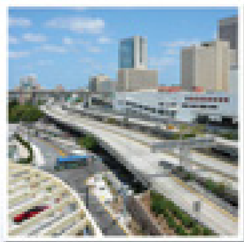
MIAMI-DADE **2040**

Long Range Transportation Plan

Technical Memorandum:

Financial Resources Review

October 23, 2014



MIAMI-DADE METROPOLITAN PLANNING ORGANIZATION

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MIAMI-DADE
2040 LONG RANGE TRANSPORTATION PLAN
Metropolitan Planning Organization for the Miami Urbanized Area

This document was prepared by the Metropolitan Planning Organization (MPO) for the Miami Urbanized Area in collaboration with Florida Department of Transportation, Miami-Dade Expressway Authority, Florida's Turnpike Enterprise, South Florida Regional Transportation Authority, Miami-Dade League of Cities, Miami-Dade County Regulatory and Economic Resources Department, Miami-Dade County Public Works and Waste Management Department, Miami-Dade Transit Agency, Miami-Dade Aviation Department, Miami-Dade Seaport Department, Miami-Dade County Office of Strategic Business Management, City of North Miami, City of Hialeah, City of Miami, City of Miami Beach, City of Miami Gardens, City of Homestead, Miami-Dade County Public Schools, Miami-Dade MPO Citizens Transportation Advisory Committee, Bicycle/Pedestrian Advisory Council, Freight Transportation Advisory Committee, Transportation Aesthetics Review Committee, Broward MPO, Palm Beach MPO, and South Florida Regional Planning Council.

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MOBILITY OPTIONS
2040 Miami-Dade Transportation Plan
EYES ON THE FUTURE

TECHNICAL MEMORANDUM: FINANCIAL RESOURCES REVIEW

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1 Introduction

1.1 Purpose

This report supports the Miami-Dade Metropolitan Planning Organization (MPO) in developing its 2040 Long Range Transportation Plan (LRTP). The LRTP will demonstrate Miami-Dade County's plans for future capital investment in transportation infrastructure as well as ongoing operating and maintenance and infrastructure renewal expenses. The Financial Resources Review in this report is a key component of the overall LRTP, as it provides a review of the financial resources that are projected to be available to the County through 2040. The identification of these resources will then be used to prioritize future highway and transit investments in a 'constrained' scenario which is limited to existing and reasonably likely funding sources. In addition, the review addresses potential new funding sources which could be used to fund additional transportation investments in an 'unconstrained' scenario. It is important to note, however, that some of the revenues identified in this review have already been programmed by their respective agencies. Thus, these funds are not available to be prioritized by the MPO for use on identified transportation needs in the County. Revenues of the Miami-Dade Expressway (MDX) and Florida's Turnpike Enterprise (FTE) fall into this category.

The following principal federal, state, and local funding programs which support transportation investment in Miami-Dade County are described and forecasted through 2040 in this review:

- Federal funding programs for both highways and public transportation
- State of Florida Department of Transportation (FDOT) funding programs and revenue estimates
- Fuel tax revenues and road impact fees
- Local agency revenues, including MDX, Miami-Dade Transit (MDT), and the South Florida Regional Transportation Authority (SFRTA)
- Potential new local/regional funding sources

1.2 Methodology and Changes from 2035 LRTP Update

Similar to the 2035 LRTP update, the 2040 LRTP presents both costs and revenue forecasts in year-of-expenditure (YOE) dollars. Federal planning regulations which were enacted in 2007 and corresponding MPO Advisory Council (MPOAC) guidelines require that both cost and revenue forecasts be presented in year-of-expenditure (YOE) dollars, rather than in base year dollars. FDOT revenue forecasts are in YOE dollars, and FDOT provides inflation forecasts were applied to estimate YOE project costs. These requirements address the reality that construction and operating costs and revenues may be subject to different rates of inflation due to different economic factors.

FDOT's guidelines for estimating and presenting future revenues are followed in this review, as laid out in the *2040 Revenue Forecast Handbook*. As discussed in Section 3.1, FDOT provided its revenue forecasts for 2019 and 2020 and then in five-year aggregates for the periods 2021 to 2025 and 2026 to 2030, and a ten-year aggregate for 2031 to 2040. FDOT projections include estimates of both state and federal transportation funds for Miami-Dade Metropolitan Area.

This review describes only those FDOT revenues which are forecasted to flow to Miami-Dade County for capital improvement purposes, that is, for the State Capacity Program. The review does not include FDOT operating and maintenance funds (i.e., the State Non-Capacity Program) that would be applied to facilities in Miami-Dade County. MPOs are responsible for planning – and receive revenue estimates – only for those FDOT programs that are part of the Capacity Program. As a result, only those federal funding programs that are part of the FDOT Capacity Program are described in this review.

Florida's Turnpike Enterprise (FTE) provided 10-year projections of gross toll revenues expected to be collected on the Homestead Extension of Florida's Turnpike system (HEFT). As described in Section 3.3, the assumptions on the approximate share of the HEFT in system-wide operating expenses, debt service, and the ongoing replacement and renewal costs were discussed with FTE staff and used in projecting FTE net revenues.

Projections for MDX came from its 15-year Financial Plan containing a detailed breakdown of revenues, expenses and outstanding debt service. MDX also provided a five-year projection for replacement and renewal expenses. Section 5.2 details assumptions and methodology applied in forecasting MDX net revenues.

In addition to projecting net revenues available for capital for 2019 and 2020 and then in five-year aggregates, this review estimated the net present value of the projected net revenues for MDX and FTE as described in the respective sections of this report. These are rough estimates of the potential future bonding capacity calculated mainly for illustrative purposes.

Revenue growth rates for all existing Miami-Dade County gas taxes and Road Impact Fees (RIF) were developed in consultation with the County's Office of Management and Budget (OMB), as discussed in Section 4. Based on guidance from County staff, forecasts of Miami-Dade Transit (MDT) revenues are based on the latest People's Transportation Plan (PTP) *Pro Forma*. Revenue estimates provided in 2014 MDT *Pro Forma* were not independently verified, but were accepted as is. At the time of this review, the Miami-Dade Citizens' Independent Transportation Trust Fund (CITT) was conducting a review of the MDT *Pro Forma*. Therefore, there is a possibility that at the completion of the CITT review there might be an update to the *Pro Forma* estimates. Section 5.1 summarizes MDT *Pro Forma* projections.

Unlike the 2035 update, for the 2040 LRTP a different methodology for projection of the Road Impact Fees (RIF) was applied. The 2035 update RIF forecast was based on the Miami-Dade Fiscal Year 2009 Adopted Budget and TIP. These documents projected a significant reduction in RIF revenue. The 2040 LRTP projected Road Impact Fees based on the historic as well as the latest data on building permits issued in the County. It was assumed that with the economic recovery, the number of building permits could recover by 2020 and would grow from thereon at the projected growth rate in population. Details on assumptions and computation are provided in Section 4.4.

Potential revenue sources were estimated based on the publicly available data on the existing tax bases and application of an additional rate of taxation allowed under the existing Florida law. The results are described in Section 7.

1.3 Challenges

Like many other counties and localities around the nation, Miami-Dade County continues to face a challenging environment for long-range transportation planning. The challenges include:

- **Continuing uncertainty regarding the federal transportation policy and availability of long-term funding appropriation.** With the uncertainty around the federal role in long-term transportation funding, the states' role in funding transportation needs is ever-increasing. In addition to the political uncertainty regarding the future federal transportation appropriations, the magnitude of transportation investment needs nationwide has grown over the years. While the annual growth rate in federal transit formula funds in the pre-MAP-21 era was 4 to 5 percent, the magnitude of investment needs increased over this period at a higher rate. The needs continue to grow, but funding within the MAP-21 two-year authorization and currently being discussed in Congress actually are diminishing. Spreading limited federal dollars over an increasing number of projects in need of funding is today's transportation planning reality.
- **A slow economic recovery nationwide and in Florida.** In 2012, Florida's economic growth was in positive territory for the third year after declining in two consecutive years[1] and most of transportation funding sources – gas taxes, property taxes, sales taxes, tolls, rental car taxes, and other taxes – have been experiencing a recovery. The revenues for the Florida State Transportation Trust Fund (December 2013 Forecast by the Revenue Estimating Conference) are projected to grow from $2.9 billion in 2014 to $3.9 billion in 2023.[2]
- **Uncertainty in future gasoline sales and VMT.** Increasing fuel efficiency of cars due to increasing corporate average fuel economy (CAFE) standards for light duty vehicles (LDVs, e.g., automobile, light trucks) and consumers' embrace of hybrid vehicles makes projection of gas tax revenue difficult. In recent years, both Congressional Budget Office (CBO)[3] and the US Department of Energy's Energy Information Administration (EIA)[4] released reports which project long term decline in gasoline tax revenues due to increases in corporate average fuel economy standards for light duty vehicles. As a result of new CAFE standards, announced by the National Highway Traffic Safety Administration (NHTSA) and the U.S. Environmental Protection Agency for 2012 to 2025, the fuel economy of new LDVs, measured in terms of their compliance values in CAFE testing, was projected to rise from 32.5 mpg in 2012 to 47.3 mpg in 2025. The reduction in fuel consumed per mile (resulting from technological change) will likely not be offset by increases in VMT (resulting from demographic growth).

1 Florida: An Economic overview, by the Florida Legislature Office of Economic and Demographic Research (EDR), January 28, 2014

2 Revenue Estimating Conference, December 2013 Forecast at http://edr.state.fl.us/Content/conferences/transportation/Transresults.pdf

3 http://www.cbo.gov/sites/default/files/cbofiles/attachments/05-02-CAFE_brief.pdf

4 http://www.eia.gov/forecasts/aeo/pdf/0383(2013).pdf

2 Federal Funding

This section describes the federal aid and grant funding programs whose revenues flow to Miami-Dade County, either directly or through FDOT. Federal revenues include both Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) funds, both formula-based and discretionary programs.

At the time of the 2035 LRTP update, the federal surface transportation legislation – the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA-LU – was approaching its expiration. Once it expired in 2009, the bill was extended ten times until a new transportation bill, Moving Ahead for Progress in the 21st Century Act (MAP-21), was passed and signed into law in 2012. MAP-21 funded surface transportation programs at over $105 billion for fiscal years 2013 and 2014.[5] It also supplemented the proceeds of highway-user taxes deposited in the Highway Trust Fund with General Fund revenue to ensure the Highway Trust Fund could meet obligations through FY 2014.

The Highway Trust Fund continues facing insolvency (i.e., an inability to meet committed formula payments to states). The Congressional Budget Office (CBO) projects that, with the expiration of the recently passed stop-gap legislation in Map 2015, the highway account of the Highway Trust Fund will once again have insufficient revenues to meet its obligations, resulting in steadily accumulating shortfalls.[6] A combination of stagnation/reduction in vehicle miles traveled, increased fuel-efficiency of vehicles, and no change in federal gas tax since 1993 (i.e., inability to keep up with construction cost inflation) has reduced the Highway Trust Fund's ability to provide a reliable source of funding for the nation's highway and transit investments. The National Surface Transportation Policy and Revenue Commission recommended an increase in the gas tax (plus indexing for inflation) as one of a set of policy options. However, at the time of the 2040 LRTP update, an increase in the Federal gas tax still remains a politically unpopular measure.

2.1 Federal Trust Fund Revenues and MAP-21

As noted above, federal funding sources and programs were addressed within the MAP-21 legislative framework. Presented below is a general description of current federal transportation funds.

The Highway Trust Fund (HTF) was created by the Highway Revenue Act of 1956 (Pub. L. 84-627) to ensure a dependable source of funding for the National System of Interstate and Defense Highways and to serve as the source of funding for the remainder of the Federal-aid Highway Program. Like other Federal trust funds, the HTF is a financing mechanism established by law to account for tax receipts that are collected by the Federal Government and are dedicated or "earmarked" for expenditure on special purposes. Originally, the HTF focused solely on highways, but later Congress determined that some revenues from the highway-user taxes dedicated to the HTF should be used to fund transit needs. As a result, the Mass Transit Account was created within the HTF effective April 1, 1983. Since that time, a portion of the revenues earmarked for the HTF has been credited specifically to the Mass Transit Account.

Tax revenues directed to the HTF are derived from excise taxes on highway motor fuel and truck related taxes on truck tires, sales of trucks and trailers, and heavy vehicle use. The Mass Transit Account receives a portion of the motor fuel taxes (2.86 cents per gallon), as does the Leaking Underground Storage Tank Trust Fund (0.1 cent per gallon). The General Fund receives 2.5 cents per gallon of the tax on gasohol and some other alcohol fuels plus an additional 0.6 cent per gallon for fuels that are at least 10 percent ethanol. The Highway Account of the HTF receives the remaining portion of the fuel tax proceeds. For example, as of October 1, 1997, the 18.4 cents per gallon gasoline tax was split as follows: 2.86 cents per gallon to the Mass Transit Account, 0.1 cent per gallon to the Leaking Underground Storage Tank Trust Fund, and 15.44 cents to the Highway Account. All of the receipts from the non-fuel taxes are deposited in the Highway Account.

Figure 2–1 summarizes the Congressional Budget Office (CBO) projections of the state of the Highway Account. CBO notes that the Highway Trust Fund cannot incur negative balances and the projected negative balances post 2014 are for illustration of the projected cumulative deficit that would be incurred by the Highway Account if no general fund transfers or other supplemental revenues are provided. Thus, the Highway Trust Fund received supplemental revenue of about $18.8 Billion from general fund and $2.4 Billion from Leaking Underground Storage Tank (LUST) Trust Fund under MAP-21.

5 http://www.dot.gov/map21
6 http://www.cbo.gov/publication/43985

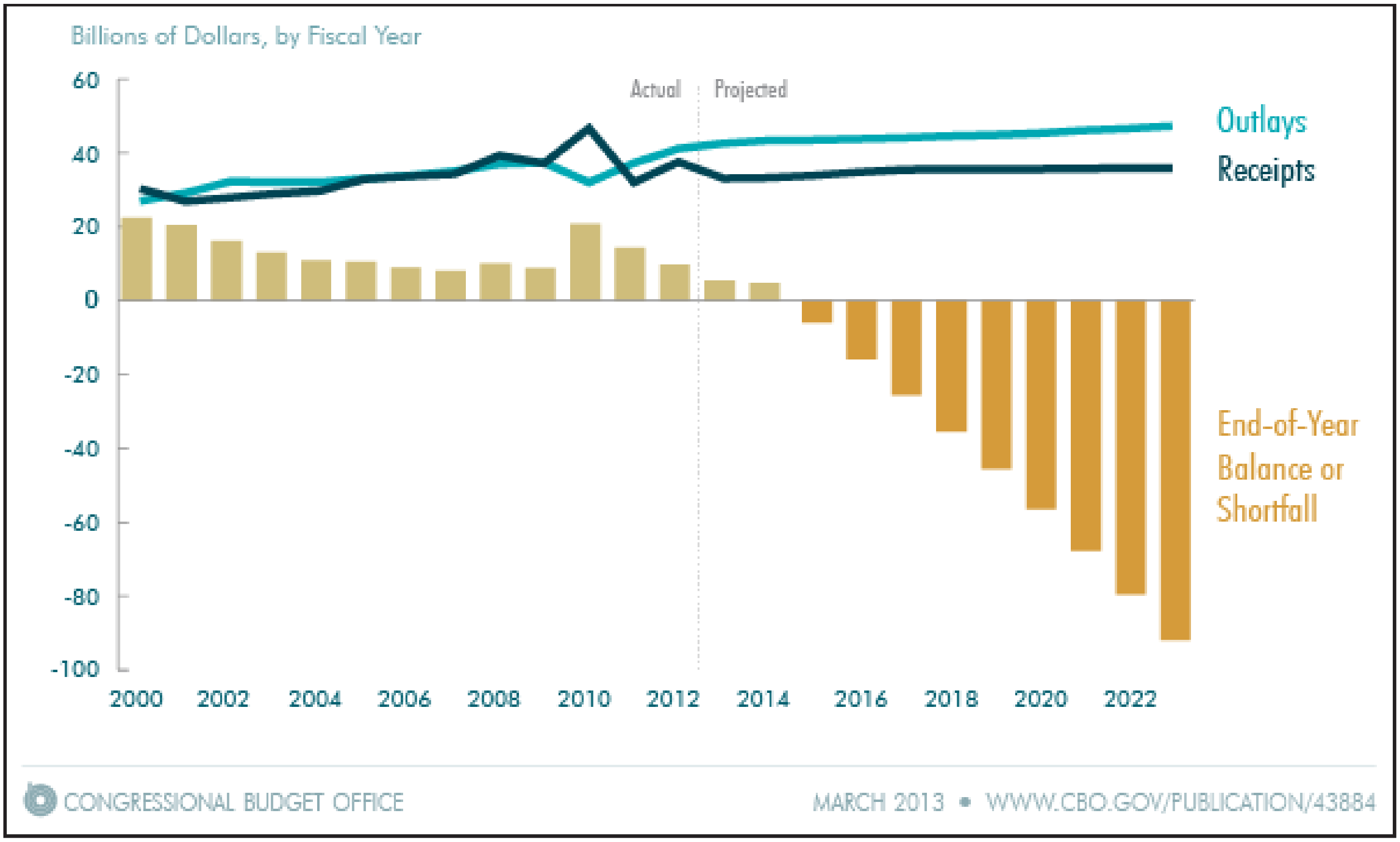

Figure 2–1. Highway Account Receipts, Outlays and Balances, 2000 to 2022
(source: http://www.cbo.gov/publication/43985)

2.2 Federal Highway Administration Funding Programs

The Florida Department of Transportation (FDOT) receives federal revenues from five major federal highway programs (along with a number of smaller programs) and allocates the applicable funds to the regional MPOs through specific FDOT funding programs. FDOT's major programs can be divided into two general categories:

- **Capacity Programs:** include each major FDOT program that expands the capacity of existing transportation systems.
- **Non-Capacity Programs:** include the remaining FDOT programs that are designed to support, operate, and maintain the state transportation system.

MPOs are responsible for planning only for those FDOT programs that are part of the Capacity Program. Thus, only those federal funding programs that are part of the FDOT Capacity Program are described in this review.

The major FHWA federal funding programs which funds flow through the FDOT Capacity Program are:

- National Highway Performance Program (NHPP)
- Surface Transportation Program (STP)
- Congestion Mitigation and Air Quality Improvement Program (CMAQ).

Miami-Dade County continues to receive allocation of federal CMAQ funds; the size of such funds diminished over time, however. The other major FHWA funding program, Highway Safety Improvement Program (HSIP), provide funds that largely flow through the FDOT's Non-Capacity Program.

2.2.1 National Highway Performance Program (NHPP)

The NHPP Program was created through consolidation of Interstate Maintenance, National Highway System, and portions of Highway Bridge programs under SAFETEA-LU. The NHPP was authorized in MAP-21 at an average of $21.8 billion per year to support the condition and performance of the NHS, for the construction of new facilities on the NHS, and to ensure that investments of Federal-aid funds in highway construction are used to support achievement of performance targets established in States' asset management plans for the NHS. MAP-21 established a performance basis for maintaining and improving the NHS:

- States were required to develop a risk- and performance-based asset management plans for the NHS to improve or preserve asset condition and system performance.

- The FHWA was responsible for establishment of performance measures for Interstate and NHS pavements, NHS bridge conditions, and Interstate and NHS system performance. States were responsible for establishment of targets for these measures, to be periodically updated.
- MAP-21 also required minimum standards for conditions of Interstate pavements (varying by geographic region) and NHS bridges by requiring states to commit resources to improve the conditions until the established minimum was achieved. The minimum standard for NHS bridge conditions established by MAP-21 was if more than 10 percent of the total deck area of NHS bridges in a State is on structurally deficient bridges, the State must devote a portion of NHPP funds to improve conditions.

2.2.2 Surface Transportation Program (STP)

MAP-21 continued the STP, providing an annual average of $10 billion in flexible funding to be used by States and localities for projects to preserve or improve conditions and performance on any Federal-aid highway, bridge projects on any public road, facilities for non-motorized transportation, transit capital projects and public bus terminals and facilities.

Most current STP eligibilities were continued. Activities of some programs that are no longer separately funded were incorporated, including transportation enhancements (replaced by "transportation alternatives" which encompasses many transportation enhancement activities and some new activities), recreational trails, ferry boats, truck parking facilities, and Appalachian Development Highway System projects. Explicit eligibilities were added for electric vehicle charging infrastructure added to existing or included in new fringe and corridor parking facilities, and projects and strategies that support congestion pricing, including electronic toll collection and travel demand management strategies and programs.

Fifty percent of a State's STP funds were to be distributed to areas based on population, with the remainder to be used in any area of the State.

2.3 Federal Transit Administration Programs

There are four primary FTA funding programs that flow directly to the MPO or the local transit agency. This section briefly describes each FTA program under MAP-21 and the pertinent project eligibility requirements.

Section 5307 Urbanized Area funds, Section 5337 State of Good Repair Grants and Section 5339 Bus and Bus Facilities Program are formula-based programs, while Section 5309 Bus and Bus-Related funds are generally earmarked and Section 5309 "New Starts" funds are allocated on a competitive basis through a multi-year application process.

Section 5307 Urbanized Area Formula Grants: The largest of FTA's grant programs which provides grants to urbanized areas with populations of more than 50,000 to support public transportation. Funding is distributed by formula based on the level of transit service provision, population, and other factors. The program provides grants for capital, planning, job access and reverses commute activities, as well as operating expenses. The program remained largely unchanged with a few exceptions:

- Job access and reverse commute activities now eligible
- Expanded eligibility for operating expenses for systems with 100 or fewer buses
- New discretionary passenger ferry grants
- New takedown for safety oversight

Miami-Dade Transit (MDT) receives Section 5307 funds directly from the FTA and applies them to their capital and operating programs. MDT forecasted the amount of Section 5307 funds that they plan to receive through 2040 in the current People Transportation Plan (PTP) financial plan (called the "2014 MDT *Pro Forma*").

Section 5337 State of Good Repair Grants: MAP-21 established a new grant program to support public transportation systems in bringing their assets to a state of good repair. This program replaced the fixed guideway modernization program (Section 5309). Funding was limited to fixed guideway systems (including rail, bus rapid transit, and passenger ferries) and high intensity bus (high intensity bus refers to buses operating in high occupancy vehicle (HOV) lanes. Project eligibility was limited to replacement and rehabilitation, or capital projects required to maintain public transportation systems in a state of good repair. Projects must be included in a transit asset management plan to receive funding. The new formula comprised: (1) the former fixed guideway modernization formula; (2) a new service-based formula; and (3) a new formula for buses on HOV lanes. MDT is eligible for this funding and has forecasted these funds through 2040 in the *Pro Forma*.

Section 5339 Bus and Bus Facilities Program: This is a new formula grant program, replacing the previous Section 5309 discretionary Bus and Bus Facilities program. This capital program provides funding to replace, rehabilitate, and purchase buses and related equipment, and to construct bus-related facilities. This program requires at least a 20 percent local match. MAP-21 eliminated the discretionary nature of the Section 5309 program and replaced it with a formula driven funding mechanism underscoring the need for grantees to prioritize the needs of their systems and align their capital plans with the new streams of formula assistance provided under MAP-21.

Section 5309 Fixed Guideway Capital Investment Grants: Also known as "New Starts/Small Starts," this discretionary program awards grants on a competitive basis for major investments in new and expanded rail, bus rapid transit (BRT), and ferry systems. MAP-21 added new eligibility for core capacity improvement projects, that is, projects that expand capacity by at least 10 percent in existing fixed guideway transit corridors that are at or above capacity, or are expected to be at capacity within five years.

3 State of Florida Department of Transportation Funding

This section describes the State transportation funding programs and the forecasted revenues developed by FDOT that are projected to flow to Miami-Dade County through the year 2040. Revenues that are distributed by FDOT are comprised of three major funding-source categories: federal, state, and FTE. Federal funds include all federal aid (e.g., Surface Transportation Program) and FTE funds include proceeds from the FTE collected tolls, bonds sold for the FTE activities, and concession revenue. State funds include the remaining state revenues, such as motor fuel taxes, motor vehicle fees, and right-of-way bonds. The total forecasted revenues for the state over the plan period are shown in **Figure 3–1**. There are relatively more dollars per year in fiscal years 2014-2015 due to "carry forwards" of funds from prior fiscal years. The forecast is showing that the State's share in the overall funding mix will be increasing.

3.1 State Program Revenue Estimates

Since 2008, FDOT prepared long-range revenue projections for the state's major funding categories based upon the state's Adopted Work Program, current federal and state legislation, forecasts of federal funding, and internal FDOT policies. This review presents the most current available estimates from FDOT.

FDOT combines the Department's major programs into two general categories:

- Capacity Programs: include each major FDOT program that expands the capacity of existing transportation systems.
- Non-Capacity Programs: include the remaining FDOT programs that are designed to support, operate and maintain the state transportation system. FDOT, based upon input from local MPOs, takes the lead in developing and administering a statewide Non-Capacity Program. According to FDOT, the Department has estimated sufficient revenues to meet safety, preservation and support objectives through 2040 throughout the state, including each metropolitan area. It is not necessary for MPOs to identify projects for these programs, so revenue estimates for these activities have not been developed for metropolitan areas.

Accordingly, with regard to state programs and state funding, MPOs need only identify projects that are funded through state Capacity Programs. The major elements of the Capacity and Non-Capacity Programs and eligible projects are detailed in **Figure 3–2**, taken from the current FDOT *2040 Revenue Forecast Handbook*.

Source	2014-15	2016-20	2021-25	2026-30	2031-35	2036-2040	27-Year Total
Federal	5,113	9,542	9,687	9,719	9,664	9,664	53,389
	31%	*27%*	*26%*	*24%*	*23%*	*22%*	*25%*
State	9,711	22,243	25,084	27,616	29,658	31,119	145,430
	59%	*64%*	*67%*	*69%*	*70%*	*70%*	*67%*
FTE	1,680	3,044	2,745	2,931	3,200	3,410	17,011
	10%	*9%*	*7%*	*7%*	*8%*	*8%*	*8%*
Total	**16,505**	**34,829**	**37,516**	**40,266**	**42,522**	**44,193**	**215,830**

Figure 3–1: Projected Total State Revenues (millions of dollars)
(source: FDOT *2040 Revenue Forecast Handbook*, July 2013, Table 1, page 6)

2040 Revenue Forecast Programs	Program & Resource Plan (PRP) Program Categories
SIS Highways Construction & ROW—Construction, improvements, and associated right of way on SIS highways (i.e., Interstate, the Turnpike system, other toll roads, and other facilities designed to serve interstate and regional commerce including SIS Connectors).	▪ Interstate Construction ▪ Turnpike system Construction ▪ Other SIS Construction ▪ SIS Traffic Operations ▪ SIS Right of Way ▪ SIS Advance Corridor Acquisition
Other Arterial Construction/ROW—Construction, improvements, and associated right of way on State Highway System roadways not designated as part of the SIS. Also includes funding for the Economic Development Program, the County Incentive Grant Program, the Small County Road Assistance Program, and the Small County Outreach Program.	▪ Arterial Traffic Operations ▪ Construction ▪ County Transportation Programs ▪ Economic Development ▪ Other Arterial & Bridge Right of Way ▪ Other Arterial Advance Corridor Acquisition
Aviation—Financial and technical assistance to Florida's airports in the areas of safety, security, capacity enhancement, land acquisition, planning, economic development, and preservation.	▪ Airport Improvement ▪ Land Acquisition ▪ Planning ▪ Discretionary Capacity Improvements
Transit—Technical and operating/capital assistance to transit, paratransit, and ridesharing systems.	▪ Transit Systems ▪ Transportation Disadvantaged – Department ▪ Transportation Disadvantaged – Commission ▪ Other; Block Grants; New Starts Transit
Rail—Rail safety inspections, rail-highway grade crossing safety, acquisition of rail corridors, assistance in developing intercity and commuter rail service, and rehabilitation of rail facilities.	▪ High Speed Rail ▪ Passenger Service ▪ Rail/Highway Crossings ▪ Rail Capacity Improvement/Rehabilitation
Intermodal Access—Improving access to intermodal facilities, airports and seaports; associated rights of way acquisition.	▪ Intermodal Access
Seaport Development—Funding for development of public deep-water ports projects, such as security infrastructure and law enforcement measures, land acquisition, dredging, construction of storage facilities and terminals, and acquisition of container cranes and other equipment used in moving cargo and passengers.	▪ Seaport Development
Documentary Stamps Funds—Improving intermodal facilities and acquisition of associated rights of way.	▪ Documentary Stamps Funds not in Adopted Work Programs by July 1, 2013.

Figure 3–2: FDOT Major Capacity Programs Included in the 2040 Revenue Forecast and Corresponding Program Categories in the Program and Resource Plan (PRP)
(source: FDOT)

Figure 3–3 summarizes FDOT's current revenue forecasts for its major program areas for Miami-Dade County. The Transit revenue forecast of total $1.119 billion for the 22-year period includes federal and state assistance which flows to Miami-Dade Transit (MDT) through the FDOT Work Program. This figure constitutes about 40 percent of the total state and federal assistance to MDT, with the remaining 60 percent of assistance coming to MDT directly from the federal government.

In the *2040 Revenue Forecast Handbook*, FDOT offers the following guidance for planning for the use of Transportation Management Area (TMA) funds:

- MPOs eligible for TMA Funds were provided estimates of total TMA Funds. MPOs are encouraged to work with FDOT district programming and planning staff to determine how to reflect TMA Funds in the long range plan. Consideration should be given to:
    - Programmed use of TMA Funds (Fiscal Years 2013-2018) among the various categories in the FDOT revenue forecast. These include Other Arterials Construction & ROW, Product Support (e.g., Planning, PD&E studies, Engineering Design, Construction Inspection, etc.), SIS Highways Construction & ROW, Transit, etc.
    - Planned use of TMA Funds based on policies regarding the planned use of funds through the long range plan horizon year.
    - Clear articulation in the long range plan documentation of the policies regarding the use of TMA funds, and estimates of TMA funds planned for each major program and time period.

3.2 State Program Descriptions and Project Eligibility

This section presents a brief description of each major sub-program under the State Capacity Program and describes what types of planned projects and programs are eligible for funding across the different major sub-programs. FDOT takes the lead in the identification of planned projects and programs that are associated with the Strategic Intermodal System (SIS) and provides detailed information to MPOs. As a result,

	FDOT Capacity Program Revenue Forecast FY 2014 - 2040 Estimates for Miami-Dade County *(Millions of YOE Dollars)*				
Capacity Program Areas	FY 2019-20 Subtotal	FY 2021-25 Subtotal	FY 2026-30 Subtotal	FY 2031-40 Subtotal	**22-Year Total**
SIS/FIHS Construction/ROW	$410	$374	$2,372	$3,592	**$6,747**
Other Arterial Construction/ROW	$192	$429	$405	$887	**$1,913**
Transit	$94	$241	$253	$531	**$1,119**
Total Capacity Programs	**$696**	**$1,043**	**$3,031**	**$5,009**	**$9,779**
Transportation Management Area (TMA) Funds	$67	$168	$168	$336	**$739**
Districtwide Transportation Alternatives (TALT) Funds	$6	$16	$16	$32	**$71**
Urban Transportation Altenatives (TALU) Funds for TMA	$7	$17	$17	$33	**$73**
Districtwide Transportation Regional Incentive Program (TRIP) Funds	$1	$6	$6	$13	**$26**
TOTAL	**$777**	**$1,250**	**$3,237**	**$5,423**	**$10,687**

Figure 3–3: FDOT Program Funding Estimates
(source: FDOT)

metropolitan plans and programs that include state and federal funds for these major programs are intended to be coordinated and consistent with state long range plans and programs. Each state program is discussed below. FDOT requested that MPOs take the lead in identifying planned projects and programs funded by the Other Arterials Construction & ROW and Transit programs. MPOs may use the total funds estimated for these two programs to plan for the mix of public transportation and highway improvements that best meets the needs of their metropolitan areas. However, FDOT is responsible for meeting certain statutory requirements for public transportation funding. As a result, MPOs are encouraged to provide at least the level of Transit Program funding for transit projects and programs.

3.2.1 SIS Highways Construction & Right-of-Way

The Strategic Intermodal System (SIS), including the Emerging SIS, includes over 4,300 miles of Interstate, Turnpike system, other expressways and major arterial highways and connectors between those highways and SIS hubs (airports, seaports, etc.). The primary purpose of the SIS is to serve interstate and regional commerce and long distance trips.

Metropolitan plans and programs for SIS Highways are intended to be consistent with the 2040 SIS Highways Cost Feasible Plan, as provided to each MPO. Projects associated with aviation, rail, seaport development and intermodal access may be funded under this program, provided that they are included in the SIS Highways Cost Feasible Plan. Capacity improvement projects eligible for funding in the current plan include:

- Construction of additional lanes
- Capacity improvement component of interchange modifications
- New interchanges
- Exclusive lanes for through traffic, public transportation vehicles, and other high occupancy vehicles
- Bridge replacement with increased capacity
- Other construction to improve traffic flow, such as intelligent transportation systems (ITS), incident management systems, and vehicle control and surveillance systems
- The preferred alternative defined by an approved multi-modal interstate master plan
- Weigh-in-motion stations
- Acquisition of land which is acquired to support the SIS highway and bridge construction programs, and land acquired in advance of construction to avoid escalating land costs and prepare for long-range development
- New weigh stations and rest areas.

3.2.2 Aviation

FDOT provides financial and technical assistance to Florida's airports. Projects and programs eligible for funding include:

- Assistance with planning, designing, constructing, and maintaining public use aviation facilities
- Assistance with land acquisition
- "Discretionary" assistance for capacity improvement projects at certain airports. In 2012, including Miami International Airport.

3.2.3 Rail

FDOT provides funding for acquisition of rail corridors and assistance in developing intercity passenger and commuter rail service, fixed guideway system development, rehabilitation of rail facilities and high speed transportation. Projects and programs eligible for funding include:

- Financial and technical assistance for intermodal projects
- Rail safety inspections
- Regulation of railroad operations and rail/highway crossings
- Identification of abandoned rail corridors
- Recommendations regarding acquisition and rehabilitation of rail facilities
- Assistance for developing intercity rail passenger service or commuter rail service.

3.2.4 Intermodal Access

FDOT provides assistance in improving access to intermodal facilities and the acquiring of associated rights of way. Projects and programs eligible for funding include:

- Improved access to intermodal or multimodal transportation facilities
- Construction of multimodal terminals
- Rail access to airports and seaports
- Interchanges and highways which provide access to airports, seaports and other multimodal facilities
- Projects support certain intermodal logistics centers.

3.2.5 Other Arterial Construction & Right of Way

The primary purpose of this program is to fund improvements on the part of the State Highway System (SHS) that is not designated as SIS. This includes approximately 8,000 miles of highways. Projects and programs eligible for funding include:

- Construction and improvement projects on state roadways which are not on the Strategic Intermodal System (SIS), including projects that:
    - Add capacity
    - Improve highway geometry
    - Provide grade separations
    - Improve turning movements through signalization improvements and storage capacity within turn lanes.
- Acquisition of land which is acquired to support the SHS highway and bridge construction programs, and land acquired in advance of construction to avoid escalating land costs and prepare for long-range development
- Construction and traffic operations improvements on certain local government roads that add capacity, reconstruct existing facilities, improve highway geometrics (e.g., curvature), provide grade separations, and improve turning movements through signalization improvements and adding storage capacity within turn lanes
- Acquisition of land necessary to support the construction program for certain local government roads, as discussed immediately above.

Use of these funds for road projects not on the SHS could effectively reduce the amount of funds planned for the SHS and public transportation in the metropolitan area, the FDOT district, and the state.

3.2.6 Transit

FDOT provides technical and operating/capital assistance to transit, paratransit, and ridesharing systems. Projects and programs eligible for funding include:

- Capital and operating assistance to public transit systems and Community Transportation Coordinators, through the Public Transit Block Grant Program
- Service Development projects, which are special projects that can receive initial funding from the state
- Transit corridor projects that are shown to be the most cost effective method of relieving congesting and improving congestion in the corridor
- Commuter assistance programs that encourage transportation demand management strategies, ridesharing and public/private partnerships to provide services and systems designed to increase vehicle occupancy with acquisition, construction, promotion and monitoring of park-and-ride lots
- Assistance to fixed-guideway rail transit systems or extensions, or bus rapid transit systems operating primarily on dedicated transit right-of-way under the New Starts Transit Program.

3.2.7 Seaport Development

FDOT provides assistance with funding for the development of public deep water ports. This includes support of bonds issued by the Florida Ports Financing Commission that finances eligible capital improvements. Projects and programs eligible for funding and state matching funds requirements vary among several programs.

The following activities are not eligible for funding from the Seaport Development program estimates: planning and engineering to support state programs (see Product Support below), programs not specified above, and financial and technical assistance at other ports.

3.3 Florida's Turnpike Enterprise

Florida's Turnpike Enterprise (FTE) is part of the Florida Department of Transportation, an agency of the State of Florida. FTE manages 461 miles of separate toll road facilities which make up the Florida's Turnpike system. This system has played a major role in meeting the transportation needs of South Florida since its opening in 1957. Today, FTE serves over 2.1 million customer transactions per day providing an essential link between South Florida and Central Florida as well as regional mobility in the Tampa, Orlando, and Miami areas. The 47-mile Homestead Extension of Florida's Turnpike system (HEFT) is a north–south extension of the system running around the west and north sides of the Miami area.

FTE manages a self-supporting operation financed primarily with tolls and concession revenue with no reliance on other FDOT revenues to pay for its operations and maintenance and debt service. FTE makes investments in transportation infrastructure funding capital projects from a mix of existing cash, toll revenues, and through the issuance of tax-exempt debt. FTE has a coordinated process in place to appropriate the revenues to needed transportation projects including those in Miami-Dade County.

In 2011 FTE converted the HEFT to all electronic tolling which removed the need for conventional toll plazas and resulted in reduction in toll operating costs for FTE in FY 2012.

The largest component of the FTE FY2015-2019 capital program consists of widening projects with approximately $1.0 billion of projects scheduled to add 57 lane-miles of capacity on the HEFT in Miami-Dade County and 49 lane-miles of capacity on the Veterans Expressway in Hillsborough County.[7] These two facilities were prioritized for investments because they serve as primary evacuation routes prior to major storms and hurricanes making landfall in southern Florida. FTE expects that the additional capacity from these improvements would greatly enhance the capability of these roadways to facilitate large-scale evacuations. FTE is planning additional bond sales of approximately $1 billion during FY 2014-2018 to support its capital plan through FY 2018.[8]

Since the 2007 legislative amendment to Section 338.165, Florida Statues, FTE is required to index toll rates on existing tolled facilities to the annual Consumer Price Index (CPI) effective July 1, 2007. Toll rate adjustments for inflation may be made no more frequently than once a year and must be made no less frequently than once every five years. On June 24, 2012, FTE implemented system-wide toll indexing which resulted in effective toll increase of about 29 percent, revenue impact of about 24 percent, and decline in overall in traffic of only about four percent. With the conversion to the electronic tolling system-wide, regular toll indexation to the CPI, and continued strong credit rating (AA-rated by S&M, Moody's and Fitch), FTE is in a favorable position to continue funding its capital program in a sustainable manner.

This Financial Resources Review estimated the amount of net revenue derived from FTE operations in Miami-Dade County that may be available for capital projects from FY 2019 to FY 2040. Thus, the analysis addressed only the portions of the HEFT located in Miami-Dade County. The resulting estimates were not provided by FTE specifically for application in the 2040 LRTP, but rather were based on publicly available FTE financial data including FTE latest bond statements and Comprehensive Annual Financial Reports. FTE provided a 10-year (FY2014 to FY2024) projection of HEFT toll revenue. The main assumptions and underlying growth rates applied in the projections were discussed with the FTE. **Figure 3–4** summarizes the 22-year projection of FTE net revenues available for capital in Miami-Dade County.

FTE forecasted toll revenues for the next ten years for each facility and projected its annual system-wide O&M costs through 2040.[9] FTE advised that HEFT share in the system-wide Operations and Maintenance (O&M) and Replacement and Renewal (R&R) costs constitute approximately 20 percent of system-wide costs.

The incremental increase in HEFT O&M costs due to the planned widening of the HEFT (FTE FY2015-2019 Work Program) and HEFT share in FTE outstanding debt payments and its planned $1.0 billion in new debt were also added to the analysis.[10] The HEFT share in the FTE outstanding debt payments (about 20 percent) was based on the share of HEFT toll revenue in overall FTE revenue. FTE pledges its toll revenues for debt repayment. For the new debt of $1.0 billion, FTE advised that two-thirds of the new debt service should be allocated to HEFT. HEFT-related 2014-2024 gross toll revenues projections were further escalated by the 2.5 percent per year to project toll revenues until 2040 while O&M and R&R expenses were escalated by 3 percent per year. FTE also indicated that capital expenditures totaling $465 million planned for Miami-Dade County under the FTE FY2015-2019 Work Program were to be funded by HEFT gross toll revenues in years 2019 to 2022.

HEFT-related net revenues or funds available for capital projects starting FY2019 were estimated by subtracting from toll revenues the above mentioned expenses including debt payments. In the resulting forecast, in years 2019 through 2022, FTE projected expenditures in Miami-Dade County exceed FTE projected toll revenues.

FTE does not project the balancing of revenues and expenditures at the county-by-county level; it only provided system-wide values. In order to present a realistic projection of net revenue, and based on guidance from FTE, the excess of expenditures over toll revenues in 2019 to 2022 due to the $465 million in projects planned for Miami-Dade was assumed to be covered by an internal loan from the FTE central office. This loan would be repaid back to the central office starting in 2023 (the first year of positive net revenues) with installments sized in proportion to the amount of toll revenue available for repayment to avoid a negative balance in any specific year.

Figure 3–4 summarizes the projected FTE net revenues available for capital in Miami-Dade County in YOE$. A 6 percent discount rate was applied to estimate the Present Value (PV) of the projected FY2019-2040 net revenues. The NPV of net revenues or $934 million in Figure 3–4 represents an approximate magnitude of the potential future bonding capacity which could be backed by the projected net revenues. This estimate is provided for illustrative purposes, demonstrating the capacity of FTE to undertake the HEFT improvements.

7 Florida's Turnpike System, Comprehensive Annual Financial Report, June 30, 2012, p 24

8 Ibid, p24

9 FTE system-wide O&M expense projection through 2040 came from the Bond Statement for FTE 2013C Series Revenue Refunding Bonds

10 The FTE system-wide outstanding debt service expense projection through 2040 came from the Bond Statement for the FTE 2013C Series Revenue Refunding Bonds. The debt service resulting from the planned issue of additional $1 billion in debt by FY2019 was calculated as simple mortgage bond payments with a 6 percent coupon rate and 20-year tenor.

	Florida Turnpike Enterprise Net Revenue Forecast FY 2019 - 2040 HEFT Only *(Millions of YOE Dollars)*					
	FY2019-20	FY2021-25	FY2026-30	FY2031-35	FY2036-40	**22-Year Total**
Gross Toll Revenues	$390	$1,137	$1,316	$1,489	$1,685	**$6,016**
Estimated Share of O&M Expenses	$86	$232	$267	$310	$359	**$1,254**
Replacement and Renewal	$26	$72	$83	$97	$112	**$389**
Estimated Share of Debt Service	$213	$496	$447	$300	$67	**$1,523**
FY15-FY19 Work Program Projects in Miami-Dade (to be funded by tolls)	$255	$211	$0	$0	$0	**$465**
Internal Loan to Balance Miami-Dade Work Program Investments in FY19-FY22	$189	$106	$0	$0	$0	**$294**
Internal Loan Amortization	$0	$189	$106	$0	$0	**$294**
Net Revenues	**$0**	**$42**	**$413**	**$783**	**$1,147**	**$2,385**

NPV of Net Revenues at 6% discount rate (2019 YOE$)	**$934**

Figure 3–4: FTE Revenues Available for HEFT Capital (millions of dollars)
(note: Miami-Dade County-specific HEFT expense projections were not provided by FTE, but were estimated based on publicly available financial data and guidance from FTE)

4 Fuel Taxes and Road Impact Fees

There are several separate fuel taxes in the State of Florida which provide revenue for transportation improvements to Florida cities and counties:

- Imposed by the State and distributed to the Counties:
  - Constitutional Gas Tax (also known as the "Secondary Gas Tax")
  - County Gas Tax
- Local option gas taxes which can be imposed by each county according to its discretion:
  - Local Option Six-Cent Gas Tax (the "6-Cent LOGT")
  - Capital Improvement Local Option Gas Tax (the "5-Cent CI-LOGT")
  - Ninth-Cent Gas Tax
- Provided directly to the municipalities through revenue sharing by the state:
  - Municipal Gas Tax

This section describes the uses of five gas taxes distributed to Miami-Dade County or imposed by Miami-Dade County. This section does not address the Municipal Gas Tax.

4.1 State Motor Fuel Taxes Distributed to the County

The state motor fuel taxes are levied on every gallon of motor fuel sold in a county at the wholesale level. The State Department of Revenue administers the tax and redistributes net proceeds to the counties. Tax proceeds are to be used for transportation related capital and operating expenditures, and may be used as security for revenue bond financing.

- **Constitutional Gas Tax (Secondary Gas Tax):** Florida levies a two-cent tax per gallon on motor fuels sold known as the Constitutional Gas Tax (also referred to as the Secondary Gas Tax). In Miami-Dade County, 80 percent of the revenue is administered by the Public Works and Waste Management Department (the "PWWD")[11] as part of PWWM's Construction Fund while the remaining 20 percent flows to the County's General Fund. By statute, the Constitutional Gas Tax must be used for the acquisition, construction, and maintenance of roads.
- **County Gas Tax:** The County Gas Tax, formerly the Seventh-Cent Gas Tax, is a tax of one cent. Revenue from the County Gas Tax can be used to support both MDT and PWWD countywide operations related to transportation capital and eligible operating expenses.

11 The Department of Solid Waste Management and the Public Works Department merged their activities in 2011.

4.2 Local Gas Taxes

There are three local option gas taxes imposed in Miami-Dade County: (i) the up to six cents Local Option Gas Tax (the "6-Cent LOGT"), (ii) the Ninth-Cent Gas Tax, and (iii) the Capital Improvement Local Option Gas Tax (the "5-Cent CI-LOGT"). All three local option gas taxes are authorized by the State Legislature and are imposed, with local discretion, by Miami-Dade County.

- **6-Cent Local Option Gas Tax:** The 6-Cent LOGT is a tax of 1 to 6 cents on every gallon of motor fuel and special fuel sold at retail in a county. It may be levied by a majority vote of the governing body or by referendum. The proceeds may be used for transportation expenditures, both capital and operating, including public transportation. The 6-Cent LOGT may be used as security for revenue bond financing. Municipalities within each county receive a portion of the total tax proceeds. Miami-Dade County currently levies the full 6 cents, and revenue from the 6-cent LOGT can be applied to all legitimate transportation purposes countywide and can be used both for the PWWD and MDT. Pursuant to Interlocal Agreement, tax proceeds are allocated 70.4 percent to the County and 29.6 percent to the Municipalities.
- **Ninth-Cent Gas Tax:** The Ninth-Cent Gas Tax, formerly the Voted Gas Tax, is a tax of one cent on every gallon of motor fuel and special fuel sold in a county. It may be levied by an extra-majority vote of the governing body or by referendum. Pursuant to Florida Statutes, the Ninth-Cent Gas Tax was required to be levied on special fuels in every county beginning January 1, 1994. The proceeds are to be used for establishing, operating and maintaining a transportation system, including both capital and operating expenditures. Counties are authorized to expend funds in conjunction with the state or federal government for joint transportation projects. The Ninth-Cent Gas Tax may be used as security for revenue bond financing. Revenue from the Ninth-Cent Gas Tax currently supports countywide operations for PWWD and MDT.
- **5-Cent Capital Improvement Local Option Gas Tax:** Passed during the 1993 legislative session, the 5-Cent CI-LOGT is a tax of 1 to 5 cents on every gallon of motor fuel, but not special fuel, sold at retail in a county. It may be levied by a majority plus one vote of the governing body or by referendum. The proceeds may be used for transportation expenditures needed to meet the requirements of the capital improvements element of an adopted comprehensive plan, including public transportation. The proceeds may not, however, be used for operations. The 5-Cent CI-LOGT may be used as security for revenue bond financing. Miami Dade County began levying 5-cents per gallon in 1994. The levy was reduced to 3 cents per gallon in 1996, and revenue from the 5-Cent LOGT flows to the Local Option Gas Tax Program, which is administered by the

PWWD. Pursuant to Interlocal Agreement, tax proceeds are allocated 74.0 percent to the County and 26.0 percent to the Municipalities.

4.3 Fuel Tax Revenues Forecast

Projecting gasoline tax revenues in the current environment of slow economic recovery, decrease in vehicle miles traveled (VMT)[12], projected demographic growth, and increasing fuel economy of the new vehicles is very difficult. Miami-Dade County projected 1.5 percent annual growth rate in gas tax revenues for FY 2015 and 2016 and 0.5 percent growth from FY 2017 onwards. This assumption is underlying the current projection of the MDT CI-LOGT (as reflected in the 2014 *Pro Forma*) and all county gas taxes (as reflected FY 2013-14 Adopted Budget). At the direction of the Miami-Dade County Office of Management and Budget, this analysis applied the same annual growth rate to project gas tax revenues as the one applied by the County. The assumption reflects the expectation that the gas revenues will decline in real terms in the forecast period due to more fuel efficient automobiles. This will occur despite significant Miami-Dade County demographic growth (cumulative 32.5 percent increase in population and 45.5 percent increase in employment from 2010 to 2040).[13]

In recent years both Congressional Budget Office (CBO)[14] and the US Department of Energy's Energy Information Administration (EIA)[15] released reports which project long term decline in gasoline tax revenues due to increases in corporate average fuel economy (CAFE) standards for light duty vehicles (LDVs, e.g., automobiles, light trucks). These standards were introduced by Congress in 1978, resulting in increased average fuel economy from 19.9 mpg in 1978 to 29.0 mpg in 2011. The National Highway Traffic Safety Administration (NHTSA) and the U.S. Environmental Protection Agency have jointly announced new greenhouse gas emissions and CAFE standards for 2012 through 2025. These standards were included in EIA's Annual Energy Outlook 2013 report, and:

"… as a result [of the 2012–2015 CAFÉ standards], the fuel economy of new LDVs, measured in terms of their compliance values in CAFE testing, rises from 32.5 mpg in 2012 to 47.3 mpg in 2025. The GHG emissions and CAFE standards are held roughly constant after 2025, but fuel economy continues to rise, to 49.0 mpg in 2040, as new fuel-saving technologies are adopted. In 2040, passenger car fuel economy averages 56.1 mpg and light-duty truck fuel economy averages 40.5 mpg."

According to the FY 2013-14 Miami-Dade Adopted Budget, Miami-Dade County budgeted to receive approximately:

- $18.1 million in funding from the state-imposed Constitutional Gas Tax (also known as the Secondary Gas Tax), of which:
  - 20 percent or $3.6 million will be allocated to the Countywide General Fund
  - 80 percent or $14.5 million will be allocated to the PWWM's Construction Funds
- $7.8 million in funding from the state-imposed County Gas Tax
- $39.6 million in funding from 6-cent LOGT, of which:
  - 70.4 percent or 27.9 million to be allocated to the County
  - 29.6 percent or 11.7 million to the Cities
- $17.9 million in funding from the 5-cent LOGT, of which:
  - 74.0 percent or 13.3 million to be allocated to the County
  - 26.0 percent or 4.7 million to the Cities

The 5-cent CI-LOGT (currently 3 cents/gallon) funding goes to Miami-Dade Transit. The projected near-term funding from all the gas tax funding sources is presented in **Figure 4–1** below.

	Fuel Tax Revenue Forecast FY 2019- 2040 (Millions of YOE Dollars)					
	FY 2019-20 Subtotal	FY 2021-25 Subtotal	FY 2026-30 Subtotal	FY 2031-35 Subtotal	FY 2036-40 Subtotal	**22-Year Total**
Constitutional Gas Tax	$38	$97	$99	$101	$104	**$439**
County Gas Tax	$16	$42	$43	$44	$45	**$190**
6-cent LOGT	$83	$211	$216	$222	$227	**$960**
5-cent CI-LOGT*	$38	$96	$98	$101	$103	**$435**
Ninth Cent Gas Tax	$21	$54	$55	$56	$58	**$244**
Total Gas Taxes	**$196**	**$499**	**$512**	**$524**	**$538**	**$2,269**

*** Currently at 3 cents/gallon**

Figure 4–1*: Projected Gas Tax Revenues in the County (millions)*
(source: Miami-Dade 2013-2014 Adopted Budget and growth rates applied by the County for budgeting and planning)

12 Based on the data from the Florida Bureau of Economic and Business Research, the gallons of motor fuel sold, dropped from 1.0 billion in 2007 to 0.90 billion in 2010 and increased slightly to 0.97 billion in 2013.

13 MPO demographic projections used in the 2040 LRTP Travel Demand Model Forecast.

14 http://www.cbo.gov/sites/default/files/cbofiles/attachments/05-02-CAFE_brief.pdf

15 http://www.eia.gov/forecasts/aeo/pdf/0383(2013).pdf

4.4 Road Impact Fees

Road Impact Fees (RIF) are assessed in Miami-Dade County by the Department of Planning and Zoning and transferred to the Department of Public Works and Waste Management (DPWWM). These fees are imposed at the district level on developers and new development for the purposes of financing required infrastructure, such as roads, that are necessary to support the new development. All road impact fees flow to the Road Impact Fee Program and are applied to a variety of projects including road and bridge capacity improvements, road widening and resurfacing, traffic control device installation and intersection and safety improvements.

In Miami-Dade County, road impact fees are required to be paid prior to the issuance of any building permit for new development activity. The analysis was based on the data on number of building permits issued in Miami-Dade County for new housing construction (single and multi-family units) from 1999 to 2012. This data is available from the US Census Bureau and is summarized in **Figure 4–2**. The US Census Bureau collects data on housing building permits (single family and multifamily units) only. In the absence of data on new commercial and office space construction in the County, the analysis was based on data on housing-related building permits. The RIF projections therefore are deliberately low, as they exclude a projection of commercial RIF revenue.

A few publications such as the Economist[16] and Knight Frank's Global Cities Survey[17], which ranks cities of most importance to the world's wealthiest people, are pointing to the evidence of a resumed and sustained interest of the foreign investors in Miami real estate market.

Based on the US Census data, there has been a significant reduction in number of housing building permits issued since mid-2000s, dipping in 2009 but showing signs of early recovery in 2012. For the purpose of the forecasting the road impact fees, the assumption was made that the number of building permits issued for single family and multi-family housing could recover to its 1999-2012 average (of about 11,679 units) by year 2020. From thereon, the number of building permits issued was assumed to follow the projected population growth. January 1, 2014 through April 22, 2014 road impact fees published on the Miami-Dade County website were applied to the projected number of units in order to derive the revenue projection.[18]

Figure 4–3 summarizes the result of the RIF projection based on assumptions described above.

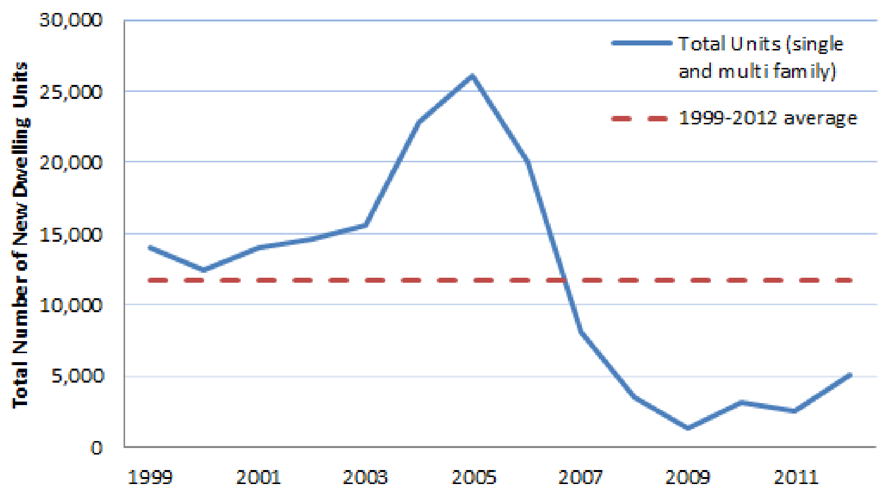

Figure 4–2: Annual Residential Building Permits Issued in Miami-Dade County
(source: US Census)

	Road Impact Fee Revenue Forecast FY 2019 - 2040 *(Millions of YOE Dollars)*				
	FY 2019-20 Subtotal	FY 2021-25 Subtotal	FY 2026-30 Subtotal	FY 2031-40 Subtotal	22-Year Total
Road Impact Fees	$85.52	$231	$243	$521	**$1,080**

Figure 4–3: Projected Road Impact Fee Revenues (millions)
(source: US Census data on housing building permits in Miami-Dade County and Miami-Dade County most current RIF fees schedule)

16 "Erectile resumption: Could the Miami skyline one day resemble Manhattan's?" by the Economist, April 5th, 2014, p 27.
17 The Wealth Report 2014, by Knight Frank: http://www.thewealthreport.net/global-cities/#sthash.OZ4mf1T9.dpbs
18 http://www.miamidade.gov/zoning/impact-fees.asp

5 Local and Regional Agencies

5.1 Miami-Dade Transit (MDT)

Miami-Dade Transit is the 15th largest public transit system in the United States (based on passenger trips) and the largest transit agency in the state of Florida. MDT is responsible for planning for and providing all public transit services in the County. MDT's integrated transportation system consists of four major components:

- **Metrobus:** which provides the broadest and most basic service coverage for most areas of Miami-Dade County,
- **Metrorail:** an elevated 25-mile rapid-transit system that provides service between downtown Miami and Palmetto, Dadeland South, and Miami International Airport (MIA),
- **Metromover:** a 4.4-mile electrically-powered, fully automated people mover system connects with Metrorail at Government Center and Brickell stations and with Metrobus at various locations throughout downtown, and
- **Special Transportation Service (STS):** designed to meet the needs of people with disabilities unable to use fixed-route transit services.

Currently, MDT records over 342,000 daily (weekday) boardings on this unified system, and STS has a daily average of over 4,500 trips.

MDT's capital and operating expenses are funded by a wide range of local, state, and federal sources. The projected future levels of these funding sources are summarized regularly by the County in the People's Transportation Plan *Pro Forma*, which serves as the basis for MDT's revenue projections in the long range plan. The People's Transportation Plan (PTP) is the package of transit improvements that was approved by County voters in 2002 and funded by a new half-cent dedicated sales tax (originally the Charter County Transit Surtax was changed to Charter County and Regional Transportation Surtax in 2010). The *Pro Forma* undergoes regular revisions as revenue forecasts are updated, modifications to services are considered, and operating costs change, but the projections included here are based on the most current *Pro Forma* available to the MPO. [19]

On the revenue side, the 2014 *Pro Forma* projects a positive net cash flow in the long-term, provided the realization of the MDT's operating revenue and expenditure assumptions. *Pro Forma*'s key assumptions are:

- Fare increases in 2014 and 2018 and every 3 years thereafter. Each fare increase is $0.25.
- Federal and State grant revenue grows at average annual growth rate of 2 percent.
- PTP surtax grows at 3 percent in 2015-2019 and 4.5 percent from thereon.
- General Fund Support, including:
  - Miami-Dade County Maintenance of Effort (operating assistance) grows at average annual growth rate 3.5 percent
  - Additional Local Revenue and/or service reduction from FY 2015 onwards – totaling $192 million from FY 2015-2019 and $2.6 billion from FY2015-2042. If no service cuts are planned, then additional General Fund support above the Maintenance of Effort may be provided.
  - South Florida Transportation Authority (SFRTA) annual payments, assumed to remain flat at $0.67 million/year.
- CI-LOGT (3 Cents) grows at 1.5 percent in 2015-2016 and at 0.5 percent in 2017-2042.
- Capital Reimbursement Revenue grows at average annual growth rate 5 percent.
- Operating expenses grow at average annual growth rate of 3.13 percent.
- Rail and Public Works financed with 30-year debt at 6 percent interest rate.
- Bus replacement is financed as 10-year lease-to-own at 6 percent interest rate.

MDT's projected revenues (boarding capacity) and expenses including debt service are summarized in **Figure 5–1**.

The CI-LOGT projection in **Figure 5–1** (22-year total of $416 million) differs from the projection of CI-LOGT in **Figure 4–1** (22-year total of $435 million). The reason for this difference is that at the time of this Financial Resources Review, the 2014 MDT *Pro Forma* forecasted $17.13 million in CI-LOGT (3 cent) for 2014. Miami-Dade 2013-2014 Final Adopted Budget included a projection of $17.94 million in CI-LOGT for 2014.

MDT projects debt service on its existing debt as well as the new debt to be issued in 2019 to 2040 which is the forecast period for this 2040 LRTP. MDT 2014 *Pro Forma* includes about $2.55 billion in new debt planned to be issued in 2019-2040. **Figure 5–1**, therefore, shows debt service on the existing debt (for projects included in the current TIP and CIP) and new debt which could provide funding for projects included in MDT long term capital program.

MDT's net revenue of $590 million for the 21 year forecast period was taken from the PTP ProForma. This represents the available transit bonding capacity for new capital and operating costs, and includes Federal and State Grant funds. The local PTP ProForma was used since it is more specific and inclusive than the generalized FDOT transit revenue forecast.

19 FY 2013-14 Pro Forma uses 2014 as a base year and projects MDT revenues and expenses through 2042.

Miami-Dade Transit (MDT) Operating Revenue & Expense Forecast FY 2019 - 2040 (Millions of YOE Dollars)	FY19-20	FY21-25	FY26-30	FY31-35	FY36-40	22-Year Total
Revenue						
Operating Revenues (Farebox and other)	$290	$828	$961	$1,102	$1,347	$4,529
Federal Grants	$133	$362	$409	$463	$524	$1,891
State Grants	$75	$199	$216	$236	$257	$983
PTP Surtax	$502	$1,467	$1,825	$2,268	$2,826	$8,887
General Fund Support:						$0
Miami Dade MOE (3.5 Percent)	$406	$1,145	$1,360	$1,616	$1,919	$6,446
Additional Local Revenue or Service Cut*	$133	$384	$456	$541	$643	$2,157
SFRTA PMT	$1	$3	$3	$3	$3	$15
CI-LOGT (3 Cents)	$36	$91	$94	$96	$98	$416
Capital Reimbursements	$11	$33	$42	$53	$68	$206
Total Operating Revenues	**$1,587**	**$4,513**	**$5,366**	**$6,378**	**$7,686**	**$25,529**
Expenses						
Existing System O&M	$1,121	$3,119	$3,643	$4,267	$5,010	$17,159
SFRTA Contribution	$8	$21	$21	$21	$21	$93
Municipal Contribution	$116	$337	$420	$522	$650	$2,044
Other Expenses	$22	$74	$107	$148	$198	$549
Debt Service - Debt Prior to FY19	$291	$747	$748	$748	$719	$3,253
New Debt Service - Debt issued FY19 & after	$0	$74	$256	$542	$844	$1,715
Debt Service-Bus Replacement & Rezoning Bon	$29	$69	$20	$4	$4	$126
Total Operating Expenses	**$1,587**	**$4,442**	**$5,214**	**$6,250**	**$7,446**	**$24,940**
Total Revenues net of Expenses	**$0**	**$71**	**$152**	**$128**	**$239**	**$590**

Figure 5–1*: Miami-Dade Transit Projected Revenues (millions)*
(source: 2014 PTP *Pro Forma*; projected expenses also provided for comparison)

5.2 Miami-Dade Expressway Authority (MDX)

The Miami-Dade Expressway Authority (MDX) is a State-sanctioned, locally administered, independent agency responsible for the operation and maintenance of five major expressway facilities in Miami-Dade County. MDX's purposes and powers include, among others, the power to (1) acquire, hold, construct, improve, maintain, operate, own and lease an expressway system; (2) fix, alter, change, establish, and collect tolls, rates fees rentals, and other charges for the services and facilities of its expressway system; and (3) borrow funds to finance the expressway system. More than 95 percent of MDX revenues come from tolls collected on MDX expressways, with the remaining revenues deriving from violation fees and other miscellaneous sources.

MDX receives no revenue from the state of Florida or from the Miami-Dade County half cent sales tax. The authority uses toll revenue collected to operate and fund the system expansion and improvements. In 2006, MDX adopted its Open Road Tolling (ORT) Master Plan to incrementally close the MDX Expressway System to un-tolled movements, thereby requiring all users of the System to pay for such use. In accordance with the MDX current Toll Policy, a CPI adjustment is planned to be applied to System-wide toll rates on July 1, 2017 and applied every three years and when implemented will "reflect the cumulative annual changes resulting from the annual application of the index". Toll rates for new facilities or projects that add center-line and/or lane-miles to the MDX System will be established in the amount sufficient to fund the principal and interest along with the operations and maintenance cost attributable to the new facility.[20]

The periodic inflation adjustment of toll rates on MDX roadways and long term operating efficiencies which are likely to accrue due to the implementation of electronic tolling puts MDX in a stronger position to plan its future capital expenditures in a financially sustainable manner.

For the purposes of the LRTP update, the capital cost of the MDX projects will be fully funded by the Authority based on its financing plan. In addition, the financing plan generally assumes that the system toll revenues during this period are fully spent in the implementation of MDX capital improvement projects, debt service and operation and maintenance of the MDX facilities. However, MDX does have the statutory authority, but not the responsibility, to use any 'excess revenues' it collects from tolls to support other transportation investments within the County. (That is, any revenue left over after all debt payments and all expressway operating and maintenance expenses.)

20 http://mdxway.com/pdf/TollRatePolicy.pdf

MDX provided a financial projection covering the fiscal years 2013 to 2027. The Net Revenue projections included projections of toll and other revenue including additional net revenue from implementation of Open Road Tolling on State Road 836 and State Road 112, O&M and R&R expenses, debt service on the existing and new debt of about $550 million planned to be issued for funding of fiscal years 2014-2018 Work Program. Using basic assumptions on revenues and expenses growth rates agreed with the MDX, the projections were extended out to the plan horizon of 2040. The gross revenues were projected to grow at an annual compounded rate of 2.5 percent and O&M and R&R expenses were projected to grow at an annual compounded rate of 3 percent. MDX anticipates that operating costs may grow faster than toll revenues.

The key indicator of interest to the MPO is net revenues – that is, funds remaining after all operating, replacement and renewal, and debt service expenses are covered. These are the funds that could be available to make capital investments in MDX in the 2040 LRTP forecasted period of fiscal years 2019-2040.

Figure 5–2 shows the projected MDX revenues available for capital in Miami-Dade County in YOE$. A 6 percent discount rate was applied to estimate the Net Present Value (NPV) of the projected 2019-2040 net revenues. This value or $933 million as shown in Figure 5–2 represents the magnitude of the potential future bonding capacity which could be backed by the projected net revenues. This estimate is provided mainly for illustrative purposes.

5.3 Florida Regional Transportation Authority (SFRTA)

SFRTA provides the Tri-Rail commuter rail service along a 70-mile rail corridor connecting Palm Beach, Broward, and Miami-Dade Counties. Tri-Rail serves 18 stations along the corridor and connects with the Metrorail in Miami to provide access to downtown Miami. Tri-Rail was initially created by FDOT in 1987 to provide supplementary commuter access during the widenings of I-95 and FTE, and it was intended to be temporary. However, the service proved popular and has been retained ever since, and line extensions and additional fleet purchases have extended Tri-Rail's reach and service quality. SFRTA promotes transit oriented development and joint development projects around its stations. Most recently, the SFRTA became more directly involved in The Wave, a planned 2.7 mile streetcar system in downtown Fort Lauderdale. The SFRTA became part of The Wave partnership in 2010 and, in 2011, agreed to become the FTA project sponsor and manager of design and construction.

SFRTA is supported by annual capital and operating contributions from each of the three counties, in addition to state and federal grant support and fare revenues. In December 2006, FDOT provided the SFRTA a dedicated stream of funding from the State Transportation Trust Fund in the amount of approximately $13 million/year to support SFRTA operations. This funding source is about 17-18 percent of SFRTA operating budget. Due to the lack of available local funding, all three counties are currently contributing the statutory minimum amount ($4.2 million per year) to SFRTA, and the Plan projects that this funding level could continue unchanged into the future according to the FY2014 MDT *Pro Forma* Plan.

Funding from Miami-Dade County to SFRTA (in support of SFRTA's operating expenses) passes through Miami-Dade Transit and is included as an expense item in MDT's *Pro Forma*. Therefore, the revenues that go to SFRTA are not shown as a separate line item in this revenue forecast, but are included in the MDT figures.

MDX Net Revenue Forecast FY 2019 - 2040 (Millions of YOE Dollars)	FY 2019-20 Subtotal	FY 2021-25 Subtotal	FY 2026-30 Subtotal	FY 2031-35 Subtotal	FY 2036-40 Subtotal	**22-Year Total**
Gross Toll Revenues and Interest Earnings	$444	1,212	$1,391	$1,589	$1,816	$6,452
Total Operations & Maintenance Expenses	$99	$277	$325	$377	$437	$1,514
Renewal and Replacement	$10	$71	$33	$38	$44	$196
Total Debt Service	$247	$623	$633	$623	$618	$2,743
Net Revenues	**$88**	**$240**	**$401**	**$552**	**$717**	**$1,998**

FY 2019 NPV of Net Revenues at 6% discount rate	**$933**

Figure 5–2. Projected MDX Revenues (millions)
(Source: MDX provided their forecast of revenues and expenses through FY 2027, which served as a basis for projections to 2040)

6 Summary of Forecasted Revenues

A summary of the forecasted revenues described above is presented in **Figure 6–1**. While the MPO does not have direct decision-making influence over all the revenues shown here (in particular, FTE and MDX have their own long-range capital planning process and control their own funds), it is important to show the full range of highway and transit funds that could be available for use within the County over the coming years.

Of the $42.3 billion in total projected revenues identified in the table, approximately $31.6 billion, or 75 percent, is generated locally. This figure includes transit fares, PTP surtax revenues, County general funds, fuel taxes (both the local option taxes and the County's share of the state taxes), road impact fees, MDX revenues, and the County's estimated share of FTE net revenues. The remaining $10.7 billion in revenues, or 25 percent of the total, comes from either federal or state funding sources, including FDOT programs and FTA and FHWA grant programs.

(source: the following table is a summary of all projected sources presented in figures 3-3, 3-4, 4-1, 4-3, 5-2)

	Revenue Forecast FY 2019 - 2040 for Miami-Dade County (Millions of YOE Dollars)				
	FY 2019-20	FY 2021-25	FY 2026-30	FY 2031-40	**22-Year Total**
CAPITAL REVENUES					
FDOT					
SIS/FIHS Construction/ROW	$410	$374	$2,372	$3,592	$6,747
Other Arterial Construction/ROW	$192	$429	$405	$887	$1,913
Transit	$94	$241	$253	$531	$1,119
TMA Funds	$67	$168	$168	$336	$739
Districtwide TALT Funds	$6	$16	$16	$32	$71
Urban Transportation Altenatives (TALU) Funds for TMA	$7	$17	$17	$33	$73
Districtwide TRIP Funds	$1	$6	$6	$13	$26
FTE					
Revenues for Capital	$0	$42	$413	$1,930	$2,385
MDX					
Net Revenues	$88	$240	$401	$1,269	$1,998
Dept. of Public Works & Waste Mgmt (DPWWM)					
Constitutional Gas Tax*	$30	$77	$79	$164	$351
Road Impact Fees	$86	$231	$243	$521	$1,080
MDT					
PTP Surtax (debt service for capital)	$320	$890	$1,024	$2,861	$5,094
5-cent CI-LOGT (currently at 3 cent/gallon)	$36	$91	$94	$195	$416
OPERATING REVENUES					
Dept. of Public Works (DPW)					
6-cent LOGT	$83	$211	$216	$449	$960
County Gas Tax	$16	$42	$43	$89	$190
9th Cent Gas Tax	$21	$54	$55	$114	$244
MDT					
Direct Operating Revenues	$290	$828	$961	$2,449	$4,529
Federal/State Grants (excl. FDOT Transit line above)	$114	$320	$372	$949	$1,755
PTP Surtax (for operations)	$183	$577	$801	$2,233	$3,793
All Other Existing (incl. General Fund Support)	$551	$1,565	$1,861	$4,846	$8,824
TOTAL REVENUES	**$2,595**	**$6,419**	**$9,800**	**$23,492**	**$42,306**

* DPWWM receives only 80% of the projected Constitutional Gas Tax (also known as Secondary Gas Tax), 20% of this tax is allocated to the County General Fund. Therefore, this revenue line is different from the total projection for this tax shown Figure 4-1 in section on 4.3

Figure 6–1: Summary of Projected Revenues (millions)

7 Potential New Local Funding Sources

As reported by the Florida Legislative Office of Economic and Demographic Research (EDR) Florida economy is showing signs of slow economic recovery: "in 2012, Florida's economic growth was in positive territory for the third year after declining two years in a row".[21] Unlike the 2035 LRTP Update performed in 2009 - in the midst of unraveling financial crisis - the 2040 LRTP Update is prepared in the environment of slow economic recovery. Revenues are projected to gradually improve as the County economy is showing signs of recovery.

This section examines and assesses a range of potential funding sources. The additional tax rates and new taxes and tax level are intended to provide a basis for comparison; they are not recommendations by the MPO.

7.1 Revenue Sources Under Consideration in Miami-Dade County

Potential new public sector revenues (that is, government-imposed taxes or fees) can be usefully divided into existing sources and new sources. The existing sources may be increased either by Board action (such as the Board of County Commissioners or the MDX Board of Directors) or by countywide referendum, with no approval or new legislation required from the State legislature. New funding sources, by contrast, would generally require a referendum by the voters, legislative grant of significant new authority to the County, and in some cases a state constitutional amendment might be required. (However, changes to some of the "smaller" existing fees could also require state legislative approval.)

The existing and new local public sector sources under consideration by the MPO are summarized in **Figure 7–1**.

7.1.1 Additional ½-cent Local Option Sales Tax (or Charter County and Regional Transportation System Surtax)

Sales taxes are the most widely used source of dedicated local and regional funding for transit and they generally provide the greatest yield as well as being among the most broadly acceptable sources of funding. Sales tax receipts are sensitive to the changes in the local economic cycles.

In Miami-Dade County, the Charter County & Regional Transportation System Surtax, (until 2010 referred to as Charter County Transit System Surtax) is a discretionary sales surtax that may be levied at the rate of up to 1 percent of the taxable transactions.[22] The tax has no time limit, does not apply to single item sales amounts above $5,000 or to fuel sales taxes, and must be approved by countywide referendum. Miami-Dade County voters approved a 0.5 percent Chapter County Transit Surtax in 2002 referendum as part of the People's Transportation Plan. The tax is commonly referred to as the PTP Surtax.

Eligible uses of a local option sales tax include planning, developing, constructing, operating and maintaining roads, bridges, bus systems and fixed guide way systems. At a County's discretion, the proceeds can be transferred to an expressway or transportation authority to be used to finance the operation and maintenance of a bus system or to construct and maintain roads and service the debt on bonds issued for that purpose.

From 2000 to 2012, taxable sales grew at 3 percent compounded average annual growth rate. Taxable sales decreased in the period from 2007 to 2011 but returned to the pre-financial crisis level in 2012. **Figure 7–2** shows historical trend in taxable sales in Miami-Dade.

Existing Sources	New Sources
Additional ½-cent sales tax (to maximum allowable under Charter County and Regional Transportation System Surtax)	Vehicle miles traveled (VMT) tax
Additional Real Property Ad Valorem Tax	
Additional 2-cent fuel tax (to maximum allowable under existing 1-to-5 cent LOGT)	
Increased tolls on MDX expressways	
Increases in "smaller" taxes/fees, such as hotels, car rentals, and car registration	

Figure 7–1 Potential New Revenues

(source: the additional tax rates were set not to exceed the limits provided in the Florida Code; for the Real Estate Property Tax a reasonable additional mill rate was applied)

21 http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_1-28-14.pdf

22 Section 212.054-.055, Florida Statutes

An additional increase in the current rate by 0.5 percent (half-cent) could result in about $280 million in 2019 (YOE$), growing at CPI thereafter. Over a 22-year term this tax could generate about $8.5 billion (YOE$) in revenue.

Miami-Dade County has pledged the PTP Surtax to raise Transit System Sales Surtax Revenue Bonds in support of the MDT ongoing bond program.

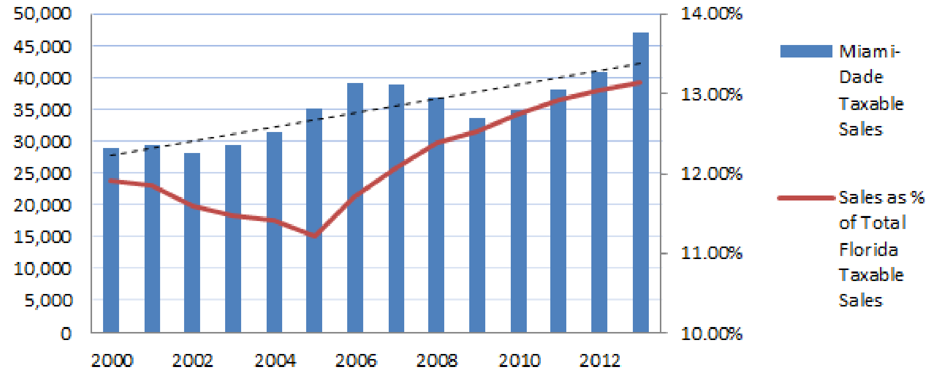

Figure 7–2: Miami Dade Taxable Sales, 2000-2013 ($ Millions)
(source: Bureau of Economic and Business Research, Florida)

7.1.2 Additional Real Property Tax

In 2013, Miami-Dade County levied 4.7035 mills (1 mill is $1 per $1000[23] in Taxable Value[24]) on all residential, commercial and industrial properties in the County. Property tax revenues are calculated by multiplying the Taxable Value by the adopted/forecasted millage for the fiscal year. Other taxing jurisdictions levying a property tax include libraries, school districts, municipalities, special districts such as water management, fire protection and others. In Florida, the growth in revenue from property taxes assessed by taxing authorities is capped at a rate equal to the growth in Florida per capita personal income plus new construction, unless the governing board of the taxing authority overrides the cap with a super-majority, unanimous vote, or referendum.

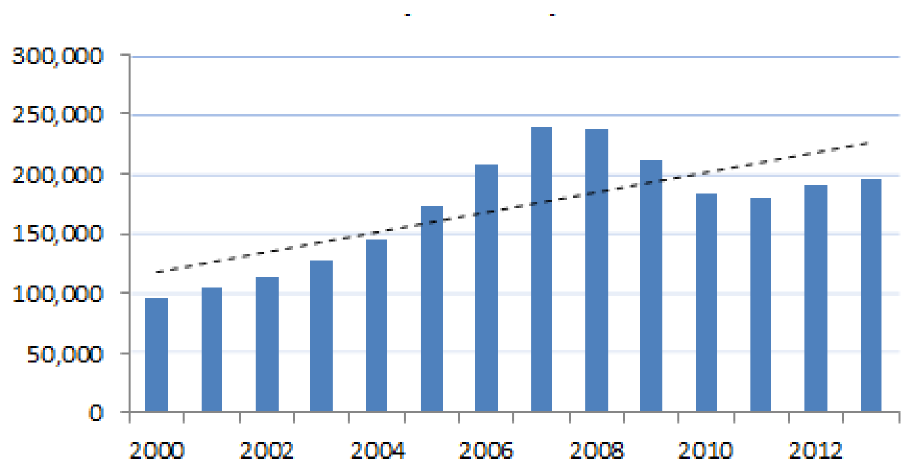

Figure 7–3. Miami-Dade County Taxable Value ($ Millions)
(source: Florida Department of Revenue)

In 2013, Miami-Dade tax roll included $196 billion in Taxable Value generating tax revenues of about $923.3 million. The County tax roll included $239 billion in Taxable Value in 2007 and $207.6 billion in 2006 showing that the County tax roll has not fully recovered to pre-financial crisis level. In the early to mid- 2000s, the County experienced a high rate of increase in property values with rates of increase in Taxable Value varying between 9 to 20 percent, with the peak in 2006 (20 percent yearly growth). **Figure 7–3** presents data on historical taxable value in Miami-Dade County.

The additional property tax revenues were estimated conservatively assuming only 2.5 percent increase in yearly Taxable Value.

An additional $0.25 per $1,000 of taxable property value (0.25 mills) charged on the top of the current County millage rate could generate about $57 million in additional property tax revenue in 2019 growing with the CPI thereafter. Over a 22-year term this tax could generate about $1.6 billion (YOE$) in revenue.

7.1.3 Additional 2-cent Local Option Fuel Tax

Local Option Fuel Tax (until 1996 referred to as Local Option Gas Tax) can be levied at 1 to 5 cents per gallon of motor fuel (gasoline and gasohol, but not diesel). According to the Florida Department of Revenue "Florida's Transportation Tax Sources Primer"[25] with the latest authorization, counties may now levy a tax of up to 11 cents per gallon of gasoline, while the rate for diesel remains standard in every country at 6 cents per gallon. To impose an additional 2 cent per gallon tax would require an extraordinary vote of the county commission or a countywide referendum initiated by the commission. As reported by the Florida Department of Revenue a total of 970 million gallons of motor fuel was sold in Miami-Dade in 2013. This tax base is projected to recover to its pre-financial crisis or 2007 level of about 1.021 billion gallons by 2019.

23 http://www.miamidade.gov/budget/library/FY2013-14/proposed/volume1/budget-process-property-taxes.pdf

24 "Taxable value" means the assessed value of property minus the amount of any applicable exemption provided under s. 3 or s. 6, Art. VII, Florida State Constitution.

25 Florida's Transportation Tax Source, A Primer by Florida Department of Transportation, Office of Comptroller, January 2013.

An additional 2-cent tax on this tax base would generate about $20 million in annual revenue in 2019 (YOE$). Over a 22-year term this tax could generate about $478 million (YOE$) in revenue. Since the existing tax is levied on per gallon of motor fuel sold basis rather than on per dollar amount of motor fuel sales, the tax revenue is not growing with underlying inflation and could be negatively affected as fleet fuel economy improves in future years. Thus, the revenue generated from this source was projected to decrease in real terms in the forecasted period.

7.1.4 Increased Tolls on MDX Expressways Applied to Transit

Nationwide experience suggests that toll revenues can offer significant funding opportunities for transit, as long as regional, state, and local partners and the public recognize the significance of the transit project to the region. Examples include:

- **Dulles Corridor Metrorail Project:** Toll revenues and the debt backed by toll revenues are funding more than $3.0 billion, or 54 percent, of the capital costs of the Washington Metropolitan Area Transit Authority's (WMATA) Metrorail Extension to Dulles International Airport. In 2009, recognizing the importance of the investment, the Virginia Department of Transportation transferred the Dulles Toll Road facility to the Metropolitan Washington Airports Authority (MWAA) to help fund the construction of the Metrorail extension to Dulles. To meet the funding requirements, MWAA introduced toll increases of $0.25 in 2009, 2010, 2011, 2012, and 2013, dedicating all revenues from the increases to the Metrorail extension project. The rates are set to increase again in 2014 from $1.75 to $2.50 at the main plaza to help with Phase 2 construction.
- **New York Metropolitan Transportation Authority:** Excess toll revenue from MTA Bridges and Tunnels is applied to support operations and capital programs other MTA operating agencies (New York City Transit, Long Island Rail Road, Metro North Railroad).
- **San Francisco Bay Area:** Excess toll revenues from the Dumbarton, San Mateo-Hayward and San Francisco-Oakland Bay bridges are applied to support the operations and capital programs of the regions more than 20 transit agencies

Florida Statute allows "excess" toll revenues to be used on other projects, but so far this funding flexibility has not been pursued. Since toll rates on MDX's five expressways vary according to the vehicle classification and type of invoicing, this 2040 LRTP Update did not estimate the potential for toll increase on MDX.

7.1.5 Increases In "Smaller" Taxes/Fees, Such As Hotel Occupancy Taxes and Parking Fees

The MPO examined several other fees and taxes including hotel occupancy taxes and parking fees. These fees and taxes have narrower tax bases and generally do not provide sufficient yield to be considered as potential revenue source for capital funding. They are, however, considered in combination with other revenue sources.

Miami-Dade Transit's (MDT) parking policy is designed to capture revenue from non-commuters or infrequent users by offering a significantly discounted monthly parking pass. MDT offers over 9,000 spaces, including surface parking at 11 stations and garage parking at seven stations, for a daily rate of $4.50 per day, seven days a week. However, monthly fare pass holders may purchase monthly parking permits for $11.25 per month to avoid the daily parking fee. Parking revenues for MDT were not readily available as they are rolled up into fare revenues in financial statements. With only 9,000 spaces the current revenue is relatively low.

Miami-Dade County Internal Services Department (ISD) manages over 5,000 public parking spaces at approximately 12 parking locations throughout the areas of Downtown Miami and the Civic Center. The parking fees vary depending on location, monthly passes are offered. The ISD collected about $3 million in parking revenue and spend about $4 million on the parking operations costs according to the Miami-Dade 2014 adopted budget document.

If an additional $0.50 per day fee (with no discounts) is imposed as a parking surcharge for the existing 9,000 MDT spaces and 5,000 ISD spaces, it may generate additional $2 million annually provided all spaces are filled (but this projection does not address a loss in transit ridership resulting from the increased cost of travel). Over a 22-year term, this tax may generate about $46 million (YOE$) in revenue.

Miami-Dade collects three types of hotel occupancy taxes or Transient Rental Taxes: a 2 percent Tourist Development Tax, a 3 percent Convention Development and 1 per cent Professional Sports Franchise Tax. A 2 percent tourist development surtax is charged on food and beverages sold in the hotels and motels and another 1 percent is charged on food and beverages sold at premises of consumption excluding hotels and motels. With the 6 percent Florida sales tax, an overnight stay at a hotel in Miami-Dade would get an additional tourist tax of 6 percent bringing the total tax charged on the hotel occupancy to 12 percent. Miami-Dade collected 87 million in Transient Rental Taxes in 2012 and over 89 million in 2013. The tax receipts have grown by annual compounded rate of 9.7 percent from 2000 to 2013. The tax receipts fell during the financial crisis but recovered in 2011 to pre-crisis level. An increase in tax rate by another half percentage point (0.5 percent percent) could generate about 9 million in 2019 (YOE$). Over a 22-year term this tax could generate about $262 million (YOE$) in revenue.

Miami-Dade is one of the most dynamic tourism and business travel markets in the U.S. with moderate hotel occupancy taxes relative to other tourism and business travel markets in the county. The Global Business Travel Association reported that in 2011 ten cities with the highest total daily tax burden for travelers were Chicago, New York City, Boston, Kansas City, Seattle, Minneapolis, Cleveland, Indianapolis, Nashville and Houston).

7.1.6 VMT Tax

Application of Vehicle Miles Travel Tax (VMT) to replace the motor fuel-based taxes is now widely debated among transportation professionals and state and federal government officials. A number of states are conducting pilot programs to find ways to effectively and efficiently administer and collect this tax.

The 2040 LRTP Travel Demand Forecast estimated an increase in countywide VTM from weekday VMT of 42.2 million in 2010 to about 55.6 million in 2040. If a 1 cent per mile VMT tax is imposed, it is projected to generate about $137 million in revenue in 2019 (YOE$). Over a 22-year term this tax may generate about $3.3 billion (YOE$) in revenue.

7.1.7 Summary of Forecasted Potential New Local Funding Sources

The potential new local public sector sources are summarized in **Figure 7–4**.

7.2 Public Private Partnerships

Alternative project delivery options provide opportunities for the County to accelerate implementation, better manage risks, and possibly reduce costs. Possible private sector involvement could include concession contracts (applicable to roads and highways projects as well as transit) and Joint Development/ Value Capture mechanisms (applicable mainly to transit/public transportation).

For example, many states have introduced toll highways using a design-build-finance-operate-maintain project delivery arrangement (DBFOM). A selection of these projects is summarized in **Figure 7–5** below.

		Potential New Revenue Forecast FY 2019 - 2040 *(Millions of YOE Dollars)*					
Source	Rate	FY 2019-20 Subtotal	FY 2021-25 Subtotal	FY 2026-30 Subtotal	FY 2031-35 Subtotal	FY 2036-40 Subtotal	22-Year Total
Sales tax (charter county and regional transportation surtax)	0.5% (half-cent)	$568	$1,574	$1,818	$2,101	$2,428	$8,490
Additional Real Property Ad Valorem Tax	$0.25 per $1000 in Taxable Value	$115	$314	$356	$402	$455	$1,643
Existing local option gas tax (LOGT)	2¢ per gallon	$41	$105	$108	$110	$113	$478
Additional Parking Fee	$0.5 per space	$4	$11	$11	$11	$11	$46
Additional Hotel Occupancy Tax	0.5% (half-cent)	$18	$49	$56	$65	$75	$262
VMT Tax	1¢ per mile	$276	$713	$746	$781	$818	$3,335

Figure 7–4: Summary of Forecasted Potential New Funding Sources (millions)
(source: the following table is a summary of all projected new sources described in Sections 7.1.1, 7.1.2, 7.1.3, 7.1.5 and 7.1.6)

Facility	Location	Revenue Date	Project Description	Project Delivery Arrangement	Capital Cost (Millions)	Public Funds (Millions)
91 Express Lanes	Orange County, CA	1995	Variable Toll Highway	DBFOM	$ 135	$ -
Downtown Tunnel	Norfolk, VA	2014	Toll Highway	DBFOM	$ 2,089	$ 408
Dulles Greenway	Loudon County, VA	1995	Toll Highway	DBFOM	$ 350	$ -
Capital Beltway HOT Lanes	Fairfax County, VA	2012	HOT Lanes	DBFOM	$ 2,068	$ 495
IH 635 Managed Lanes	Dallas-Fort Worth Metroplex, TX	2016	Variable Toll	DBFOM	$ 2,615	$ 490
North Tarrant Express Segments 1 and 2A	Dallas-Fort Worth Metroplex, TX	2015	Toll Highway	DBFOM	$ 2,047	$ 573
North Tarrant Express Segments 3A and 3B	Dallas-Fort Worth Metroplex, TX	2017	Toll Highway	DBFOM	$ 1,637	$ 164
SH 130	Austin, TX	2012	Toll Highway	DBFOM	$ 1,328	$ -
Southern Connector	Greenville, SC	2001	Toll Highway	DBFOM	$ 240	$ -

Figure 7–5. ***Selected P3 Toll Facilities around the U.S.***
(source: Federal Highway Administration)

Several Value Capture mechanisms (Tax Increment Financing or TIF, Special Assessment Districts or SAD, and Joint Development) have been applied in Florida to help fund transit projects. The potential for Value Capture mechanisms around fixed guideway transit stations continues to hold promise, provided that zoning, parking, and other land use regulations are supportive of transit. The joint development efforts could include air rights development, parking structures, donation of right-of-way, stations integrated into existing buildings, and other in-kind donations. An example of TIF mechanisms being implemented in other counties is The Wave project, a planned 2.7 mile streetcar system in downtown Fort Lauderdale; SFRTA is the FTA project sponsor for the project and manager of design and construction.

7.3 Conclusions

Miami-Dade County faces far-reaching decisions in the coming months and years about the funding of its transportation needs. Many potential funding options exist that could supplement existing transportation revenues and prevent the deferral of important investments, but each of these options presents challenges for the County that must be addressed. In light of its revenue potential and the existing regulatory and administrative structure surrounding it, the additional half-cent of the Charter County and Regional Transportation System Surtax may be the most feasible new funding source for the County in the near- and medium-term. Restoration of the Capital Improvement Local Options Gas Tax from the current level of 3 cents/gallon to 5 cents/gallon might also provide a plausible funding alternative. The tax was originally imposed at 5 cents/gallon in 1994 but reduced to 3 cents/gallon in 1996. To impose an additional 2-cent tax will require an extraordinary vote of the county commission or a countywide referendum initiated by the commission.

In the long-term, the VMT tax holds promise as a robust, stable funding source, but it seems likely that other states and/or the federal government will have to join in this approach before Florida will consider its use at the state or local level.

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