

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation and Economic Development Appropriations Committee

BILL: CS/SB 1350

INTRODUCER: Transportation and Economic Development Appropriations Committee and Senator Sebesta

SUBJECT: DOT/Turnpike Projects Bonds

DATE: March 23, 2006 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Eichin</u>	<u>Meyer</u>	<u>TR</u>	Fav/3 Amendments
2.	<u>Keating</u>	<u>Johansen</u>	<u>GE</u>	Favorable
3.	<u>Weaver</u>	<u>Martin</u>	<u>TA</u>	Fav/CS
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Committee Substitute for Senate Bill 1350:

- Revises the matching fund formula for fixed-guideway revenue bonds to allow for various matching scenarios up to a limit of 50 percent on the State's share of the eligible project cost;
- Requires the Florida Department of Transportation (FDOT) to expand the advertising of bids;
- Allows FDOT to waive the requirement for contractors to be pre-qualified to bid on jobs when the project is under \$500,000 and noncompliance will not endanger the public health, safety, or welfare;
- Allows maintenance contractors to bond the amount of work on long-term maintenance contracts incrementally;
- Increases, from \$150,000 to \$250,000, the maximum contract price threshold at which FDOT may waive surety bond requirements;
- Allows FDOT to waive surety bond requirement for contracts greater than \$250 million provided the contractor can provide alternate means of security for the balance of the contract amount;
- Allows FDOT or any toll agency created by statute to contract with other public or private entities to provide additional uses for its electronic toll collection system.
- Increases the maximum outstanding bond debt allowed for turnpike projects from \$4.5 billion to \$6 billion.

This bill substantially amends sections 215.615, 337.11, 337.14, 337.18, 338.161, and 338.2275 of the Florida Statutes.

II. Present Situation:

Fixed-Guideway Revenue Bonds

A "fixed-guideway transportation system" is a public transit system for transporting people by a conveyance, or a series of interconnected conveyances, specifically designed for travel on a stationary rail or other guideway. Section 215.615, F.S. authorizes FDOT or commuter rail authorities and regional transportation authorities to issue revenue bonds to fund fixed guideway projects. Each party is contractually liable for an equal, 50/50 share of the bond debt service. Projects must comply with FDOT's major capital investment policy guidelines, and must be included in the work program. The FDOT's share of debt service is payable from, and is limited to, a maximum of two percent of all state revenues deposited into the State Transportation Trust Fund (STTF). These debt service payments are part of the 15 percent of transportation revenues committed to public transportation projects pursuant to s. 206.46, F.S. The local share is payable from any available revenues other than revenues of FDOT. To date, the fixed-guideway revenue bond financing option has not been employed.

FDOT Contracts

Section 337.11, Florida Statutes, requires FDOT to advertise in a local newspaper of general circulation, the request for bids on all construction projects with a contract price of \$250,000 or less. Contracts in excess of \$250,000 may only be bid upon by contractors meeting certain prequalification requirements and are advertised by invitations to bid. Upon winning a bid for a contract, a contractor must post a surety or performance bond equal to 100 percent of the contract price to enable FDOT to complete the project should the contractor fail to carry out the terms of the contract. The requirement for a surety bond may be waived by FDOT on projects less than \$150,000 if the project is of a noncritical nature and nonperformance by the contractor will not endanger the public health, safety, or property.

Electronic Toll Collection

Electronic Toll Collection (ETC) allows for electronic payment of highway tolls. ETC systems use vehicle-to-roadside communication technologies to perform an electronic monetary transaction between a vehicle passing through a toll station and the toll agency. ETC systems require onboard units (such as a transponder), vehicle detection and classification, as well as enforcement technologies. Essentially, ETC equipment substitutes for having a person (or coin machine) to manually collect tolls at toll booths. In addition, ETC allows such transactions to be performed while vehicles travel at (almost) highway cruising speed. SunPass is an ETC used by FDOT. Florida motorists may purchase a SunPass transponder which can be used electronically to pay tolls on Florida's toll roads and most toll bridges. Section 338.161, F.S., allows FDOT to advertise, market, and promote toll facilities and electronic toll collection products and services.

Florida's Turnpike Enterprise is a 450-mile system of limited-access toll highways. The Turnpike's mainline passes through 11 counties from north Miami to a junction with Interstate 75 in north central Florida. In addition to the 265-mile mainline, the Turnpike system includes: the 47-mile Homestead Extension, which takes motorists to the top of the Florida Keys; the 23-mile Sawgrass Expressway/Toll 869 in Broward County; the 19-mile Seminole Expressway/Toll

417 in Seminole County; the 15-mile Veterans Expressway/Toll 589 in Tampa; an eight-mile portion of the Bee Line Expressway/Toll 528 in Orlando; the six-mile Southern Connector Extension of the Central Florida GreeneWay/Toll 417 in Orlando; the 25-mile Polk Parkway; and the 42-mile Suncoast Parkway.

The 1990 Florida Legislature passed legislation implementing a financing plan for Florida's Turnpike system to use the bonding capacity of the Turnpike to finance new transportation projects on a statewide basis. The bonds are repaid through tolls collected over time. Section 338.2275, Florida Statutes, establishes a ceiling on the amount of Turnpike bonds that can be issued to fund Turnpike projects. In 1997, the Florida Legislature authorized the continued expansion of Florida's Turnpike System by approving additional initiatives such as increasing the Turnpike's bonding capability from \$1.5 billion to \$3 billion and identifying additional statewide projects. In 2003, the bond cap was again increased to reach its current \$4.5 billion level.

The current Work Program includes planned bond issues which will exhaust the Turnpike's current legislative bond cap by Fiscal Year 2010. The Work Program supports: the completion of the Western Beltway, Part C; adding 150 lane miles through widening of the Turnpike System at a cost of nearly \$1 billion; adding 4 new interchanges and improving 3 other interchanges at a cost of \$200 million to improve access to the Turnpike System; converting the Sawgrass Expressway to a fully electronic, open road tolling project and adding SunPass Express lanes at other locations; improving Toll and Intelligent Transportation System (ITS) to better manage the System and increase capacity and throughput at the toll plazas; and continuing improvements for safety and preservation of the existing System.

In order to fund the significant capital program during the upcoming five-year period, the Turnpike is planning five bond issues totaling approximately \$2.2 billion. The long-range financial planning model for the Turnpike includes numerous system improvements providing access and capacity to the existing system, as well as significant funding for preservation, safety, modernization, and replacement of toll equipment technology.

III. Effect of Proposed Changes:

Section 1 amends s. 215.615, F.S., to delete the 50/50 state/local matching requirement for fixed-guideway revenue bonds. The proposed changes allow for various matching scenarios with an upward limit on FDOT's share being established at up to 50 percent of the eligible project cost. This would allow local authorities to contribute more local dollars when the State's available match is insufficient to finance 50 percent of the project.

Section 2 amends s. 337.11, F.S., to raise, from \$250,000 to \$500,000, the maximum contract price for contracts which require FDOT to advertise invitations to bid in a local newspaper of general circulation.

Section 3 amends s. 337.14, F.S., to allow FDOT to waive the requirements for contractor prequalification for projects having a contract price of \$500,000 or less if the project is of a noncritical nature and noncompliance will not endanger public health, safety, or property.

Section 4 amends s. 337.18, F.S., to authorize FDOT to allow contractors to post surety bonds incrementally for multiyear maintenance contracts. The bonds would cover one year's contract dollar amount at a time. The maximum contract price for which FDOT may waive the surety requirements is raised from \$150,000 to \$250,000. The bill also authorizes FDOT to waive the surety requirements for projects with contract prices of \$250 million or more, provided the contractor posts a partial or incremental surety bond and provides an alternative means of securing the balance of the contract price not covered by the surety bond. Examples of the alternative securities include letters of credit, United States bonds and notes, parent company guaranties, and cash collateral.

Section 5 amends s. 338.161, F.S., to allow FDOT or any statutorily-created toll authority to contract with public or private entities to promote and provide additional uses for an ETC system. As an example, the revision could permit motorists to use their Sunpass transponder to pay airport parking fees should an airport parking vendor wish to contract with FDOT for that purpose.

Section 6 amends s. 338.2275, F.S., to raise the current maximum allowable dollar amount of bonds for Turnpike projects from \$4.5 billion of bonds issued to \$6 billion of bonds outstanding. The increased bond cap would allow the Turnpike to continue to expand beyond the current five-year capital plan, as well as bring additional projects inside the existing five-year plan based on the revenues available to support additional bonds.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Turnpike bonds do not affect the state debt affordability plan or the state debt cap because the Turnpike bonds are supported by toll revenues.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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