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/CS/SB 2300

INTRODUCER: Transportation and Economic Development Appropriations Committee, Community Affairs Committee and Senator Webster

SUBJECT: Enhanced Bridge Program

DATE: April 24, 2006 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Eichin	Meyer	TR	**Fav/1 amendment**
2.	Vickers	Yeatman	CA	**Fav/CS**
3.	Weaver	Martin	TA	**Fav/CS**
4.				
5.				
6.				

I. Summary:

This committee substitute (CS) amends section 311.22, F.S, to reduce the local match requirement for dredging or deepening new channels, or turning basins for small ports from 50 percent to 25 percent. The local match remains at 50 percent for dredging or deepening existing channels, turning basins, and harbors.

The CS amends s. 320.20, F.S., to earmark $5 million annually in motor vehicle registration fees to finance a third FSTED revenue bond issue, which is expected to raise about $80 million. Under the bill:

- The new bonds would be issued by the Division of Bond Finance at FDOT's request. These bonds would not be considered a general obligation of the state.
- FSTED would submit to FDOT a list of the requested projects for its review and approval. FDOT-approved projects will be incorporated into the agency's five-year work program.
- The bond proceeds could be used to fund seaport intermodal access projects of statewide significance.
- Different matches are specified, depending on the activity, but the bill provides the local match may come from other port funds or from federal, local, or private contributions.
- Exempts these bond proceeds from the limit in s. 311.07 (4), which specifies no port shall receive more than $8 million a year in certain FSTED funds and no more than $30 million over a five-year period.

The CS also deletes the prohibition against the existing FSTED bonds being refunded. The refinance of the existing bonds could potentially generate an additional $60 million in revenue to support new port projects.

The CS creates the Enhanced Bridge Program for Sustainable Transportation within the Florida Department of Transportation (FDOT) to provide a funding mechanism to improve:

- Local bridges which are not on the State Highway System (SHS), and
- Highly congested roads on the SHS or local roads with high-cost bridges for the purpose of relieving congestion or providing an alternative corridor.

The program allows for state funds to be used to provide up to 50 percent of the project's cost and authorizes the expenditure of moneys from the State Transportation Trust Fund to fund the program. The CS also establishes a number of eligibility conditions for candidate projects. Bridge projects on regionally significant corridors connecting to the Strategic Intermodal System (SIS) will receive preference.

Finally, the CS provides criteria that must be met by nonprofit organizations in order to be eligible to participate in the FDOT's youth work experience program

This CS substantially amends sections 311.22, 320.20, 334.351, 339.08 of the Florida Statutes. This CS creates section 339.282 of the Florida Statutes.

II. Present Situation:

Seaport Funding

In 1990, the Legislature created chapter. 311, F.S., establishing the Florida Seaport Transportation and Economic Development (FSTED) Program within FDOT to finance seaport projects that improve the movement of people and goods, and otherwise support the interests, purposes, and requirements of Florida's seaports. To fund the program, s. 311.07(2), F.S., directs the transfer from the State Transportation Trust Fund (STTF) of a minimum of $8 million annually. These funds are used to provide a 50-50 match with any of Florida's designated deepwater ports for project improvements to seaports including the dredging of channels, harbors, and turning basins.

The FSTED program is managed by the FSTED Council, which consists of the 14 deep water port directors, the Executive Director of the Governor's Office of Tourism, Trade, and Economic Development (OTTED), and the secretaries of Transportation and Community Affairs. The council is responsible for preparing a five-year Florida Seaport Mission Plan which defines the goals and objectives of the seaports. Additionally, the FSTED council meets semi-annually to review project applications submitted by each of the individual seaports and recommends which projects should be forwarded to the agencies for further review and possibly recommended for funding with state funds. The list of FSTED recommended projects is reviewed by OTTED, FDOT, and DCA to ensure each project is consistent with state statutes and local master plans.

Over the years, the FSTED Program has been amended from its original $8 million to provide as much as $15 million annually in grants and a guaranteed $25 million annually from motor vehicle registration fees, pursuant to s. 320.20, F.S., as debt service to support two bond issues.

The bonds, totaling $375.4 million, were issued in 1996 and in 1999 by the Florida Ports Financing Commission, created pursuant to interlocal agreement among the ports and their local governments pursuant to chapter 163, F.S., and s. 320.20, F.S., to help fund the capital projects in the five-year mission plan. The bond proceeds are "secured" by loans made by the financing commission, comprised of port representatives, to the ports for their approved projects in the mission plan. The "loans" are repaid by the $25 million annually deposited in escrow accounts by FDOT.

In 2000, after a critical Florida Auditor General's report on the financing commission's operations, the Legislature amended s. 320.20, F.S., to specify that the state Division of Bond Finance would be responsible for issuing future FSTED bonds. Further, the existing $25 million revenue stream can not be used to pay debt service on any FSTED bonds other than the 1996 and 1999 issuances or refunding of those original bonds.

Port projects in the mission plan must meet several requirements. State funding cannot exceed 50 percent of the total cost of a project, although 75 percent of the cost of certain waterside dredging improvements can be paid by the state. In order to be approved, a proposed project must be found consistent with the seaport's comprehensive master plan and the local government's comprehensive plan; be of demonstrable economic benefit to the State and be found consistent with the FDOT's adopted five-year work program. Candidate projects to be financed through bondable funding must also meet statutory eligibility and consistency requirements.

In 2005, the Legislature created in s. 311.22, F.S., an additional ports funding program to help finance dredging improvements at small ports in counties with a population of less than 300,000 persons based on the last official U.S. Census and which met other criteria, but which could not access the existing FSTED funding. The FSTED Council was directed to develop by rule procedures and criteria for evaluating project applications submitted for funding under the new program; the process is similar to that currently in place for the 14 deepwater ports. Funding for the program in FY 2005-2006 was in the General Appropriations Act proviso language, at $2.5 million, to provide the 50-percent state match. However, FSTED staff said officials with the eligible small ports have had difficulty raising their share of the match because of rising project costs.

Youth Work Experience Program

Section 334.351, F.S., authorizes the FDOT to contract with public agencies and nonprofit organizations to perform work related to construction and maintenance of transportation-related facilities by youth enrolled in youth work experience programs. Contracts entered into under this section, are exempt from competitive bidding requirements and other contract provisions of chapters 287 and 337, F.S. The total dollar amount of contracts let by FDOT can not exceed the amount specially appropriated by the legislature each fiscal year for the youth work experience program.

The legislature created the youth work experience program with the intent of conserving state resources and providing an opportunity for disadvantaged youth to obtain training and work experience. FDOT provides contract management and oversight to ensure that the work performed by the nonprofit organizations is in compliance with the contract. Over the last year, a series of newspapers articles focused attention on the lack of accountability, and the level of training and personal development offered by nonprofit organizations to at-risk disadvantaged youth enrolled in the youth work experience program.

Bridge Inspection and Management Systems
Section 339.177, F.S., requires FDOT, in cooperation with metropolitan planning organizations and other affected governmental entities, to develop and implement a Bridge Management System to provide the information needed to make informed decisions regarding the proper allocation of transportation resources. Through the Bridge Inspection Program, each of the 6,200 state owned bridges, as well as an additional 4,000 bridges, are inspected every two years to identify which need preventative maintenance, minor or major repair work, or replacement. The Bridge Inspection Program identifies bridge deficiencies critical enough to endanger public safety. Non-critical deficiencies are also identified. By correcting non-critical deficiencies, the structure's service life is lengthened, total maintenance costs reduced, and the public receives a better return on their investment. As a result of the inspections, engineers identify needs and make recommendations, which are recorded in the Bridge Management System. A bridge meeting FDOT standards is defined as not showing evidence of structural deterioration, not being limited by weight restrictions or not needing preventative maintenance. At least 90 percent of FDOT-maintained bridges must be kept at a level that meets these standards. Currently, approximately 93 percent of bridges meet the standards.

Bridge Replacement and Rehabilitation
Section 144(g), 23 United States Code, requires states expend not less than fifteen percent nor more than thirty-five percent of federal bridge replacement and rehabilitation funds on bridges located on public roads not on Federal-aid highways (i.e. local and rural minor collector roads). Section 339.08, F.S., generally limits the expenditure of state funds off the SHS, except to match federal funds. FDOT’s policy is to program bridge replacement and rehabilitation funds in the following manner:

- Federal bridge funds expended off Federal-aid highways will be limited to fifteen percent of available federal-aid bridge replacement and rehabilitation funds.
- Bridges on the SHS - Projects will be funded using state and/or federal funds. Structurally deficient bridges will be programmed for construction within six (6) years of deficiency identification.
- Bridges off the SHS, but on Federal-aid highways - FDOT may program up to twenty percent of the available federal-aid bridge replacement and rehabilitation funds. Funding priority will be based on the statewide bridge replacement ranking formula listing.
- Bridges off the SHS and off Federal-aid highways - First priority for funds will be for bridge inspection programs. FDOT may use any remaining funds for replacement and rehabilitation projects which have been prioritized for funding on the statewide bridge replacement ranking formula listing.

This program notwithstanding, numerous local bridges throughout the state require improvements which are often beyond the financing capabilities of the responsible local governments. As a result, congestion increases on the local corridor due to restrictions or limitations caused by structural deficiencies or capacity constraints of the bridge. This congestion can place stress on adjacent SHS corridors as drivers seek alternative corridors for travel.

III. Effect of Proposed Changes:

Section 1 amends s. 311.22, F.S, to reduce the local match requirement from 50 percent to 25 percent of the costs for dredging or deepening new channels, or turning basins for small ports.

Section 2 amends s. 320.20, F.S., as follows:

- Earmarks $5 million annually in motor vehicle registration fees to finance a third FSTED revenue bond issue, which is expected to raise about $80 million. Five million of uncommitted seaport grants budget authority will be used to pay the annual debt service associated with this third FSTED revenue bond issue.
- Requires any new bonds to be issued by the Division of Bond Finance at FDOT's request. These bonds would not be considered a general obligation of the state.
- Requires FSTED to submit to FDOT a list of the requested projects for its review and approval. FDOT-approved projects will be incorporated into the agency's five-year work program.
- Authorizes the use of bond proceeds for seaport intermodal access projects identified in FDOT's 2006/2007-2010-2011 Work Program; for fixed guideway systems that provide intermodal access, pursuant to s. 341.053, F.S., and which are in the FSTED mission plan; general port improvement projects, such a rehabilitation of wharves and piers, as listed in s. 311.07(3)(b), F.S.; and for seaport intermodal projects that involve dredging or other activities.
- Revises match requirements depending on the type of project, and specifies the source of the local match (i.e., port funds, federal funds, local funds, or private contributions).
- Exempts new bond proceeds from the limit in s. 311.07 (4), which specifies no port shall receive more than $8 million a year in certain FSTED funds and no more than $30 million over a five-year period.
- Moves the prohibition against the existing bonds being refinanced or refunded to a date later than their current 30-year maturity date, which means the existing bonds could be refinanced and the new bond proceeds used for new port projects. According to documents supplied by FSTED, if the bonds were refinanced to another seven to 10 years to the maturity, an estimated $60 million could be generated.

Section 3 amends s 334.351, F.S., adding eligibility criteria for participation in the youth work experience program. Nonprofit organization organizations that perform work related to the construction and maintenance of transportation-related facilities by youths enrolled in youth work experience programs under this section must meet the following criteria:

- All participating youth must be certified by the youth organization as Florida residents and must possess a valid Florida drivers license or identification card.
- In awarding contracts the Department of Transportation shall consider the following criteria in selecting the nonprofit youth organizations to perform work on transportation-related facilities:
  - the number of participants receiving life management skills training;
  - the number of participants receiving high school diplomas or GEDs;
  - the number of participants receiving scholarships;
  - the number of participants receiving bonuses;
  - the number of participants that have secured full-time jobs; and

  - Other programs or services that support the development of disadvantaged youths.
- All nonprofit youth organizations shall provide an annual report to the department by January 1, that includes, but is not limited to, applicable performance as measured by the criteria listed above for the organization's most recently completed fiscal year.
- All nonprofit youth organizations shall submit to the department annually an independent audit of their financial records. Contract provisions must include authorization for the department to inspect the organization's financial and program records.
- All nonprofit youth organizations must demonstrate participation in a peer assessment or review process, such as the National Association of Service and Conversation Corps "Excellence in Corps Operations".

Section 4 amends s. 339.08, F.S., authorizing the use of State Transportation Trust Fund for the Enhanced Bridge Program created in s. 339.282, F.S.

Section 5 creates s. 339.282, F.S., Establishing the Enhanced Bridge Program within FDOT, providing program criteria, and a funding mechanism to improve:
- Local bridges which are not on the SHS, and
- Highly congested roads on the SHS or local roads with high-cost bridges for the purpose of relieving congestion or providing an alternative corridor.
- State matching funds may be used to fund up to 50 percent of project costs. The CS authorizes the use of moneys from the State Transportation Trust Fund for eligible bridge projects.

The CS stipulates that a minimum of 25 percent of funding available for the program shall be allocated for structurally deficient local bridge projects having a sufficiency rating of 35 or below and average daily traffic of at least 500 vehicles. FDOT maintains a Local Government Deficient Bridge list which, as of March 2006, identified 232 deficient bridges. There are currently 24 bridges identified in the list which meet these criteria and are not currently funded for construction in the FDOT Tentative Work Program. The estimated construction cost for these 24 bridge projects is $233.2 million.

The remaining 75 percent of the funding available for the program is to be allocated to reducing congestion on highly congested corridors containing high-cost bridges. The roads in these corridors may be either SHS roads or local roads. However, eligible projects on these roads must:
- Improve the congestion on the corridor or provide an alternative corridor, and
- Involve a bridge project having an estimated cost of $25 million or more.

FDOT does not have a comprehensive list of these high-cost bridges at this time.

Bridge projects on corridors connecting to the SIS identified as regionally significant in a regional transportation plan will be given highest preference.

Section 6 provides an effective date of July 1, 2006.

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:

The bill authorizes the use of the State Transportation Trust Fund for a new enhanced bridge program. The debt service associated with the new bond issue will be paid from uncommitted budget authority in the seaport grants appropriation category. According to the Department of Transportation, this bill has no fiscal impact.

The issuance of new bonds and the refunding of existing bonds could potentially generate $140 million in revenue for Florida's seaports.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.