

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.)

BILL: CS/SB 1976

SPONSOR: Commerce and Economic Opportunities Committee and Senator Sebesta

SUBJECT: Spaceport Florida Authority

DATE: April 18, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Joseph	Maclure	CM	Favorable/CS
2.	_____	_____	GO	_____
3.	_____	_____	AED	_____
4.	_____	_____	AP	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This committee substitute clarifies the role of the Spaceport Management Council (council) in relation to federal and state agencies. The committee substitute allows for federal liaison officials to attend council meetings while recognizing that the role of these officials is limited by federal statutes and other constraints.

This committee substitute provides the Florida Space Research Institute (FSRI or institute) with technical and structural improvements to enhance its administrative function. Current statute does not clearly empower FSRI to establish an administrative system, including the hiring of an executive director, or to manage appropriated funds and conduct activities assigned by FSRI's board of directors. Current statute provides for a lead university to administer the institute. The committee substitutes provisions empower and clarify FSRI's function as a public-private partnership.

This committee substitute amends sections 331.367 and 331.368, Florida Statutes.

II. Present Situation:

Spaceport Florida Authority¹

The Spaceport Florida Authority (Spaceport Florida) was created as a state government space agency in 1989. (*See* ch. 331, part II, F.S.) Spaceport Florida's mission is to retain, expand, and diversify the state's space-related industry.

Chapter 331, F.S., gives Spaceport Florida governmental powers similar to other types of transportation authorities (airport, seaport, etc.) to support and regulate the state's space transportation industry. With regard to spaceport development and operations, Spaceport Florida is broadly empowered to own, operate, construct, finance, acquire, extend, equip, and improve the following types of spaceport infrastructure: launch pads, landing areas, ranges, space flight hardware, payloads, payload assembly buildings, payload processing facilities, laboratories, and space business incubators. In addition to these specific types of infrastructure, Spaceport Florida is empowered to support facilities and equipment for the construction of payloads, space flight hardware, rockets and other launch vehicles, and other spaceport facilities and related systems (utility infrastructure, fire and police services, mosquito control, etc.).

Spaceport Florida has sponsored over \$500 million in new space industry developments, including improvements to launch pads, hangars, payload facilities, control centers, storage facilities, and tourism facilities. Spaceport Florida recently financed the \$300 million Atlas V Evolved Expendable Launch Vehicle (EELV) launch facilities at Cape Canaveral Air Force Station for Lockheed Martin; financed and constructed a \$24 million state-financed Delta IV EELV Horizontal Integration Facility for Boeing; provided \$28 million in financing for a Titan IV storage/processing facility; and provided over \$25 million for NASA's Apollo/Saturn V Center at the Kennedy Space Center. Using various financing mechanisms, Spaceport Florida is able to fund the construction of facilities and, while retaining ownership, lease the facilities to users who provide sufficient debt security.

Spaceport Florida is administered by a seven-member, Governor-appointed Board of Supervisors. There are also two ex officio nonvoting members on the board, one of whom is a state senator selected by the President of the Senate and one of whom is a state representative selected by the Speaker of the House of Representatives. Spaceport Florida's executive director reports to the board and provides day-to-day management of the agency. Functionally, Spaceport Florida reports to the Governor through the Office of Tourism, Trade, and Economic Development (OTTED). As the state's space agency, Spaceport Florida provides overall space policy advice to the Governor, Florida's congressional delegation, the Legislature, and other state-level elected officials.

¹ *See* "Profile No. 6130," *Florida Government Accountability Report*, Florida Legislature's Office of Program Policy Analysis and Government Accountability, <http://www.oppaga.state.fl.us/profiles/6130/>, last updated January 19, 2001.

Spaceport Management Council

As part of Spaceport Florida, the Spaceport Management Council (council) provides coordination and recommendations on projects and activities that will increase the operability and capabilities of Florida's space launch facilities, increase statewide space-related industry and opportunities, and promote space education and research within the state. (s. 331.367, F.S.) The council develops integrated facility and programmatic development plans to address commercial, state, and federal requirements and to identify appropriate private, state, and federal resources to implement these plans. The council also makes recommendations regarding:

- the development of a spaceport master plan;
- the projects and levels of commercial financing required from the Florida Commercial Space Financing Corporation (*see* description, below);
- development and expansion of space-related education and research programs within Florida, including recommendations to be provided to the State University System, the Division of Community Colleges, and the Department of Education;
- the regulation of spaceports and federal and state policy; and
- Florida's approach to the Federal Government regarding requests for funding of space development.

The council consists of an executive board and a Space Industry Committee. The following individuals (or their designees) serve on the executive board: the executive director of the Spaceport Florida Authority, the director of the John F. Kennedy Space Center, the Commander of the United States Air Force 45th Space Wing, the Commander of the Naval Ordnance Test Unit, the Secretary of Transportation, the president of Enterprise Florida, Inc., (as an ex officio nonvoting member), and the director of OTTED (as an ex officio nonvoting member). The Space Industry Committee is composed of representatives of Florida's space industry.

For FY 2000-01, Spaceport Florida was appropriated \$3,510,000 from the General Revenue Fund. Spaceport Florida also receives funding from other sources, and, thus, the total revenues reported in its financial statements for the year ending September 30, 2000, totaled \$6,922,691.

Florida Space Research Institute

In 1999, the Legislature created the Florida Space Research Institute (FSRI or institute) (s. 331.368, F.S.) as an industry-driven center for research, leveraging the state's resources in a collaborative effort to support Florida's space industry and its transition to commercialization. FSRI functions as the academic center for space-related research and development and invites the participation of public and private universities, including, but not limited to, the University of Florida, Florida State University, the University of Central Florida, the Florida Institute of Technology, and the University of Miami, who serve as partners in the institute.

The institute operates as a public-private partnership under the direction of a board composed of a representative of: the Spaceport Florida Authority (Spaceport Florida); Enterprise Florida, Inc. (EFI); the Florida Aviation Aerospace Alliance (FAAA); and the Space Business Roundtable. These core board members then choose additional private-sector representatives from the space industry who must comprise the majority of members of the board and must be from geographic

regions throughout the state. The core board members also choose one representative from a community college and one representative from a public or private university to be on the board. The members of the board annually select one of the members to serve as chair, who shall be responsible for convening and leading meetings of the board.

At its first meeting, the institute's board decided to establish the institute as a not-for-profit educational corporation and decided to defer the selection of a "lead university" until broader academic priorities are established. By December 15 of each year, the institute submits a report of its activities and accomplishments for the prior fiscal year to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The responsibilities of the institute include:

- selecting a lead university to serve as coordinator of research and as the institute's administrative entity. The responsibilities of the institute's lead university are to include assisting the institute's development of a statewide space research agenda; and developing a report by December 15, 2000, recommending ways that the state's public and private universities can work in partnership to support the state's space-industry;
- establishing a partnership with the state Workforce Development Board² under which the institute coordinates the workforce training requirements identified by the space industry;
- co-managing, with the National Aeronautics and Space Administration (NASA), the operation of the Space Experiment Research and Processing Laboratory. The institute, under the direction of the lead university, can coordinate access for public and private universities to the laboratory and coordinate access by NASA to off-site resources of these universities;
- pursuing partnerships with NASA to coordinate and conduct research in fields including, but not limited to, environmental monitoring; agriculture; aquatics; resource reutilization technologies for long-duration space missions; and spaceport technologies such as next-generation launches and range systems; and
- pursuing partnerships with NASA and the John F. Kennedy Space Center for the conduct of space-related research using computer technology to connect experts in a given field of science who are in disparate locations and to perform research experiments in a real-time, virtual environment.

Space Industry Workforce Initiative

The Space Industry Workforce Initiative (initiative) (s. 331.369, F.S.) is designed to address the workforce development needs of the space industry in the state by directing the Workforce Development Board³ of Enterprise Florida, Inc. (EFI), to coordinate development of the initiative in partnership with the Florida Space Research Institute (FSRI or institute) and the institute's consortium of public and private universities, community colleges, and other training providers approved by the board. The purpose of the initiative is to use or revise existing programs and to

² The Workforce Development Board is now Workforce Florida, Inc., created pursuant to ch. 2000-165, L.O.F.

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develop innovative new programs to address the workforce needs of the space industry. The initiative is to emphasize:

- curricula content and time frames developed with industry participation and endorsed by the industry;
- programs that certify training completers as meeting industry-approved standards or competencies;
- use of distance-learning and computer-based training modules as appropriate and feasible;
- industry solicitation of public and private universities to develop continuing education programs at the master's degree and doctoral levels;
- agreements with the National Aeronautics and Space Administration (NASA) to replicate on a national level successful training programs developed through the initiative; and
- leveraging of state and federal workforce funds.

Florida Commercial Space Financing Corporation

In 1999, the Legislature made substantial changes to statutes governing the state's involvement in promoting commercial space flight. Among other things, ch. 99-256, L.O.F., (codified at part III, ch. 331, F.S.) created the Florida Commercial Space Financing Corporation (corporation), a not-for-profit corporation established to expand employment and income opportunities for residents of this state by providing businesses domiciled in this state with information, technical assistance, and financial assistance to support space-related transactions, in order to increase the development within the state of commercial aerospace products, activities, services, and facilities. [s. 331.407(1), F.S.]

The corporation's governing board consists of seven voting members and two non-voting members.⁴ (s. 311.411, F.S.) Voting members include a representative appointed by each of the following entities: the board of supervisors of Spaceport Florida, the board of directors of the Florida Export Finance Corporation, the director of OTTED, the board of directors of EFI, and the Secretary of the Department of Transportation. The Governor appoints two additional voting members. Non-voting members include a member of the Senate selected by the President of the Senate and a member of the House of Representatives selected by the Speaker of the House of Representatives.

In FY 1999-2000, the Legislature appropriated \$1 million to implement the corporation's statutory responsibilities and \$500,000 for corporate operations. The Legislature also appropriated \$300,000 for corporate operations in FY 2000-01. As of November 30, 2000, the balance in the corporation's account was \$1,162,974.

In February 2001, the Office of Program Policy Analysis and Government Accountability (OPPAGA) published a review of the corporation.⁵ Although OPPAGA found that the

⁴ Office of Program Policy Analysis and Government Accountability, *Space Financing Corporation is Still Gearing Up and Needs to Develop a Business Plan*, Report No. 01-11, February 2001, p. 2.

⁵ *Id.*

corporation had yet to complete any financings, corporation stakeholders were reported to be generally satisfied with the corporation's progress. OPPAGA recommended that the corporation improve its performance measurement system and "develop a strategic business plan to guide future activities." In response to these recommendations, the corporation wrote:

Over the past few months we have been working with several clients that need our financial services. We are currently working with six clients on their financing needs and those projects are in various stages. We have a signed agreement with one, and are working on agreements with the other clients at this time. The current status of our business plan is that we have contracted with the Volpe National Transportation Systems Center and with Capitol Alliance Group to design and develop our business plan. Our contract with them requires completion no later than March 31, 2001.⁶

III. Effect of Proposed Changes:

This committee substitute clarifies the role of the Spaceport Management Council (council) in relation to federal and state agencies. The committee substitute allows for federal liaison officials to attend council meetings while recognizing that the role of these officials is limited by federal statutes and other constraints.

This committee substitute provides the Florida Space Research Institute (FSRI or institute) with technical and structural improvements to enhance its administrative function. Current statute does not clearly empower FSRI to establish an administrative system, including the hiring of an executive director, or to manage appropriated funds and conduct activities assigned by the institute's board of directors. Current statute provides for a lead university to administer FSRI. The committee substitutes provisions empower and clarify FSRI's function as a public-private partnership.

Section 1 amends s. 331.367, F.S., clarifying the role of the Spaceport Management Council (council) in the council's working relationship with federal and state agencies. Allows for federal liaison officials to attend council meetings while recognizing that the role of these officials is limited by federal statutes and other constraints. Requires the council to submit its recommendations to the Governor and Lieutenant Governor as well as other state and federal agencies. Reduces the membership of the executive board and provides for the board to adopt bylaws instead of the council.

Section 2 amends s. 331.368, F.S., to allow the Florida Space Research Institute (FSRI or institute) with technical and structural improvements to enhance its administrative function. Current statute does not clearly empower FSRI to establish an administrative system, including the hiring of an executive director, or to manage appropriated funds and conduct activities assigned by FSRI's board of directors. The committee substitute's provisions empower and clarify the institute's function as a public-private partnership.

The following provisions of s. 331.368, F.S., are amended or created:

⁶ *Id.*, p. 6.

- Paragraphs (2)(e) and (f) are amended to establish term lengths for FSRI board members. Three-year terms are established for the private-sector members, and two-year terms are established for FSRI's two educational members (allowing a quicker rotation among multiple academic institutions).
- Paragraph (2)(g) is created to contain existing statutory language regarding the FSRI board chairmanship. This new section does not include any amendatory language.
- Paragraph (2)(h) is created to clarify that FSRI board members are statutorily protected from general liability under an existing statute (s. 768.1355, F.S.) that is designed to protect volunteers who participate without pay on various state-established boards.
- A new subsection (3) is created (and subsequent subsections are re-numbered) to address FSRI's general empowerment to operate. Paragraphs (a), (c), (d), and (e) are designed to allow FSRI to acquire property; execute contracts; establish an administrative management system; and acquire and administer grants. Paragraph (b) clarifies FSRI's intended role as a coordinating entity for multiple academic institutions to support industry diversification and expansion, and space research/education programs. Paragraph (f) clarifies the institute's support relationship for Spaceport Florida and Enterprise Florida, Inc, (both of which serve on FSRI's board).
- Paragraph (4)(b) is amended to replace "universities" with "academic institutions." This change reflects FSRI's growing involvement with community colleges and other non-university academic organizations (like the Florida Space Grant Consortium) on workforce training and grant programs.
- Paragraph (4)(c) is amended to remove the FSRI lead university's responsibility for serving as the institute's administrative entity.
- Paragraph (4)(i) is created to allow the FSRI board to hire and dismiss an executive director.

This committee substitute provides an effective date of July 1, 2001.

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:

D. Tax/Fee Issues:

None.

E. Private Sector Impact:

None.

F. Government Sector Impact:

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VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.