# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL:	CS/SB 776				
SPONSOR:	Transportation Co	ommittee and Senator Sebesta			
SUBJECT:	Transportation				
DATE:	April 6, 2000	REVISED:			
1. <u>McAu</u> 2.	ANALYST uliffe	STAFF DIRECTOR Meyer	REFERENCE TR	ACTION Favorable/CS	
3. 4. 5.					

## I. Summary:

The CS authorizes the Division of Bond Finance to issue revenue bonds on behalf of the Florida Seaport Transportation and Economic Development (FSTED) Program, and clarifies projects which receive funds through s. 320.20, F.S., are subject to a Florida Department of Transportation (FDOT) final audit.

The CS requires the FSTED Council to adopt rules for evaluating projects which may be funded under s. 320.20, F.S., and authorizes the FDOT, the Department of Community Affairs (DCA), and the Office of Tourism, Transportation, and Economic Development (OTTED), to overrule any action of the FSTED Council approving a project, and gives those agencies a vote on the council. The CS requires the FSTED Council be subject to s. 287.057 (competitive bidding) when procuring outside professional services and must document all written agreements and supporting payments for such professional services.

The CS amends ss. 311.07, 311.09, and 320.20, F.S., and creates s. 215.617 of the Florida Statutes.

## II. Present Situation:

The FSTED Program is established by statute with a minimum of \$8 million annually which may be used to fund approved port projects on a 50-50 matching basis with any of Florida's fourteen deepwater ports. In 1996, the Legislature provided an additional \$15 million annually which may be bonded to fund projects in the Florida seaport program (s. 320.20 (3), F.S.). In 1997, the Legislature provided, an additional \$10 million annually for the purpose of funding Florida's seaport program and for funding seaport intermodal access projects of statewide significance beginning in Fiscal Year 2001-2002 (s. 320.20 (4), F.S.). This was subsequently amended to begin in Fiscal Year 1999-2000.

BILL: CS/SB 776 Page 2

On July 17, 1996, The Florida Ports Financing Commission (FPFC) was created pursuant to an interlocal agreement authorized by Chapter 163, Part I, F.S., as authorized by s. 320.20 (3), F.S. The FPFC is presently composed of representatives from each of the State's deepwater ports with the exception of Port of Fernandina, Port of Key West, Port of Pensacola, Port St. Joe and Port of St. Petersburg. The FPFC's purpose is to provide a means of financing various capital projects for Florida's ports by issuing bonds and transferring the proceeds thereof to the individual ports. Pursuant to ss. 320.20 (3) and (4), F.S., funding of the FSTED program was accomplished, in part, through the issuance of two bond issues. On December 1, 1996, the FPFC issued \$222,320,000 in bonds, and on October 14, 1999, issued \$153,115,000 in bonds.

An operational audit of the seaport program recently completed by the Auditor General (Report Number 13612) found the FSTED management "may not have, in several material respects, complied with the significant provisions of laws, administrative rules, and other guidelines governing the FSTED program." Some of the findings of the report include:

• The funding methodology for the FSTED program has not provided a clear identification as to the extent of the state's funding obligation, nor has it provided the State with adequate oversight of the administration of the applicable debt issued by FPFC.

The funding provisions in s. 320.20 provide a perpetual annual source of income to pay debt service on the series 1996 and 1999 bonds.

• The current assignment of responsibilities does not provide for an evaluation of all proposed port projects from a statewide transportation or economic benefits perspective.

The FDOT, DCA, and OTTED, are non-voting members of the FSTED council, and do not currently prioritize or select FSTED projects.

• The FPFC acquired many professional services without the benefit of competitive selection procedures, written agreements, or adequate payment documentation.

The basis of FPFC payments for professional services was not always apparent to auditors because vendor invoices or similar documentation was not always available or not always in sufficient detail to allow a determination as to whether costs were appropriate.

## III. Effect of Proposed Changes:

The CS amends ss. 311.07, 311.09, and 320.20, F.S., and creates s. 215.617, F.S., to clarify the state's role in seaport planning and financing.

<u>Section 1</u> creates s. 215.617, F.S., authorizing the Division of Bond Finance to issue revenue bonds on behalf of the Florida Seaport Transportation and Economic Development Program.

<u>Section 2</u> amends s. 311.07, F.S., clarifying projects which receive funds through s. 320.20, F.S., are subject to a FDOT final audit.

BILL: CS/SB 776 Page 3

Section 3 amends s. 311.09, F.S., requiring the Florida Seaport Transportation and Economic Development Council to adopt rules for evaluating projects which may be funded under s. 320.20, F.S. The section further authorizes FDOT, DCA, and OTTED to overrule any action of the FSTED Council approving a project, and gives those agencies a vote on the council. The section requires the FSTED Council be subject to s. 287.057 (competitive bidding) when procuring outside professional services and must document all written agreements and supporting payments for such professional services.

<u>Section 4</u> amends s. 320.20, F.S., authorizing the Division of Bond Finance to issue revenue bonds on behalf of the Florida Seaport Transportation and Economic Development Program, and limits the maturity date of bonds to 30 years. The section further provides projects which are funded pursuant to this section are state fixed capital outlay projects for bonding purposes.

	funded pursuant to this section are state fixed capital outlay projects for bonding purposes.				
	Section 5 provides this act shall take effect upon becoming law.				
IV.	Con	Constitutional Issues:			
	A.	Municipality/County Mandates Restrictions:			
		None.			
	В.	Public Records/Open Meetings Issues:			
		None.			
	C.	Trust Funds Restrictions:			
		None.			
٧.	Economic Impact and Fiscal Note:				
	A.	Tax/Fee Issues:			

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Unknown.

#### VI. Technical Deficiencies:

None.

VII.	Related Issues:
	None.
VIII.	Amendments:
	None.

Page 4

BILL: CS/SB 776

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