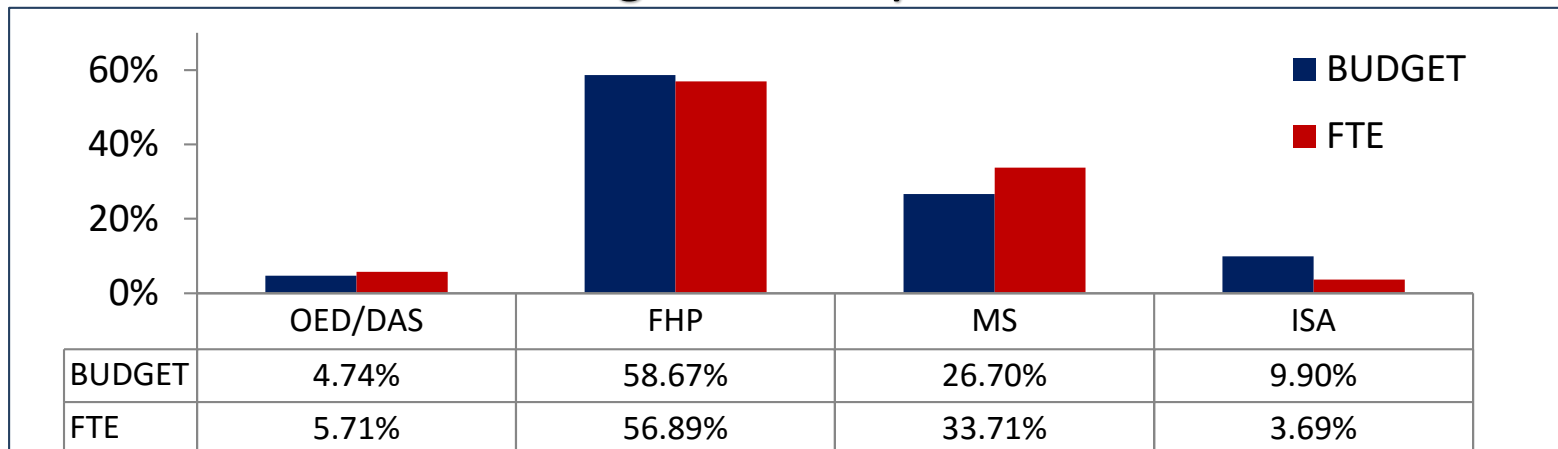
Budget: \$127,471,404

**Information Systems
Administration**

FTE: 163

Budget: \$47,057,100

Budget & FTE by Division



Fiscal Year 2017-18

Legislative Budget Issues

- Motorist Modernization Phase I - \$9.8M
- Motorist Modernization Phase II - \$4.1M
- Enterprise Data Infrastructure - \$3.4M
- In-Car Digital Video Cameras – FHP – \$3.6M
- Computer Aided Dispatch and Records Management – FHP - \$370k
- Trooper Equipment – Trauma Kits FHP - \$352k
- Customer Queuing System – \$390K
- Expansion of FHP Academy Facilities - \$12M
- Florida License on Wheels (FLOW) - \$350K
- Funding for Safety Education Programs - \$1.5M
- FHP Building Access Control System - \$660K
- Microsoft Enterprise Volume Licensing Agreement - \$660K
- Fixed Capitol Outlay – Maintenance and Repair - \$3M

MOTORIST MODERNIZATION PROJECT

- Staged re-engineering and redevelopment effort of the motorist systems and processes to better serve and support our customers.
 - Phase I – Driver License Issuance - **\$9.8 million**
 - Phase II – Motor Vehicle Title and Registration – **\$4.1 million**
 - Phase III – Licensing and Business Systems Support

FHP – DIGITAL IN-CAR CAMERA SYSTEMS

- Purchase 2,142 in-car camera units for FHP pursuit vehicle fleet.
- Procure Managed Service Solution for infrastructure that includes:
 - Unlimited video cloud storage
 - In-car camera hardware and video processing units
 - Auto redaction capabilities
 - Ability to share videos securely with internal and external entities
 - Options for technology refresh
 - Means to off-load or access videos remotely
- **LBR Request: \$3.6 million**

FHP TRAINING AND DORM FACILITY

- Florida Highway Patrol (FHP) Training Academy located at Florida Public Safety Institute (FPSI).
- Ensure adequate space to meet FHP training requirements and provide needed square-footage to house FHP recruits and in-service lodging for FHP officers.
- **LBR Request: \$12 million**

FLORIDA LICENSING ON WHEELS PROGRAM

- The FLOW program is an integral part of our community outreach initiatives.
- Foster's partnerships with various agencies and providers to bring driver and motorist services to the communities/venues that show the greatest needs.
- Our 13 FLOW mobiles and a staff of 30 serve the entire state.
- **LBR Request: \$423,854**

FHP Recruitment and Retention

- Over the last 5 years, we have seen a upward trend in resignations.
- Over the last calendar year, more than 50% of FHP members resigned to take employment with other law enforcement agencies.
- The main reason is the starting salary at other law enforcement agencies is greater than the hiring rate for the Patrol of \$33,997. The FHP hiring rate hasn't been increased since 2005.
- We anticipate submitting a supplemental budget issue requesting salary increases for sworn officers.





AGENCY & TRANSPORTATION TRENDS OVERVIEW

Presenter:
JIM BOXOLD
Secretary

Florida Senate
Transportation, Tourism & Economic
Development Appropriations Subcommittee
January 11, 2017

OUR MISSION

The department will provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity and preserves the quality of our environment and communities.

OUR VISION

Serving the people of Florida by delivering a transportation system that is fatality and congestion free.

- 1. Safety (all programs)**
- 2. Meet all system preservation and maintenance objectives**
 - State-Maintained Bridges
 - Pavement Condition of State Highways
 - Maintenance of State Highways
- 3. Transportation system capacity**
 - Meet statutory requirements for public transportation: aviation, transit, rail, ports
 - Strategic Intermodal System
 - Other state highways and other public transportation programs



GENERAL INFORMATION

FY 2016-17 BUDGET HIGHLIGHTS

FY 2016-17 budget provided \$10.7 billion in Transportation Investments

DOT Work Program

- \$9.8 billion in Transportation Improvements
 - \$ 3.9 billion – Highway Construction
 - \$560 million – Resurfacing/Reconstruction
 - \$740 million – Bridge Repair and Replacement
 - \$150 million – Seaport Infrastructure Improvements
 - \$250 million – Aviation Improvements



GENERAL INFORMATION

FY 2016-17 BUDGET HIGHLIGHTS

<u>Budget Type</u>	<u>\$ in Millions</u>	<u>Percent of Total</u>
Work Program	9,814.6	91.5%
Debt Service	166.4	1.5%
Operating	740.8	6.9%
FCO	8.2	0.07%
Total	<u>10,730</u>	<u>100.0%</u>



GENERAL INFORMATION

FY 2017/18 LBR HIGHLIGHTS

The Department submitted its Legislative Budget Request totaling \$8.7 Billion.

- \$ 8.0 Billion – Work Program
- \$692.3 Million – Operating
 - Includes \$18.8 Million for IT needs
- \$12.8 Million – Fixed Capital Outlay (FCO)
- \$56.6 Million – Transportation Disadvantaged (TD)
- 80 FTE reductions (including salary, rate & benefits)

2.2% increase from FY 2016/17 LBR

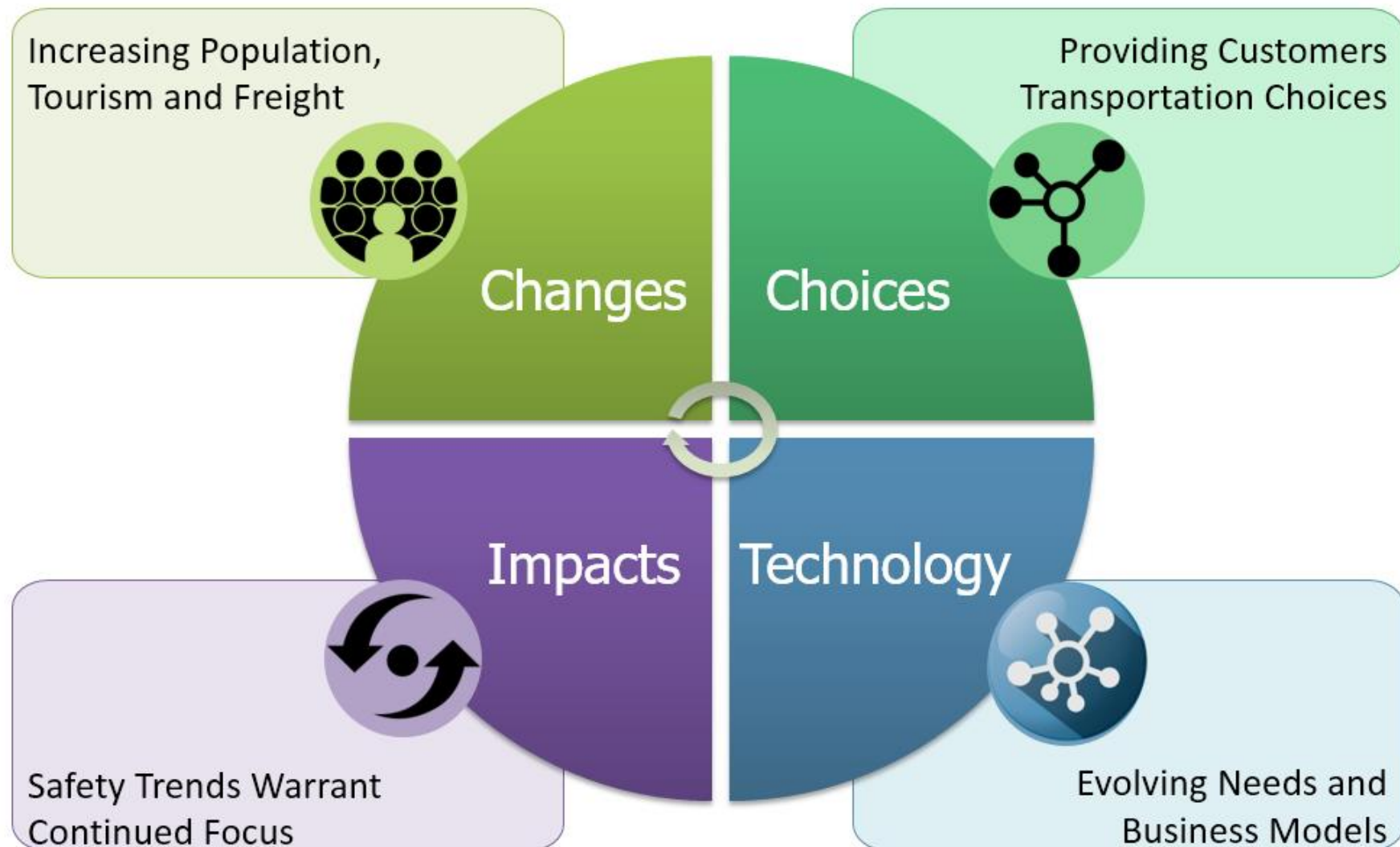


GENERAL INFORMATION

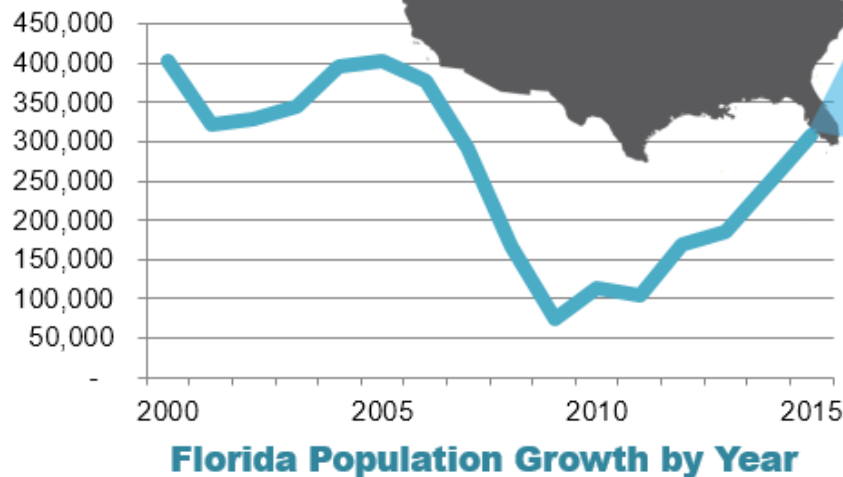
MAJOR PROJECTS UNDERWAY

- First Coast Expressway
- I-4 Ultimate
- I-395
- Pensacola Bay Bridge
- I-75 Widening

TRENDS IMPACTING TRANSPORTATION



3rd most
populous
state.



20 Million

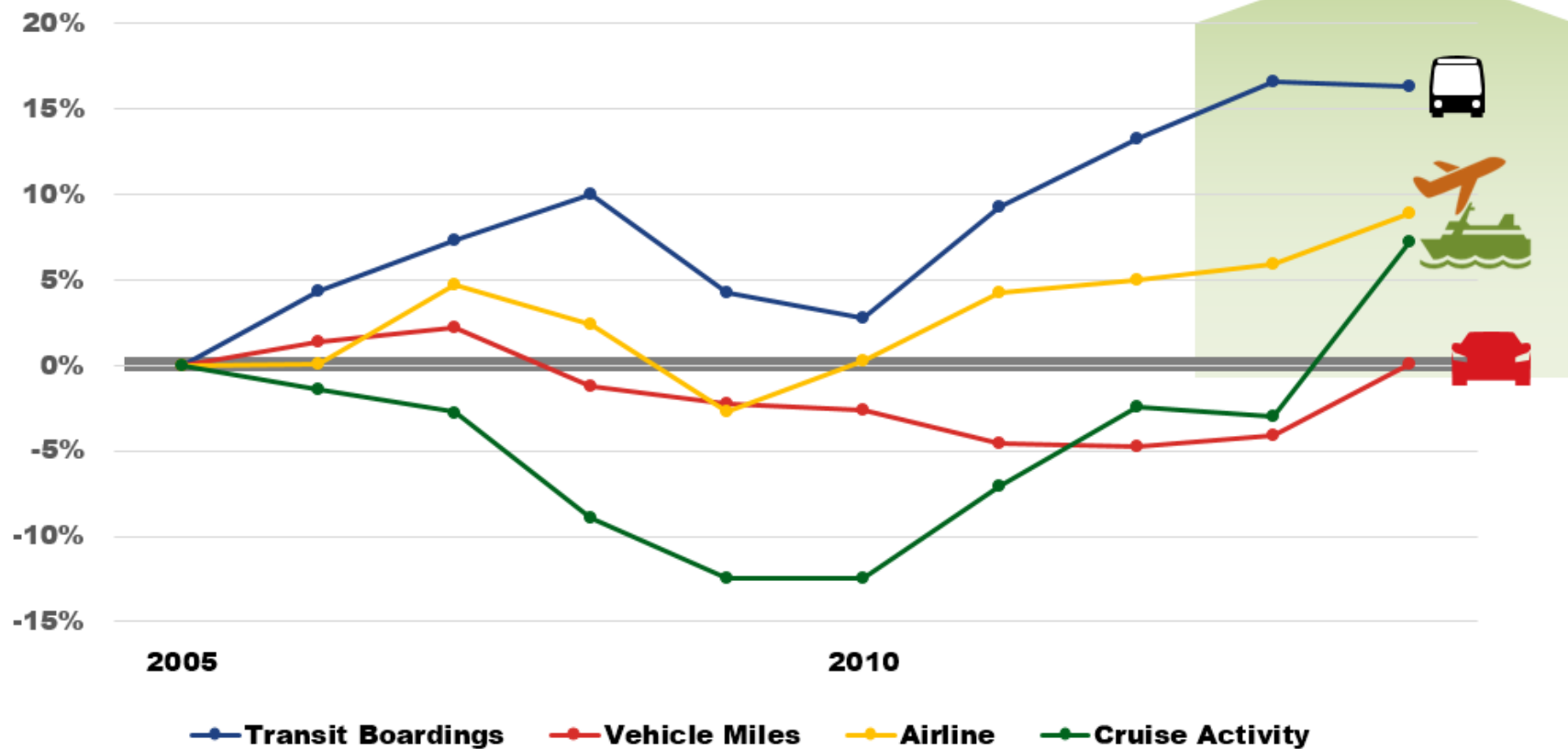
+7.4 Million

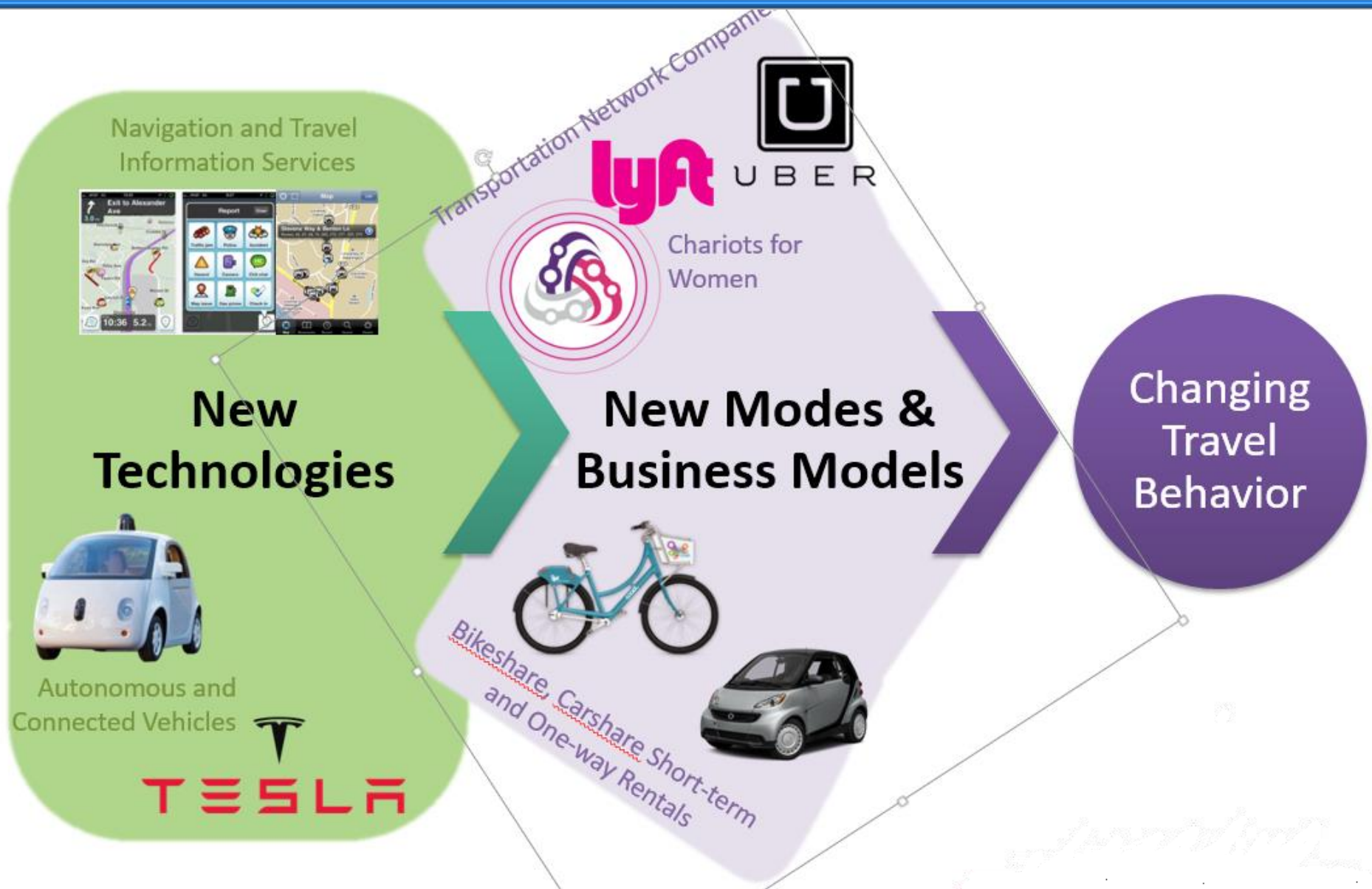
additional residents by 2045


308,000 + 6M

 additional residents additional visitors

Percent Change from 2005

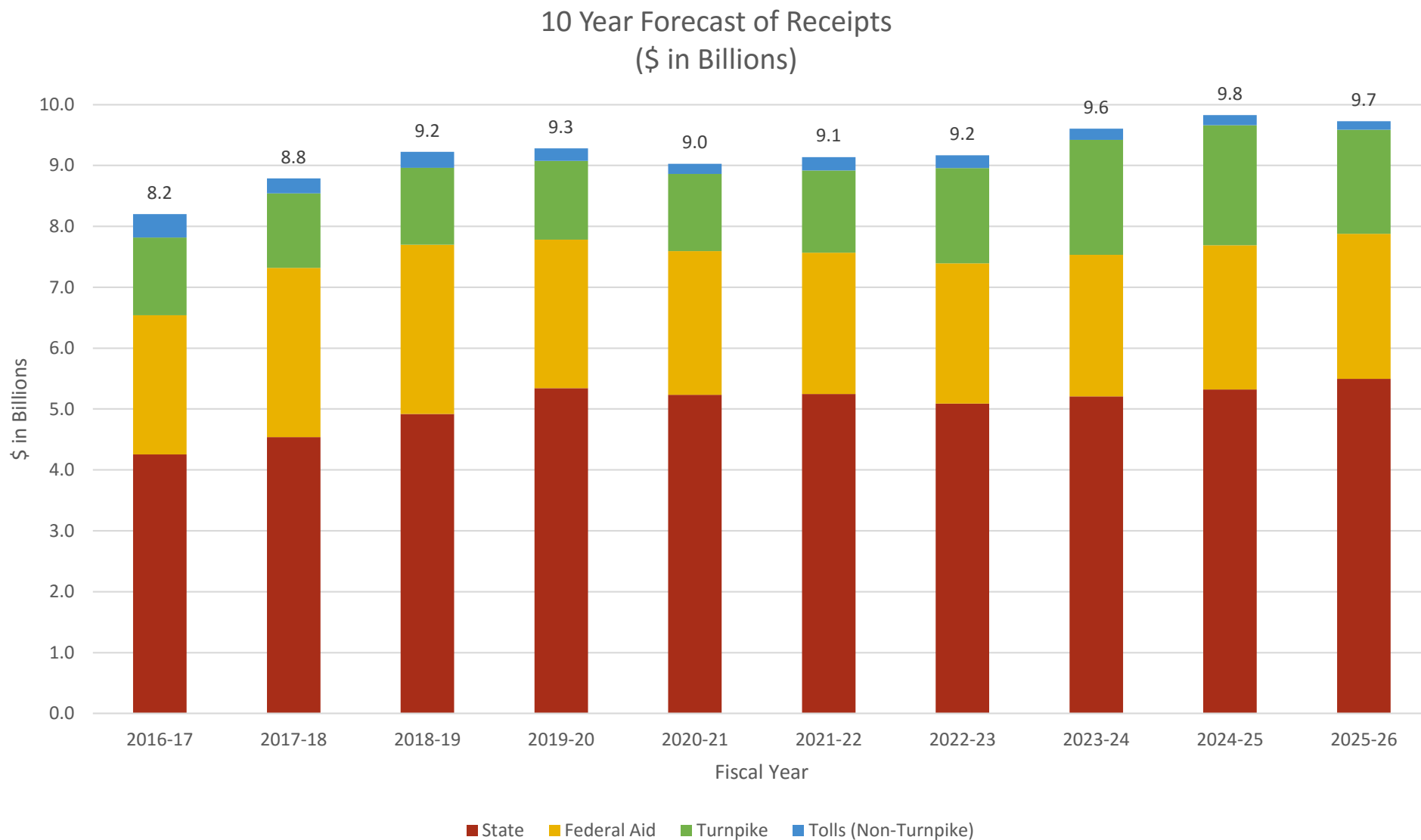






TRENDS - TRANSPORTATION REVENUE

STATE, FEDERAL AND TOLLS FORECAST

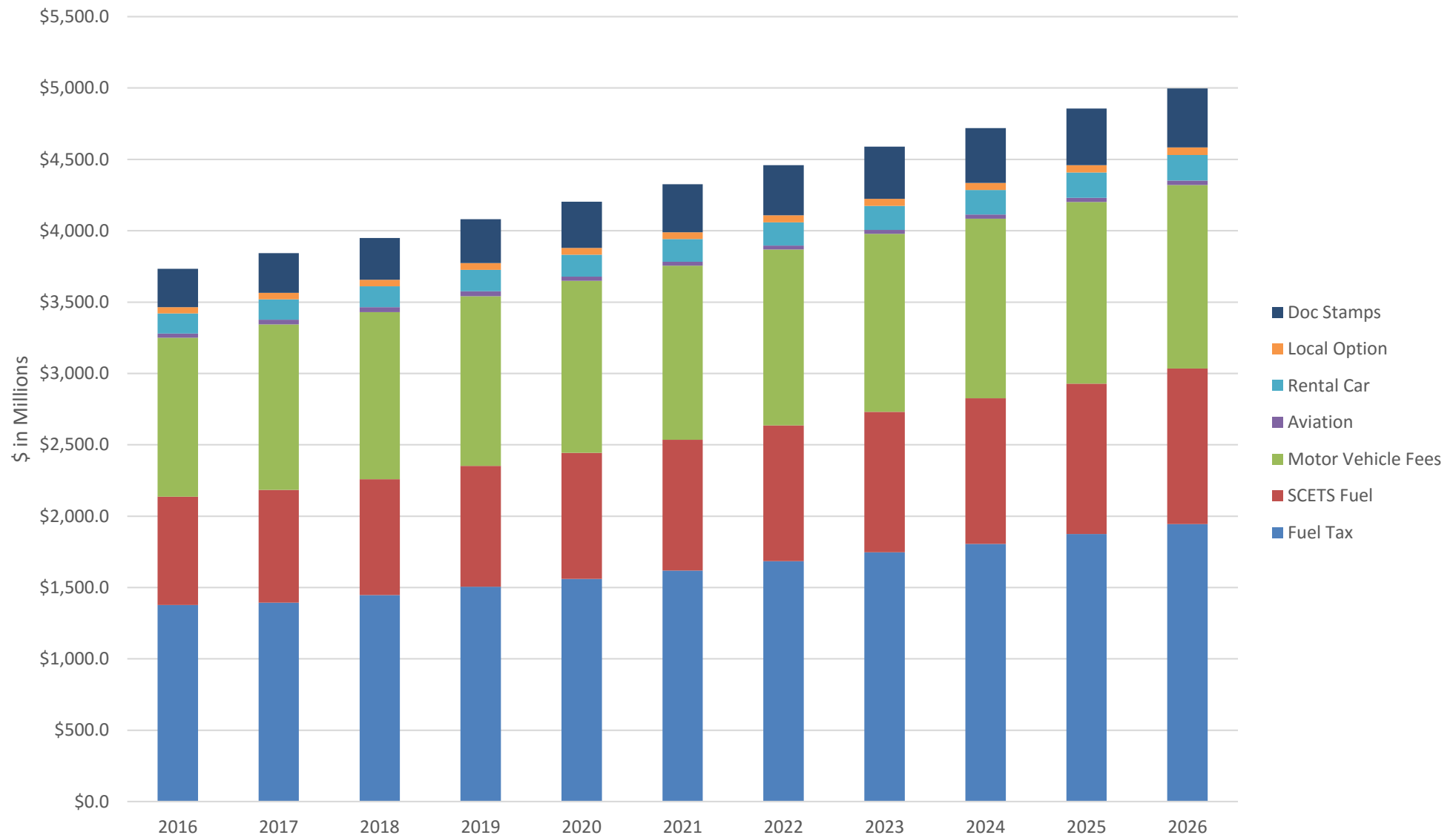


Source: Revenue Estimating Conference



TRENDS - STATE REVENUE

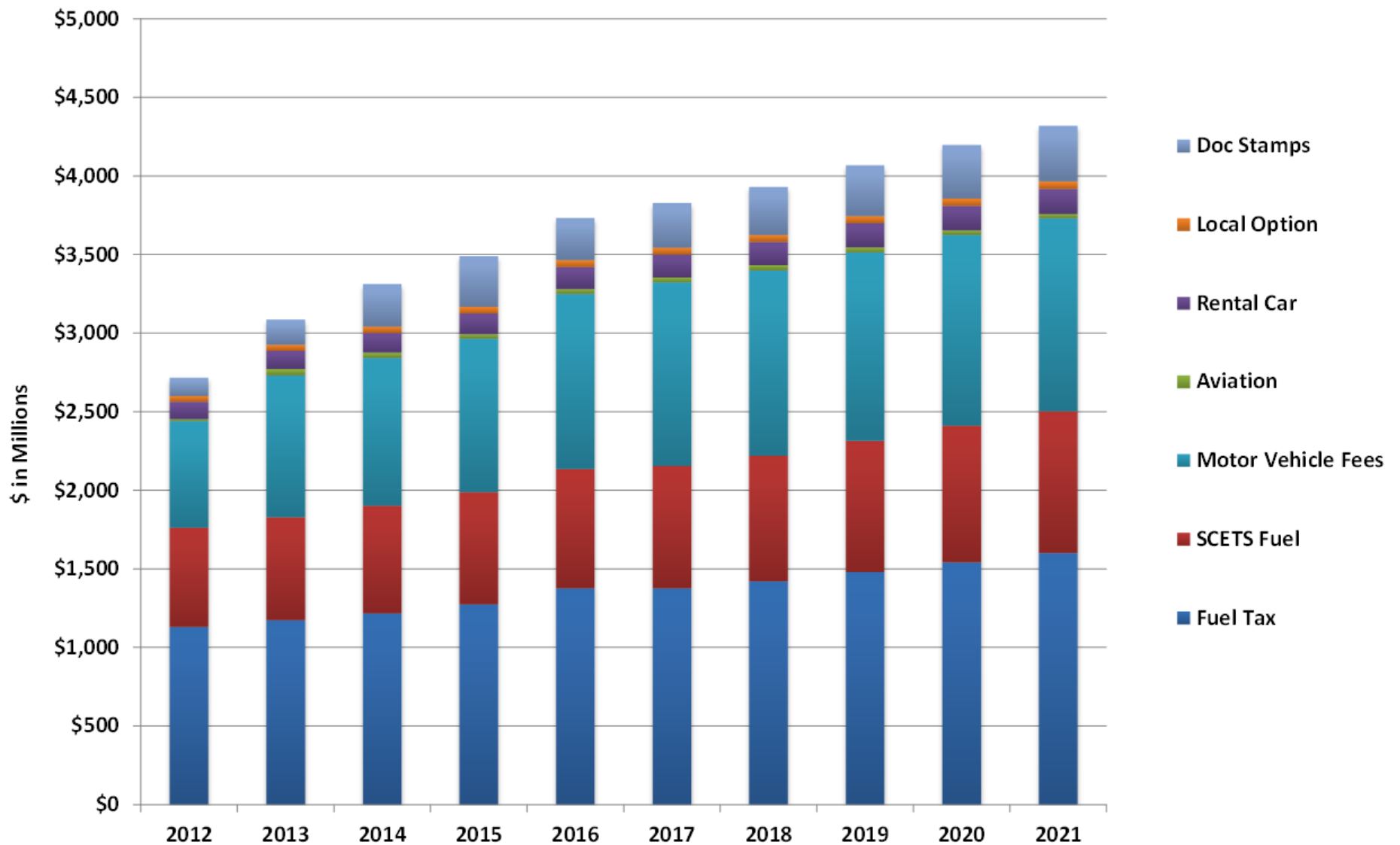
10 YEAR STATE REVENUE FORECAST



Source: Revenue Estimating Conference



5 YEAR HISTORY AND 5 YEAR FORECAST OF STATE REVENUES

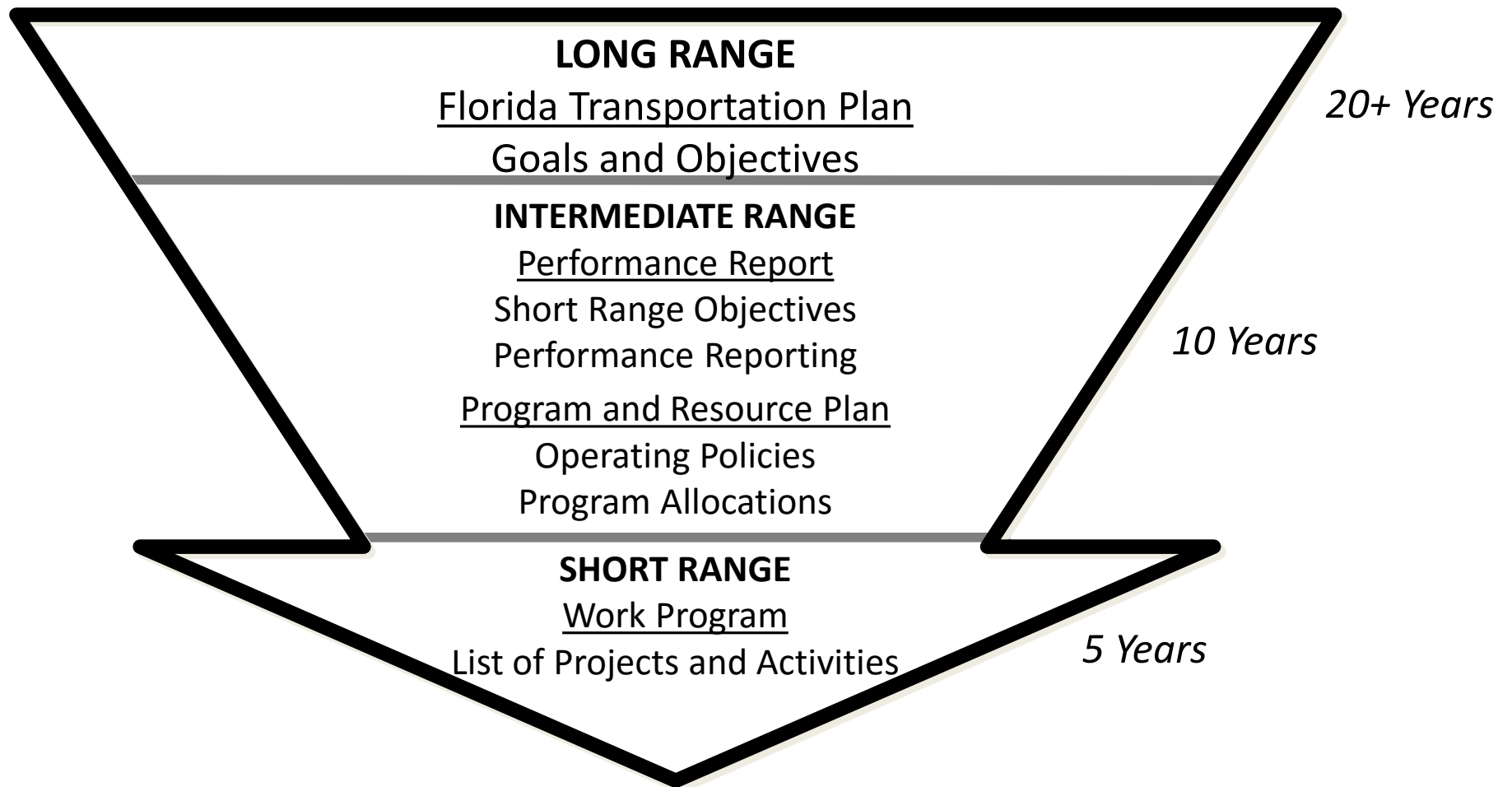


Source: Revenue Estimating Conference

INVESTING IN TRANSPORTATION

PLANNING PROJECT INVESTMENTS

Objectives Directed by Law



Florida Transportation Commission

- In-depth evaluation of the Tentative Work Program development compliance
- Performance and production review

Monthly measurement evaluated by leadership team

- Performance – ability to deliver projects as planned
- Production – projects delivered in total

Various reports to Governor and the Legislature

Internal and external financial audits

- By program
- By project
- By fund

Measuring Statutory Compliance

Production Goals

- Maintain the System – Highways and Bridges, Maintenance
- Accomplishment of Plan – Number of Projects and Total Budget
- Mobility

Financial Goals

- Program Balanced to Revenues

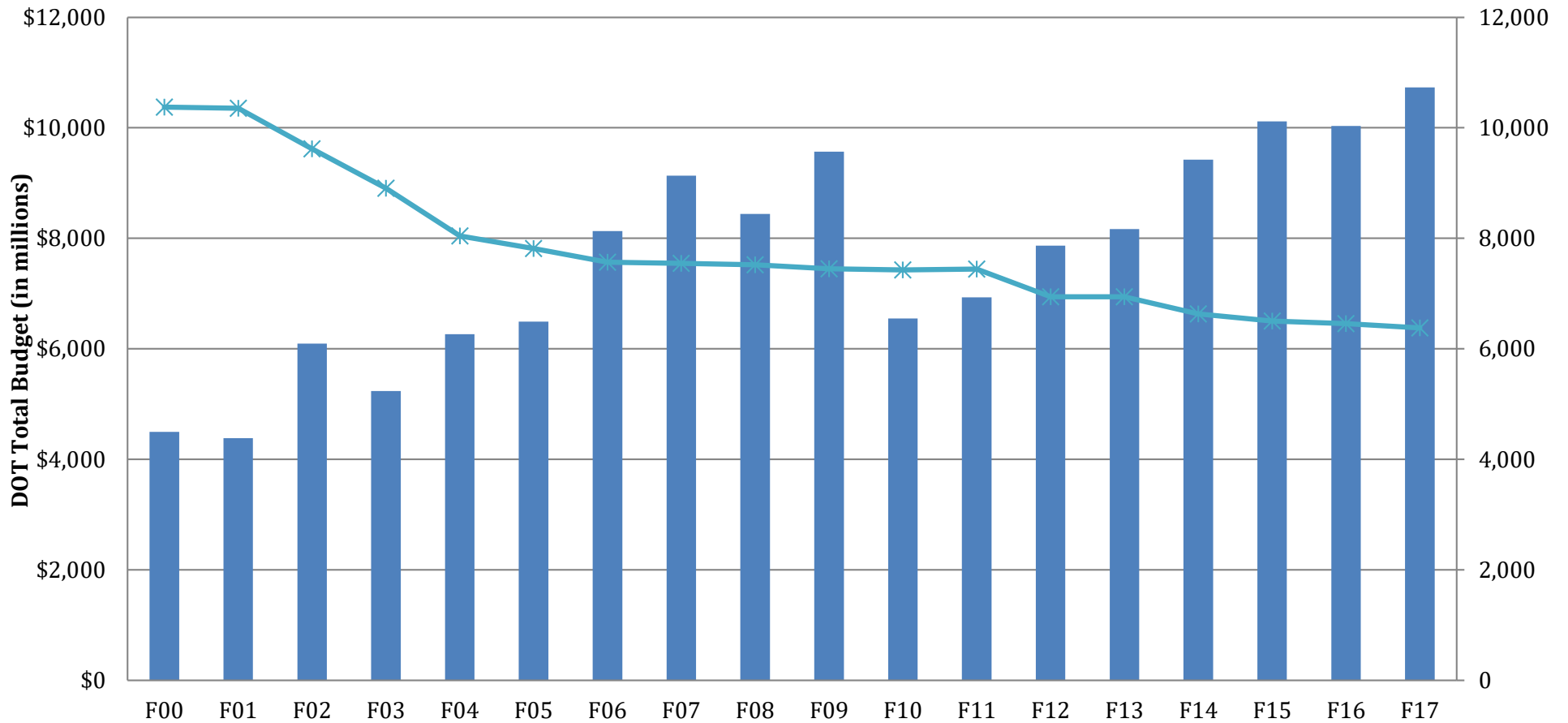


GENERAL INFORMATION

HISTORY OF APPROPRIATIONS & POSITIONS

FY 1999-00 to FY 2016-17

■ Appropriations * FTEs





DEPARTMENT OF TRANSPORTATION

THANK YOU

QUESTIONS?

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/11/17
Meeting Date

Bill Number (if applicable)

Topic Agency Overview

Amendment Barcode (if applicable)

Name Terry Rhodes

Job Title Executive Director

Address 2900 Palachee Pkwy
Street
Tally FL 32399
City State Zip

Phone 617-3100

Email TerryRhodes@flhsmv.gov

Speaking: ☐ For ☐ Against ☒ Information

Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing DHSMV

Appearing at request of Chair: ☒ Yes ☐ No

Lobbyist registered with Legislature: ☒ Yes ☐ No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/14/14)

THE FLORIDA SENATE
APPEARANCE RECORD

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1/11/2017

Meeting Date

Bill Number (if applicable)

Topic FDOT Work Program Overview

Amendment Barcode (if applicable)

Name Jim Boxold

Job Title Secretary

Address 605 Suwanee Street

Phone 850-414-4575

Street

Tallahassee

FL

32399

Email jim.boxold@dot.state.fl.us

City

State

Zip

Speaking: ☐ For ☐ Against ☒ Information

Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing Florida Department of Transportation

Appearing at request of Chair: ☒ Yes ☐ No

Lobbyist registered with Legislature: ☒ Yes ☐ No

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S-001 (10/14/14)

Link to Morgan Stanley-Video

http://linkback.morganstanley.com/web/sendlink/webapp/BMServlet?file=e72626n0-3pka-g002-b8c7-005056013600&store=0&d=1&user=ded82hm7bu07c-2&_gda_=1601757194_55d7b23ee93236041c022c4c70eacdf9#0001&ded82hm7bu07c-0&1601757194_c1c3530231514a8ac2e1c78bdf76871f&0011&ded82hm7bu07c-1&1601757194_45a5104d280513428eb57e473a5220c0

The Motor Fuel Tax: An Assessment and Long Term Outlook

“Framing the Problem”

**Presented to Florida Senate Appropriations Subcommittee on
Transportation, Tourism and Economic Development**

January 11, 2017

Ed Regan
CDM Smith

First Some Perspective ...

While we are already seeing the early signs of decline in the viability of the motor fuel tax, what I will be speaking about today is primarily longer term problem. But since America relies so much on the gas tax for transportation funding it is appropriate that we begin to take “an early look” today.

The Motor Fuel Tax

- The motor fuel tax has been the primary source of funding for transportation for close to 100 years
 - It's simple and efficient, but
 - It's probably doomed to fail in the future!
- What's the problem?
 - It's a tax on fuel consumed; not miles driven
 - With continuing increases in fuel efficiency, and a coming shift to all electric vehicles, tax revenue will be decreasing while travel is increasing
- A notable policy contradiction: Transportation Funding is based on the taxation of a commodity that our nation is aggressively trying to discourage the use of: **GASOLINE**
 - Dramatically higher CAFE standards – 54.3 MPG by 2025
- That's great for climate change and reduced dependence on foreign oil, but...
- It's an impending disaster for transportation funding if we stick to our current funding systems over the long term

The Trend Has Already Begun

- Average new car fuel efficiency increased 22% between 2008 and 2014
 - Has held relatively steady over the last year or so with lower gas prices
- The trend will accelerate as automakers try to achieve compliance with aggressive CAFE standards by 2025
- Perhaps the biggest impacts will come when fully electric vehicles become more viable and less costly
 - Expected to occur in the early-to-mid 2020's
 - Recent unprecedented “pre-order” of Tesla 3 suggests it could even be sooner

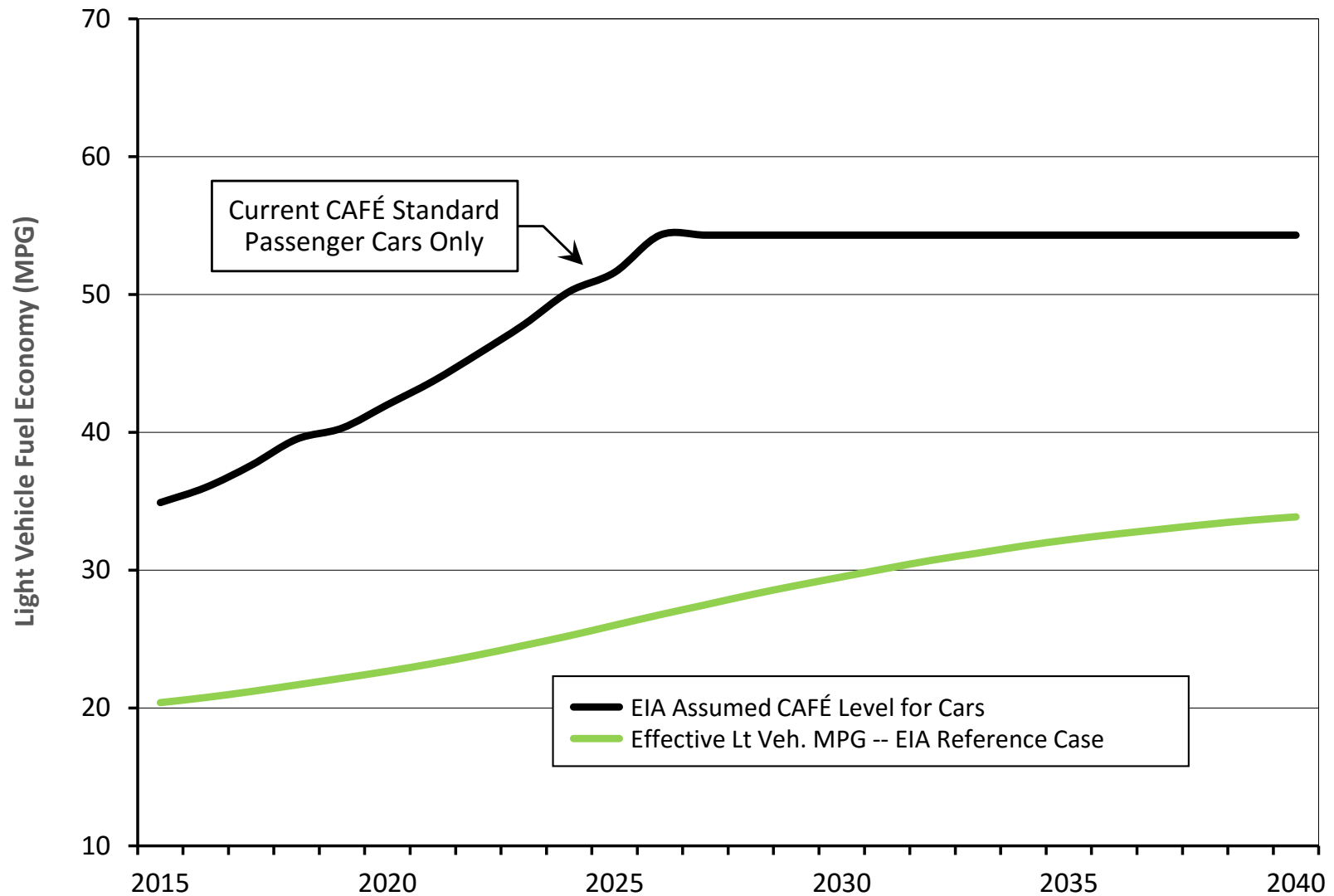
Objectives of Today's Discussion

- “Frame the Problem”
 - In terms of magnitude
 - In terms of timing
- Alternative scenarios at the national level
- What it might mean to Florida

U.S. Energy Information Administration (EIA) Forecasting

- EIA Produces Annual 25-year forecasts of future energy consumption, including all forms of motor fuel
 - Most recent estimates – May 2016
 - Projections extend from 2016-2040
- Most recent EIA national estimates used as benchmark in this analysis
 - Official national VMT growth forecast
 - Baseline “reference case” assumptions on changing average fuel efficiency by vehicle category
 - Actual estimates of motor fuel consumption

Estimated Light Vehicle Fuel Efficiency (MPG)

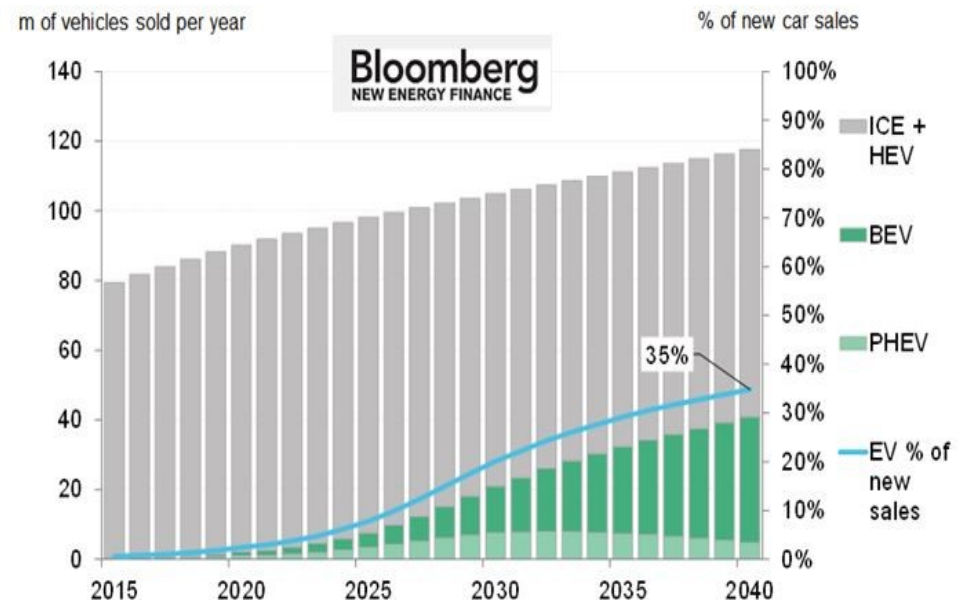


Source: Adapted from Energy Information Agency 2016 “early” Forecast. Also, Bloomberg New Energy Finance.

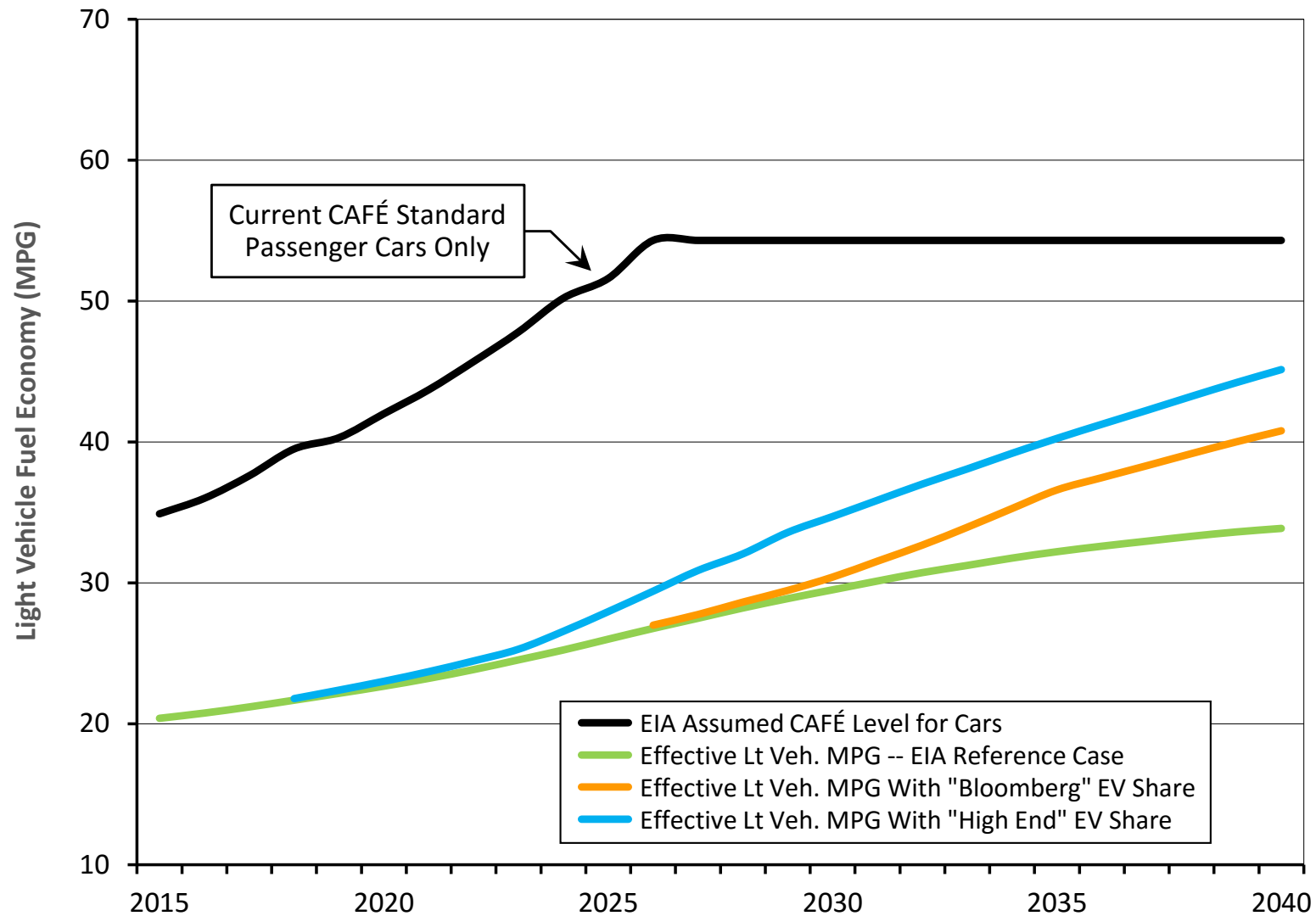
Note: CAFÉ standards apply only to passenger cars. Light vehicles include cars, SUV’s and pickup trucks.

The Future Emergence of Electric Vehicles

- Battery performance increases and prices are coming down
- Bloomberg Energy estimates EV performance and price point will be comparable with ICE vehicles by around 2023
 - Estimates 35% of worldwide new auto sales will be fully electric vehicles by 2040
 - Higher than assumed by EIA
- Tesla 3 reaches this pivot point by end of 2017
 - 225 miles between charges
 - \$35,000 price
 - Over 400,00 people have already pre-ordered; won't get delivery until early 2018
- We Created 2 Additional Scenarios Of EV Penetration
 - Bloomberg forecast
 - More aggressive EV Penetration



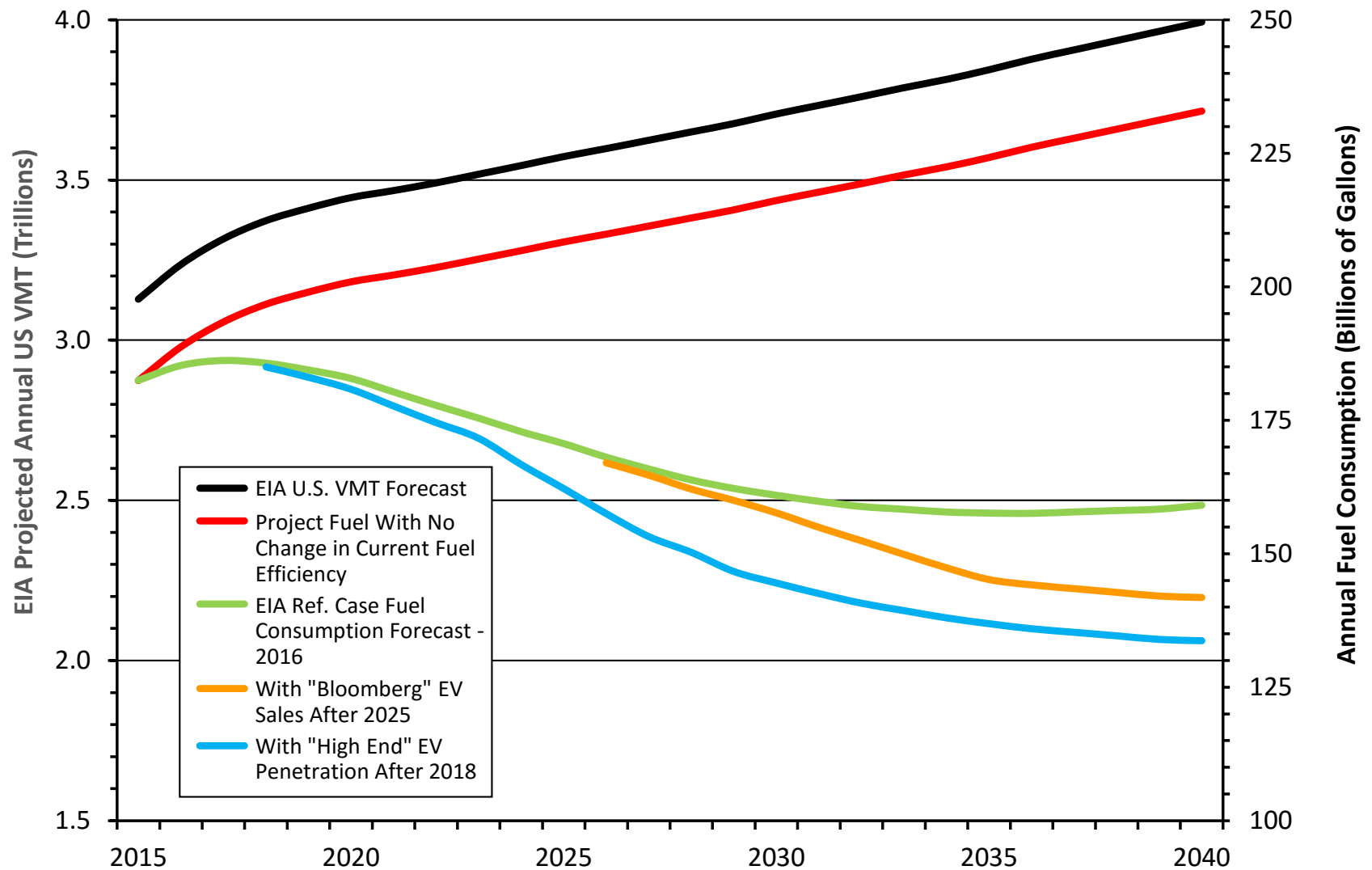
Estimated Light Vehicle Fuel Efficiency (MPG)



Source: Adapted from Energy Information Agency 2016 "early" Forecast. Also, Bloomberg New Energy Finance.

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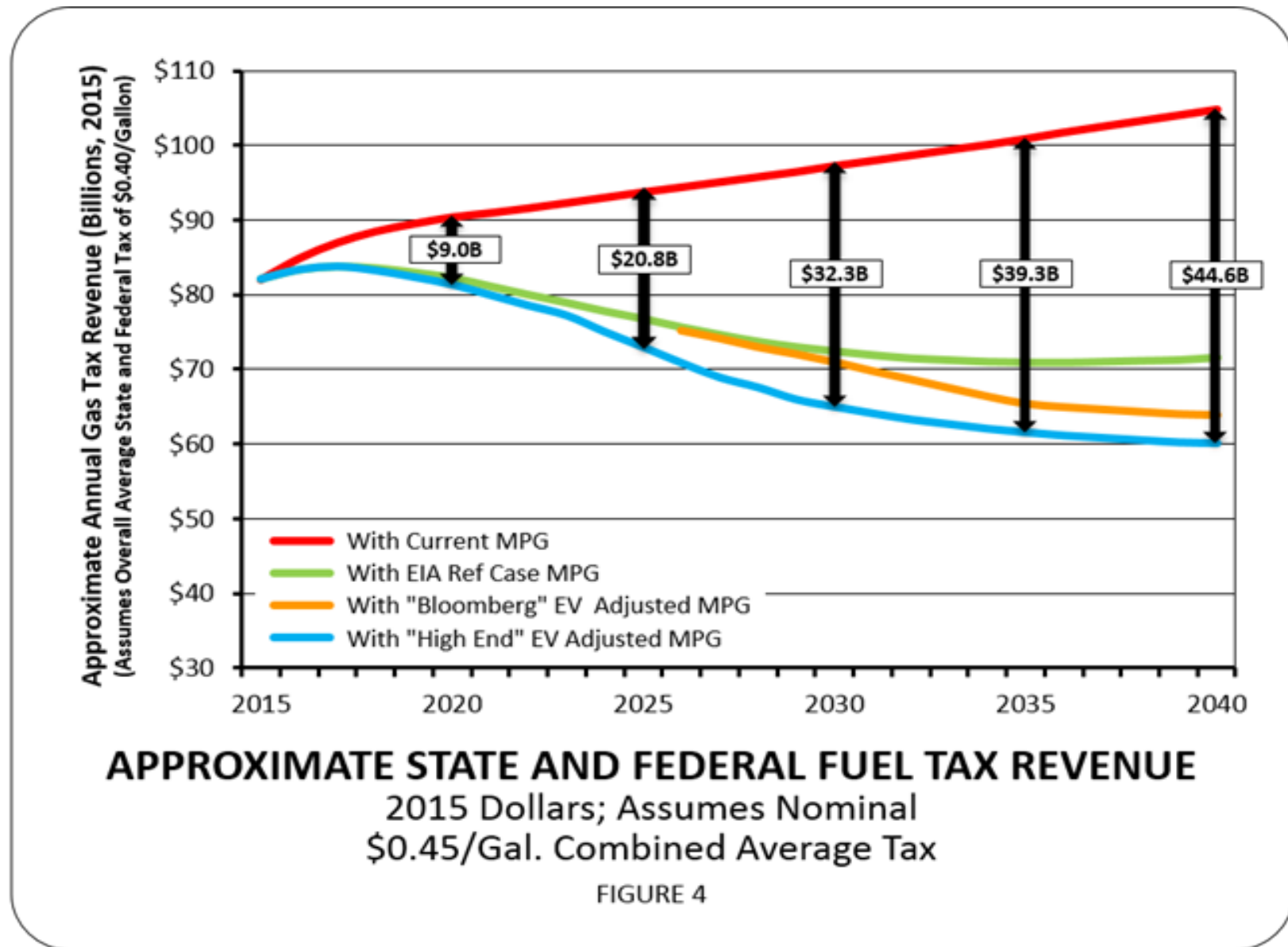
Estimated Annual U.S. VMT and Fuel Consumption



Source: Adapted from Energy Information Agency 2016 "early" Forecast. Also, Bloomberg New Energy Finance.

Approximate State and Federal Fuel Tax Revenue

2015 Dollars; Assumes Nominal \$0.45/Gal. Combined Average Tax



So What Might it Mean for Florida

Current Breakdown of Florida Transportation Funding: 2016 FDOT Estimates

Table 1
Florida Transportation Tax Sources
Calendar 2016

Item	2016 Rate Per Gallon	Annual Funding		Indexed To Inflation	Impacted By Fuel Efficiency
		Amount (000)	Percent		
Federal Sources					
Federal (HTF -- Hwy Portion)	\$0.184	\$1,826,000	26.3%	No	Yes
Federal (HTF - Trsit. Portion)	\$0.184	\$474,000	6.8%	No	Yes
Total Federal	\$0.184	\$2,300,000	33.2%		
State Sources					
Fuel Sales tax	\$0.133	\$1,262,000	18.2%	Yes	Yes
SCETS Tax	\$0.074	\$715,000	10.3%	Yes	Yes
For local Use ⁽¹⁾	\$0.040	\$380,000	5.5%	No	Yes
Other fees ⁽²⁾	N/A	\$1,405,000	20.3%	No	No
Total State	\$0.247	\$3,762,000	54.2%		
Local					
Ninth-cent Fuel Tax	\$0.00-\$0.01	\$84,000	1.2%	No	Yes
Local Option Fuel tax	\$0.05-\$0.11	\$790,000	11.4%	No	Yes
Total Local	\$0.05-\$0.12	\$874,000	12.6%		

Grand Total

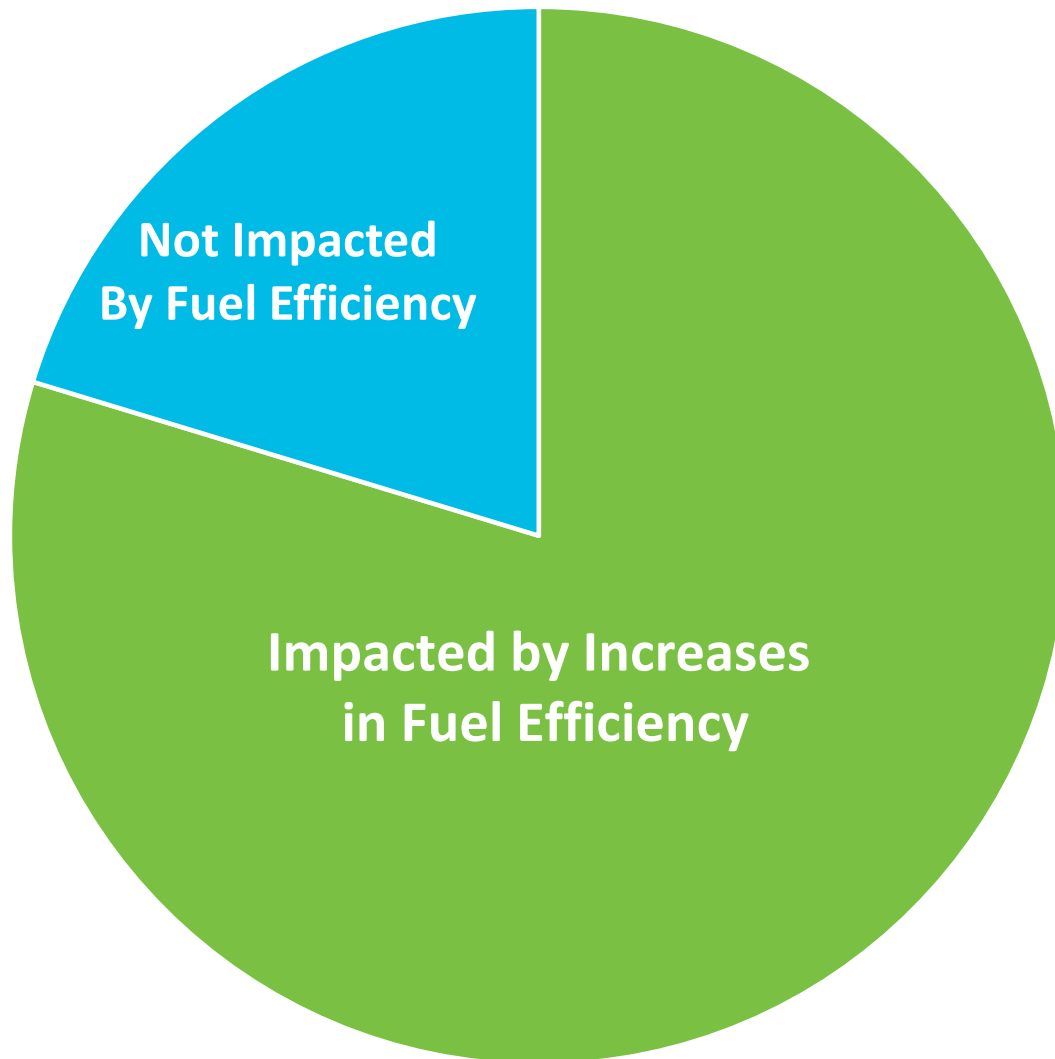
\$6,936,000 100.0%

(1) Includes Constitutional, County and Municipal taxes -- collected through the state.

(2) Includes Motor Vehicle license fees, initial registration fees, title fees and rental car surcharge.

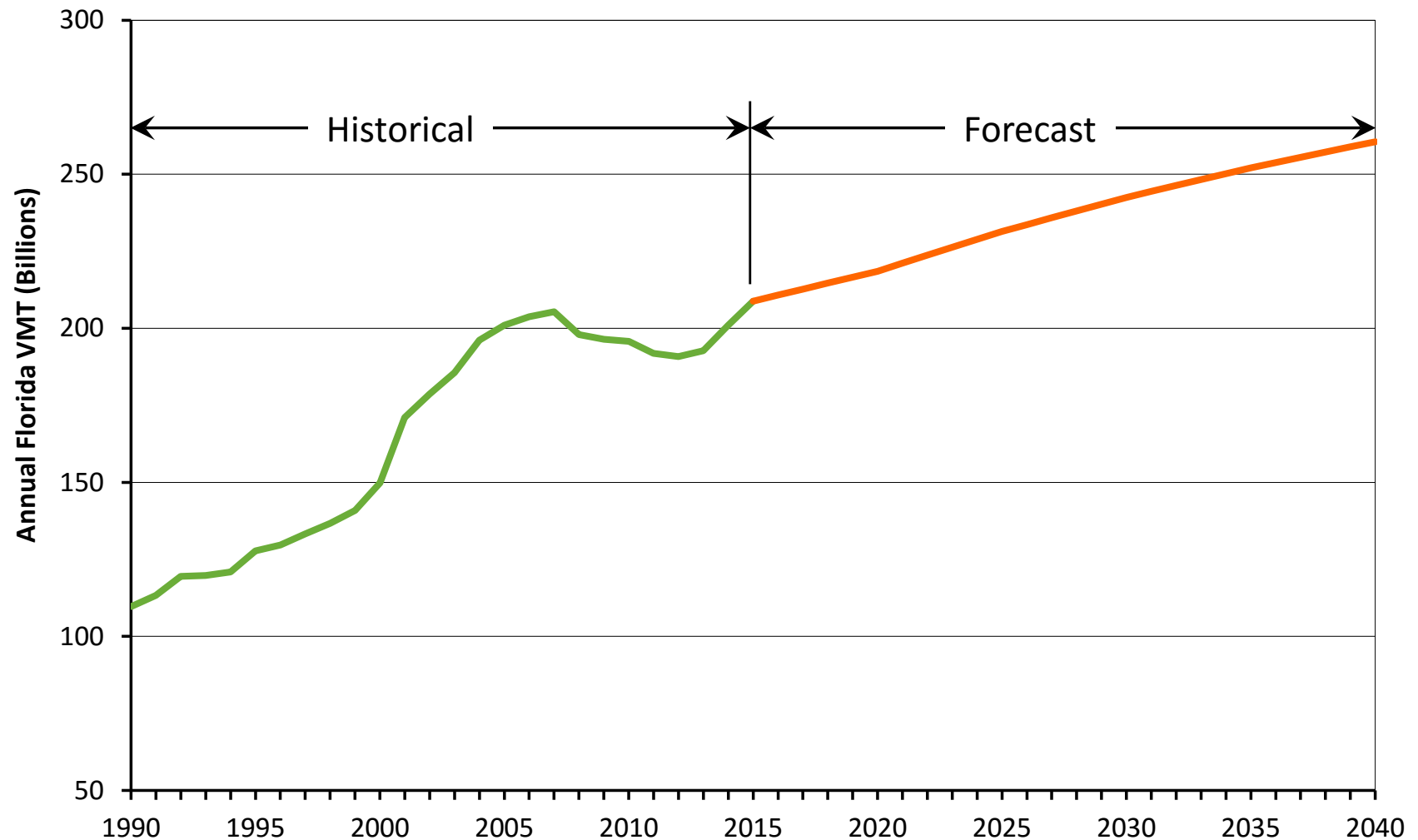
SOURCE: Florida's Transportation Tax Resources, FDOT, January, 2016

How Much Might Increased Fuel Efficiency Hurt?

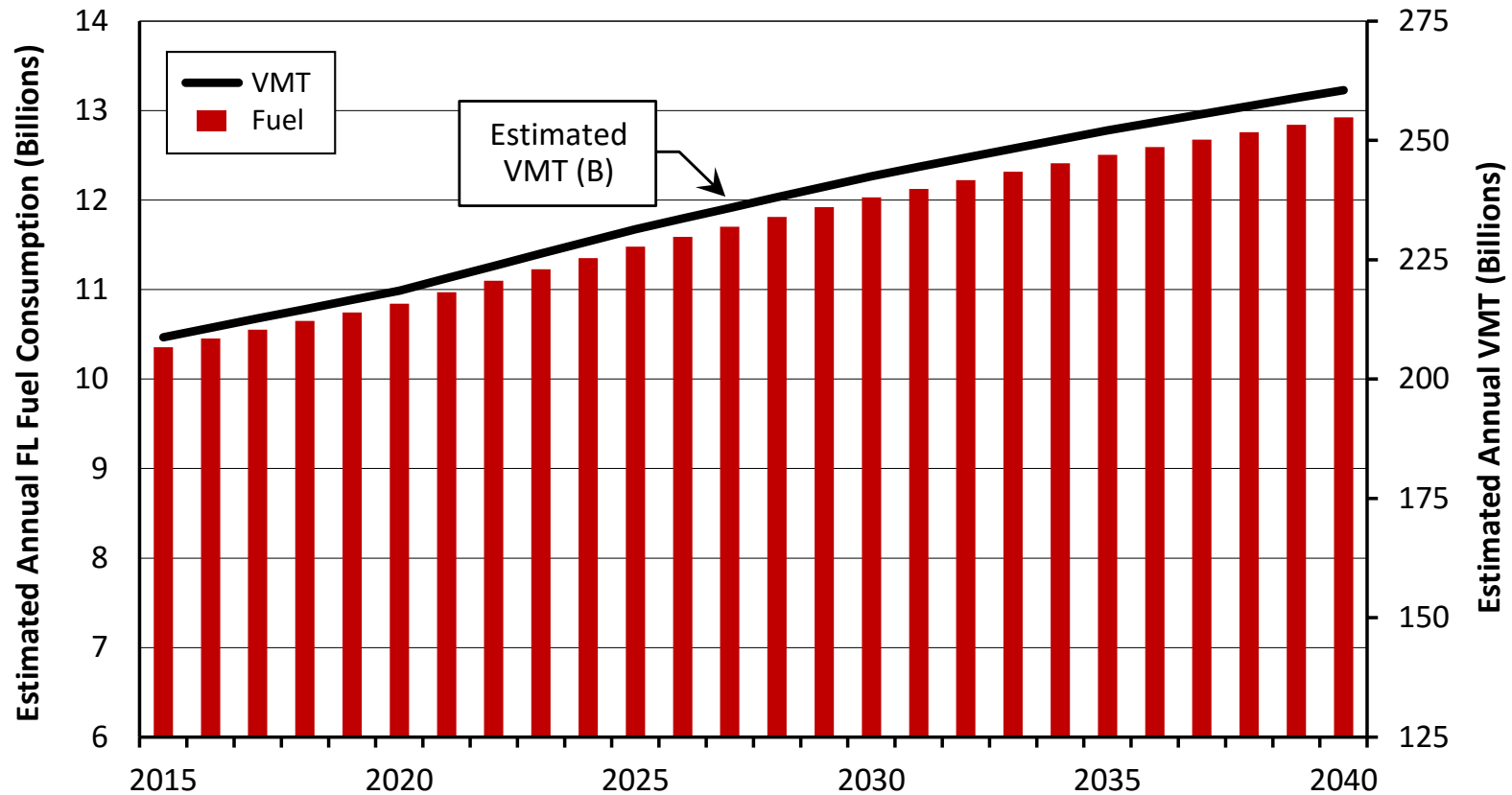


- About 80% of FL Revenue will be impacted by increased Fuel Efficiency
- Only 28.5% is currently indexed to inflation

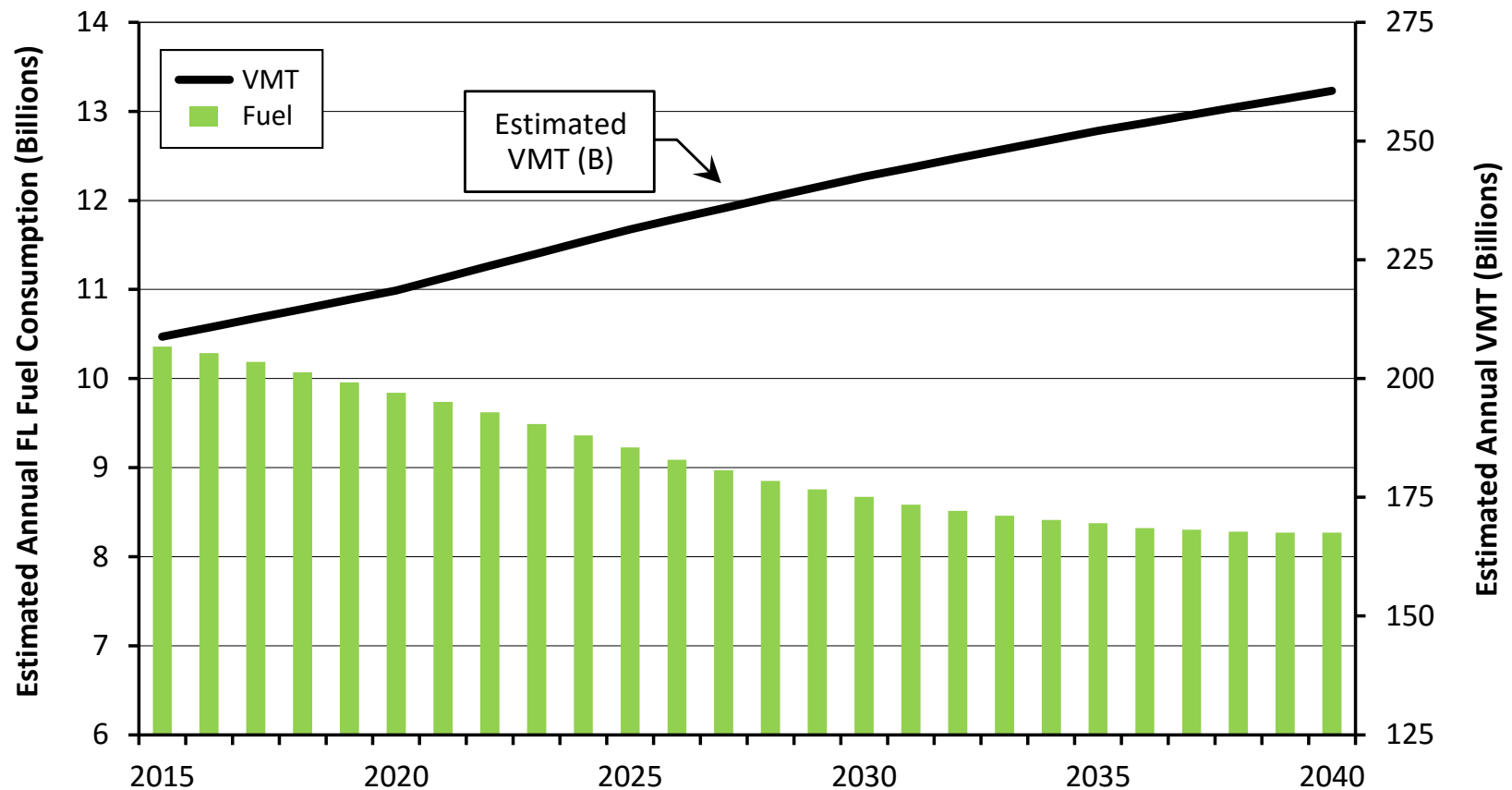
Florida VMT Trends and Projections



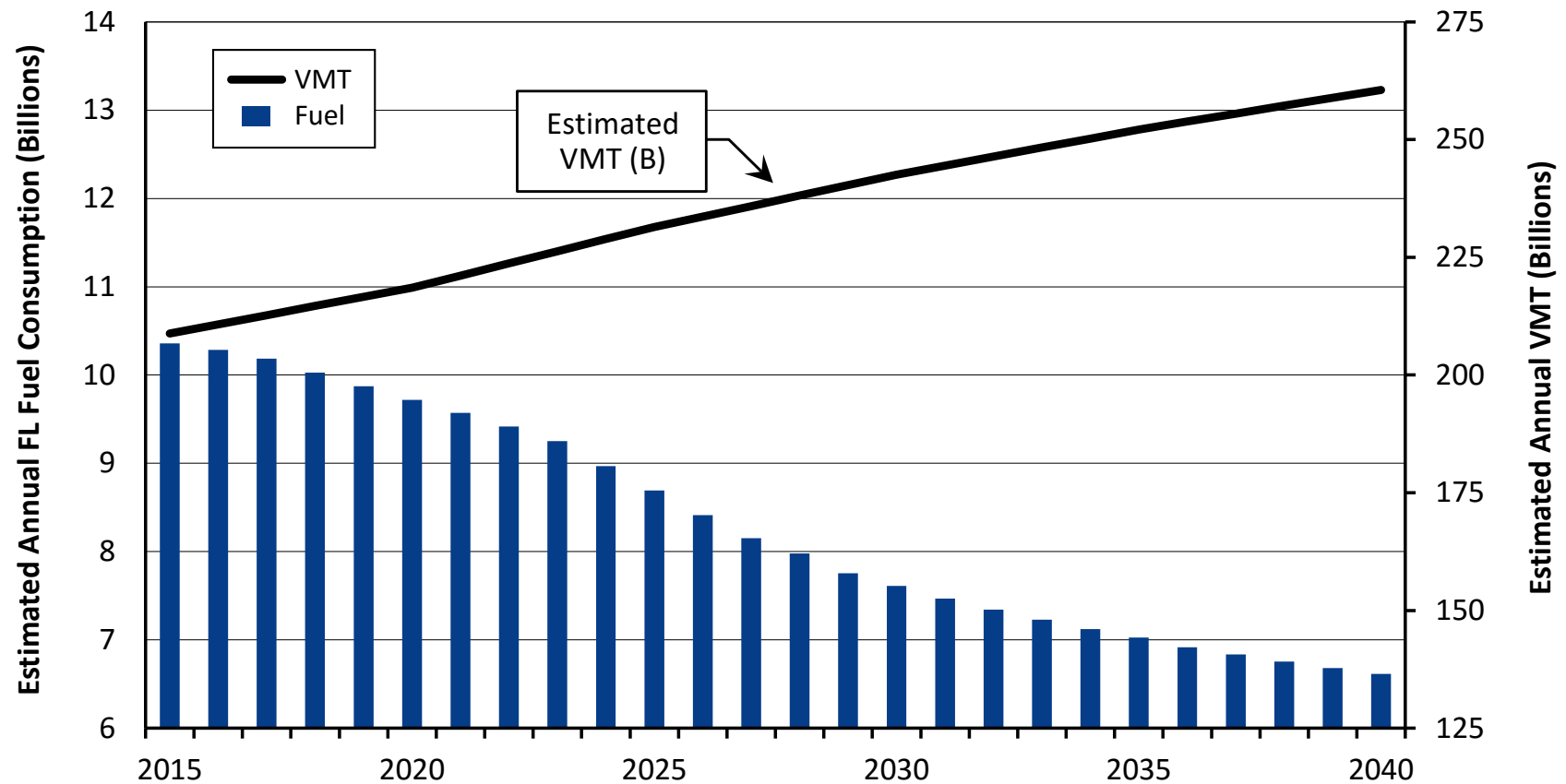
Estimated Florida Annual VMT and Fuel Sales Assuming No Change in Fuel Efficiency



Estimated Florida Annual VMT and Fuel Sales Assuming “EIA Ref. Case” MPG

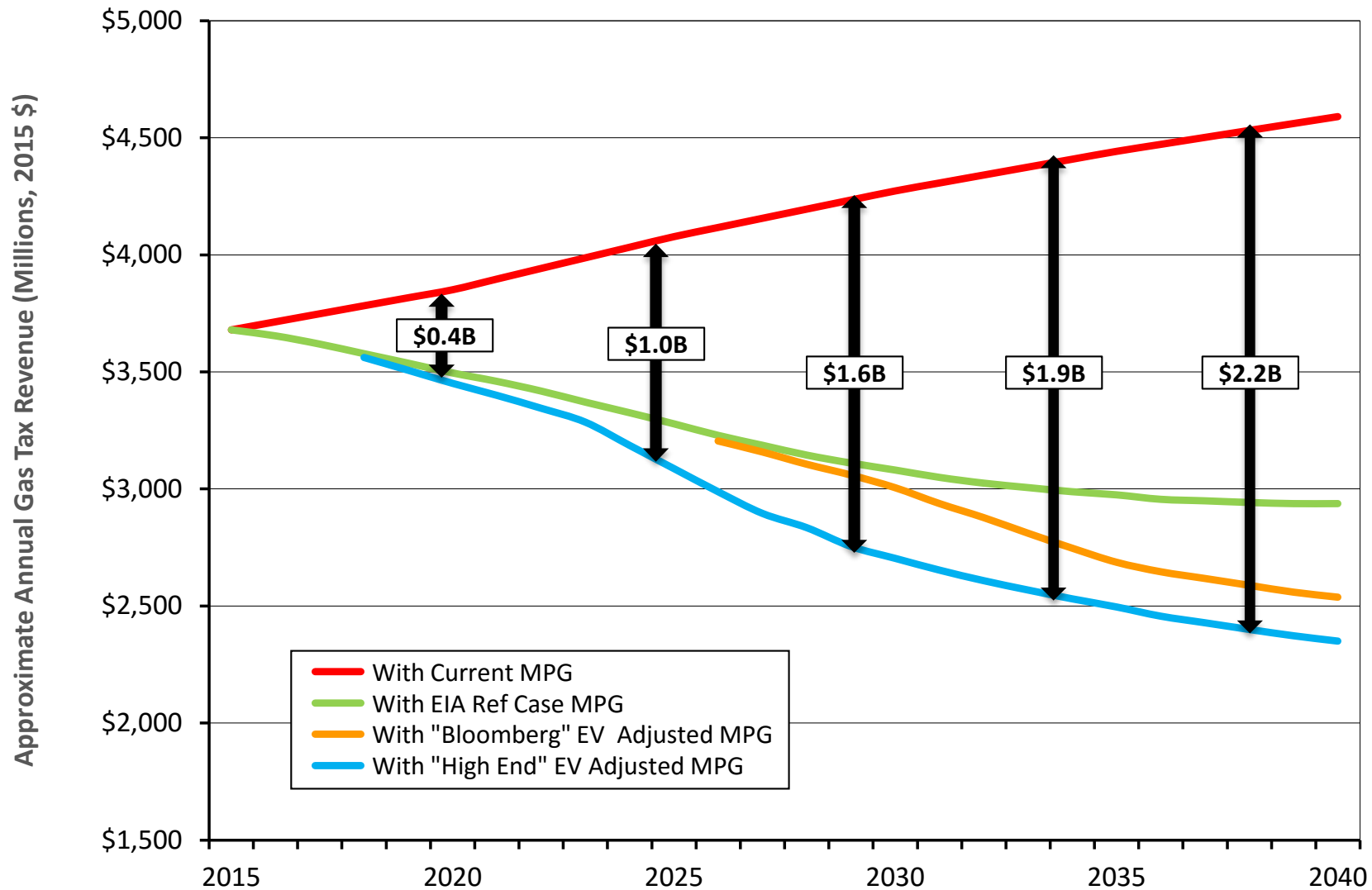


Estimated Florida Annual VMT and Fuel Sales Assuming “High E.V. Sales” MPG

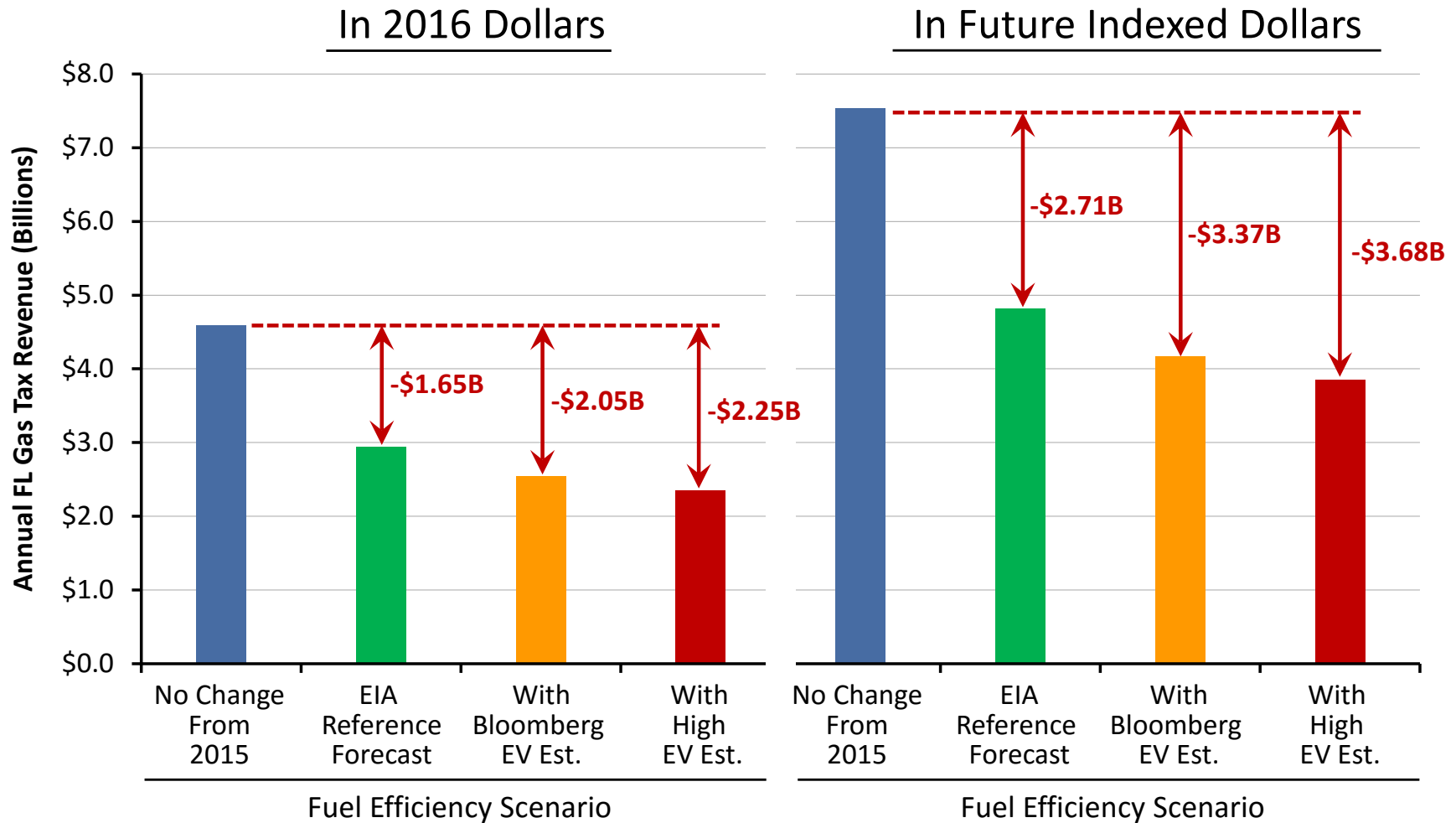


Approximate Florida Fuel Tax Revenue

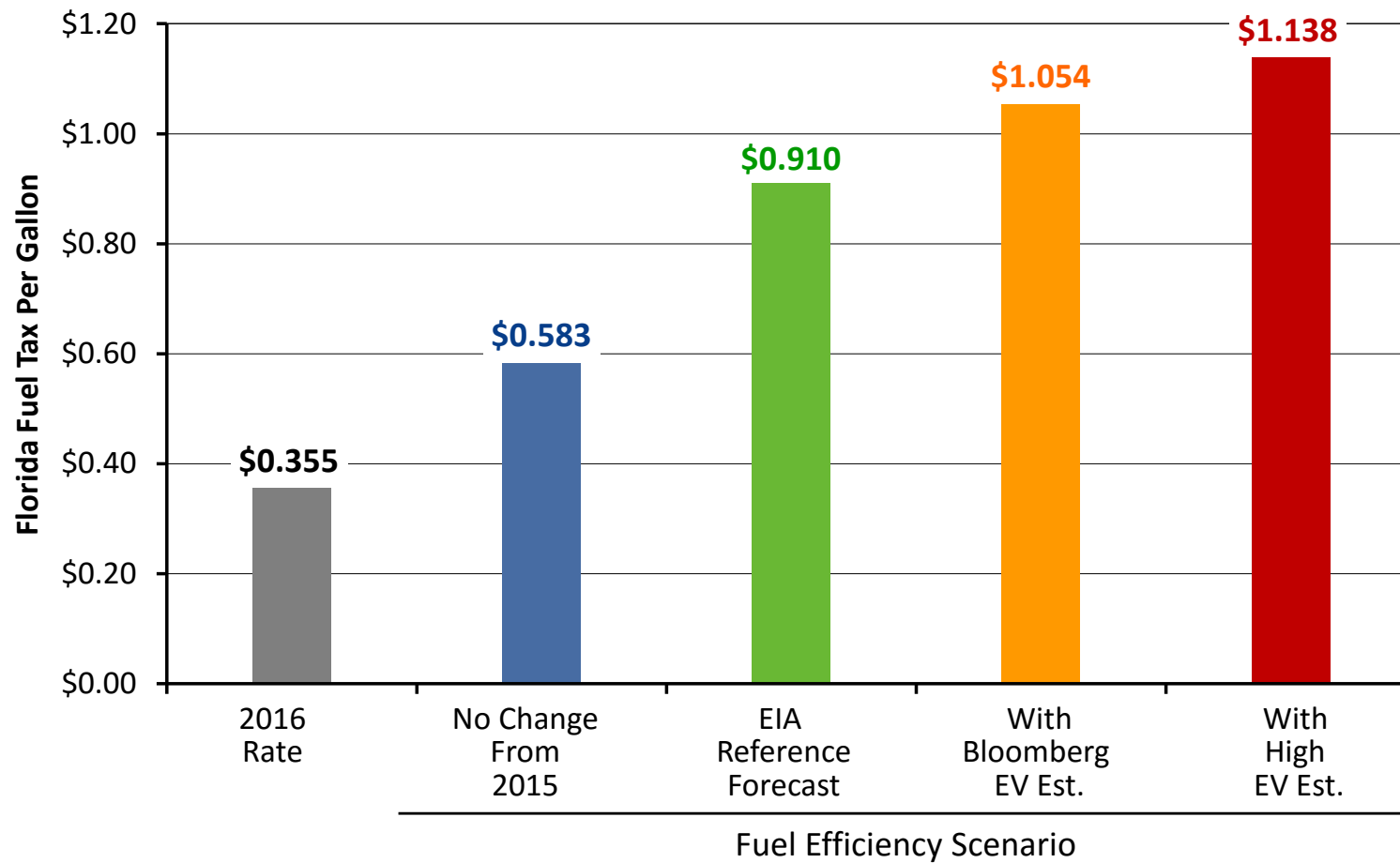
2016 Dollars; Assumes Nominal \$0.355 / Gal. FL tax rate



Comparison of 2040 Florida Fuel Tax Revenues - 2040



Estimated 2040 Florida Fuel Tax Rates (With Indexing)



Potential Solutions

- Keep raising the gas tax to overcome both inflation and increased fuel efficiency
 - FL gas tax alone will likely be over \$1.00 per gallon to do that by 2040
 - Increasing share of drivers will not be using fuel – perhaps 1/3
- In the short term; Consider looking for additional sources of transportation revenue to supplement the gas tax
- Most logical long term solution is to shift from a “per gallon” basis to a “per mile” basis of revenue generation – some form of direct Road User Charging
 - Still 10-15 or more years out;
 - Many challenges which will need to be overcome

Thank You

Ed Regan
reganej@cdmsmith.com

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Bill Number (if applicable) _____

Topic Full Tax

Amendment Barcode (if applicable) _____

Name Edward J. Regan

Job Title Senior Vice President

Address 864 Preserve Terrace
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Phone 203-671-0975

Lake Mary FL 32746
City State Zip

Email reganej@cdmsouth.com

Speaking: ☐ For ☐ Against ☒ Information

Waive Speaking: ☐ In Support ☐ Against
(The Chair will read this information into the record.)

Representing _____

Appearing at request of Chair: ☒ Yes ☐ No

Lobbyist registered with Legislature: ☐ Yes ☒ No

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S-001 (10/14/14)

CourtSmart Tag Report

Room: EL 110

Case No.:

Type:

Caption: Senate Appropriations Subcommittee on Transportation, Tourism, and Economic Development **Judge:**

Started: 1/11/2017 10:02:46 AM

Ends: 1/11/2017 11:37:00 AM **Length:** 01:34:15

10:02:44 AM	Sen. Brandes (Chair)
10:03:30 AM	TAB 1 - Agency Overviews
10:03:41 AM	Dept. of Highway Safety and Motor Vehicles
10:03:53 AM	Terry Rhodes, Director, Dept. of Highway Safety and Motor Vehicles
10:29:24 AM	Sen. Gibson
10:31:05 AM	T. Rhodes
10:32:02 AM	Sen. Gibson
10:32:27 AM	T. Rhodes
10:33:09 AM	Dept. of Transportation
10:33:12 AM	Jim Boxold, Secretary, Dept. of Transportation
10:56:47 AM	Morgan Stanley-Video
11:10:48 AM	Sen. Brandes
11:11:13 AM	Edward J. Regan, Senior Vice President, CDM Smith
11:31:20 AM	Sen. Powell
11:31:50 AM	J. Boxold
11:32:47 AM	Sen. Powell
11:33:19 AM	J. Boxold
11:34:53 AM	Sen. Brandes