

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 633 Florida Smart City Challenge Grant Program

SPONSOR(S): Transportation & Tourism Appropriations Subcommittee; Transportation & Infrastructure Subcommittee; Fischer and others

TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 852

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee	13 Y, 0 N, As CS	Johnson	Vickers
2) Transportation & Tourism Appropriations Subcommittee	13 Y, 0 N, As CS	Davis	Davis
3) Government Accountability Committee	22 Y, 0 N	Johnson	Williamson

SUMMARY ANALYSIS

In 2017, the Legislature created the Florida Smart City Challenge Grant Program requiring the Department of Transportation (DOT), in consultation with the Department of Highway Safety and Motor Vehicles (DHSMV), to develop the Florida Smart City Challenge Grant Program and establish grant award requirements for municipalities or regions. Grant applicants must demonstrate and document the adoption of emerging technologies and their impact on the transportation system and must address certain focus areas. However, the Governor vetoed the accompanying appropriation. The program expires on July 1, 2018.

The bill creates a permanent Florida Smart City Challenge Grant Program within DOT. Goals for the program include:

- Developing smart mobility solutions to local transportation challenges;
- Deploying technology with an immediate impact on moving people and goods, including the transportation disadvantaged;
- Advancing autonomous, connected, grid-integrated and electric vehicle technologies, as well as other emerging technologies that support our workforce;
- Relying on renewable energy sources and electronic technologies; and
- Creating a mobility demonstration community in Florida.

The bill provides eligibility requirements and requires DOT to issue a request for proposals for the award of grants by September 1 in the year in which funds are appropriated. Subject to legislative appropriation, DOT must award grants to at least three recipients and may fund up to 50 percent of the cost of the project.

The bill provides various reporting requirements and requires DOT to provide administrative support for the program.

There is no appropriation to implement the grant program; therefore, there is no fiscal impact.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Federal Program

The United States Department of Transportation (USDOT) launched a Smart City Challenge in December 2015. The challenge asked mid-sized cities “to develop ideas for an integrated, first-of-its-kind smart transportation system that would use data, applications, and technology to help people and goods move more quickly, cheaply, and efficiently.”¹ USDOT committed up to \$40 million to one winning city.² The USDOT received 78 applications from cities across the United States, including the following cities in Florida: Jacksonville, Miami, Orlando, St. Petersburg, Tallahassee, and Tampa.³

Columbus, Ohio won the challenge by proposing “a comprehensive, integrated plan addressing challenges in residential, commercial, freight, and downtown districts using a number of new technologies, including connected infrastructure, an integrated data platform, autonomous vehicles, and more.”⁴ USDOT then worked with seven finalists to further develop the ideas proposed by the cities and, in October 2016, announced an additional \$65 million in grants to support advanced technology transportation projects.⁵

State Law

In 2017, the Legislature created the Florida Smart City Challenge Grant Program⁶ and appropriated \$325,000 for the program.⁷ However, the Governor vetoed the appropriation.

The 2017 act required the Department of Transportation (DOT), in consultation with the Department of Highway Safety and Motor Vehicles (DHSMV), and subject to appropriation, to develop the Florida Smart City Challenge Grant Program and establish grant award requirements for municipalities or regions for the purpose of receiving grant awards. Grant applicants must demonstrate and document the adoption of emerging technologies and their impact on the transportation system and must address at least the following focus areas:

- Autonomous vehicles;
- Connected vehicles;
- Sensor-based infrastructure;
- Collecting and using data;
- Electric vehicles, including charging stations; and
- Developing strategic models and partnerships.⁸

The grant program goals include, but are not limited to:

- Identifying transportation challenges and identifying how emerging technologies can address those challenges.
- Determining the emerging technologies and strategies that have the potential to provide the most significant impacts.

¹ See USDOT website available at: <https://www.transportation.gov/smartcity>. (Last visited February 14, 2018).

² See USDOT website available at:

<https://www.transportation.gov/sites/dot.gov/files/docs/Smart%20City%20Challenge%20Lessons%20Learned.pdf>. (Last visited February 14, 2018).

³ See USDOT website available at: <https://www.transportation.gov/smartcity/visionstatements/index> (Last visited February 14, 2018).

⁴ See USDOT website available at: <https://www.transportation.gov/smartcity/winner>. (Last visited February 14, 2018).

⁵ See USDOT website available at: <https://www.transportation.gov/smartcity/what-comes-next> (Last visited February 14, 2018).

⁶ Chapters 2017-42 and 2017-71, L.O.F.

⁷ Proviso language to Specific Appropriation 1869 (2017).

⁸ Section 316.0898(1), F.S.

- Encouraging municipalities to take significant steps to integrate emerging technologies into their day-to-day operations.
- Identifying the barriers to implementing the grant program and communicating those barriers to the Legislature and appropriate agencies and organizations.
- Leveraging the initial grant to attract additional public and private investments.
- Increasing the state's competitiveness in the pursuit of grants from the USDOT, United States Department of Energy, and other federal agencies.
- Committing to the continued operation of programs implemented in connection with the grant.
- Serving as a model for municipalities nationwide.
- Documenting the costs and impacts of the grant program and lessons learned during implementation.
- Identifying solutions that will demonstrate local or regional economic impact.⁹

DOT was required to develop eligibility, application, and selection criteria for the receipt of grants and a plan for the promotion of the grant program to municipalities or regions of this state as an opportunity to compete for grant funding, including the award of grants to a single recipient and secondary grants to specific projects of merit within other applications. DOT may contract with a third party that demonstrates knowledge and expertise in the focuses and goals of the program to provide guidance in the development of the requirements of the program.¹⁰

On or before January 1, 2018, DOT was required to submit the grant program guidelines and plans for promotion of the grant program to the Governor, the President of the Senate, and the Speaker of the House of Representatives.¹¹

While the Governor vetoed the appropriated funds, the program remains in statute; however, the program expires by its own terms on July 1, 2018.

Proposed Changes

The bill creates a permanent Florida Smart City Challenge Grant Program within DOT.

Definitions

The bill defines the following terms:

- "Grid-integrated vehicle" means a motor vehicle that has the ability for two-way power flow between the vehicle and the electric grid and the communications hardware and software that allows for external control of battery charging and discharging.
- "Matching funds" means in-kind services, goods, equipment, or other noncash contributions calculated at the fair market value.

Program Goals

The program's goals include, but are not limited to:

- Providing opportunities to municipalities and other regions of the state to develop innovative smart mobility solutions to local transportation challenges.
- Deploying smart city technology that has an immediate impact on the safe and efficient movement of people and goods within municipalities and other regions of the state.
- Advancing autonomous, connected, grid-integrated, and electric vehicle readiness and deployment throughout the state.
- Providing enhanced education and workforce development opportunities by deploying emerging technologies that support the state's future workforce.

⁹ Section 316.08098(2), F.S.

¹⁰ Section 316.08098(3), F.S.

¹¹ Section 316.08098(4), F.S.

- Meeting mobility needs of residents of this state, particularly transportation disadvantaged¹² persons by increasing access to and convenience of transportation within municipalities and other regions of the state.
- Facilitating the efficient movement of freight within the state, especially in and around airports and seaports.
- Supporting the reduction of fossil fuel consumption by relying on renewable energy sources and electronic technologies.
- Creating a smart mobility demonstration community in the state that serves as a model for municipalities and other regions nationwide.

Eligibility Requirements

The following entities may apply to DOT for a grant to fund projects under the Florida Smart City Challenge Grant Program:

- A state, county, municipal, regional, or other agency that is responsible for the movement of persons, goods, or services within a defined geographical region, including an entity created pursuant to Chs. 343, 348, or 349, F.S.¹³
- A metropolitan planning organization (MPO)¹⁴ or transportation planning organization (TPO). Each entity responsible for deploying or operating the project on behalf of a MPO or TPO must submit a letter to DOT detailing its commitment to the implementation, operation, and maintenance of the project.
- A state university.

A grant application must have in place a plan or framework for the implementation of the proposed project in at least one of the following categories:

- Autonomous vehicle deployment or demonstration.
- Connected vehicle technology deployment.
- Shared mobility services innovation and deployment.
- Acceleration of the use for plug-in electric vehicles and electric charging infrastructure, including deployment of grid-integrated vehicles.

Proposals

By September 1 in the year in which funds are appropriated, DOT must issue a request for proposals for the award of a Florida Smart City Challenge Grant. Each submitted proposal must include:

- A statement by the applicant certifying that the project will be implemented and operational within two years after receiving the grant.
- A plan for fulfilling documentation requirements under DOT's Statewide Systems Engineering Management Plan within such two-year period.
- A description of how operation and maintenance costs for the project will be funded in order to ensure that DOT's investment in the project is sustained.
- A plan for evaluation of the projects and the methods by which such evaluation will be shared with residents of the area served by the project.
- The procedures for integrating the project's transportation-related data with DOT's Data Integration and Video Aggregation System.

¹² Section 427.011(1), F.S., defines "transportation disadvantaged" as those persons who because of physical or mental disability, income status, or age are unable to transport themselves or to purchase transportation and are, therefore, dependent upon others to obtain access to health care, employment, education, shopping, social activities, or other life-sustaining activities, or children who are handicapped or high-risk or at-risk as defined in s. 411.202, F.S.

¹³ Chapter 343, F.S. creates various regional transportation authorities. Chapter 348, F.S., creates various expressway and bridge authorities. Chapter 349, F.S., creates the Jacksonville Transportation Authority.

¹⁴ Metropolitan planning organizations are federally mandated transportation planning organizations in urban areas with populations of greater than 50,000.

Award of Grants

Contingent upon specific appropriation by the Legislature, DOT must award a grant to at least three recipients that must be distributed to each recipient by January 1 of the fiscal year in which appropriated. The grant may fund up to 50 percent of the project's costs, with grant recipients funding at least 10 percent of the project's costs. Grant funds must be exclusively used for startup costs, including, but not limited to, acquisition of hardware, software, and assets associated with implementing the project, and may not be used for the project's operations or maintenance costs.

In selecting grant recipients, DOT must prioritize proposals demonstrating the availability of matching funds from partner organizations to fund project costs and that include a plan for documenting the acquisition of matching funds. DOT must further prioritize proposals that include matching funds from private-sector partner organizations; however, local public funds may also be used.

Matching funds may be used for costs associated with the operation, maintenance, and evaluation of the project. A grant recipient receiving matching funds must document the contribution of such funds in a quarterly report detailing the manner in which the value of such contribution is calculated.

Reporting Requirements

Each grant program recipient must submit a quarterly report to DOT regarding the development, implementation, and operation of the project. The report must include information documenting matching funds.

DOT must submit a quarterly report to the President of the Senate and the Speaker of the House of Representatives regarding the overall status of the grant program.

After implementation of the project is complete, each grant recipient must submit an initial report to the Governor, the President of the Senate, and the Speaker of the House of Representatives detailing the project's impact on the transportation system within the area served by the project, the extent to which the goals of the grant program have been met, and recommendations for project revisions or improvements to guide future development activities. A final report must be submitted two years after submission of the initial report.

Administrative Support

The bill requires DOT to provide administrative support to the Florida Smart City Grant Program in order to facilitate the deployment of smart city technology within the state, including, but not limited to, expedited review of grant proposals. Within certain criteria, DOT may select an independent nongovernmental entity to assist in project construction, management, evaluation, implementation, and oversight.

B. SECTION DIRECTORY:

Section 1 creates s. 316.0899, F.S., creating the Florida Smart City Challenge Grant Program.

Section 2 provides an effective date of July 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill does not appropriate funds for the Florida Smart City Challenge Grant Program.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Users of a grant-funded project may experience increased mobility, reduced traffic congestion, reduced travel costs, and positive environmental benefits. Private-sector partners who invest in such projects may benefit to the extent that the project receives state grant funding.

D. FISCAL COMMENTS:

The bill creates a grant program and a process for receiving proposals and making awards, but there is no funding or budget authority available to implement these requirements.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On January 23, 2018, the Transportation & Infrastructure Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment removed a \$15 appropriation for the Smart City Challenge Grant Program.

On February 13, 2018, the Transportation & Tourism Appropriations Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment modified program goals related to grid-integrated vehicles and fossil fuel consumption; modified dates by which both proposals and awards are made; clarified such proposals and awards are subject to appropriation; expanded allowable award recipients to at least three; removed a \$6 million award cap; and authorized the selection of independent entities related to administrative support functions.

This analysis is drafted to the committee substitute as reported favorably by the Transportation & Tourism Appropriations Subcommittee.