9.0 Financial Plan

The analyses described in the previous chapters were intended to identify critical transit needs in Miami-Dade County and were undertaken without consideration of cost. In this Financial Plan chapter, however, Miami-Dade Transit (MDT) must match its needed transit improvements with available financial resources. In the financial plan, the estimated costs of providing the agency's existing and planned new services are projected out over the ten-year horizon of the TDP, and the financial resources that will support those services are also identified and estimated. It is through the development of this financial plan that MDT has determined which service improvements can be realistically achieved and when those service improvements should be implemented.

9.1 Operating Expenses

9.1.1 Current Operating Expenses

MDT is the largest transit operator in the State of Florida and the 15th largest transit provider in the United States according to the *2013 Public Transportation Fact Book*. MDT's size is reflected in the agency's direct operating budget, which is projected at approximately $490 million in FY 2015. The primary components of the direct operating expenses are shown in Table 9-1 below. Salaries and overtime make up 44 percent of MDT's total operating expenses. Paratransit services are contracted out for 8.7 percent of the operating budget; Fuel is just over 8 percent of MDT's operating budget.

Table 9-1: MDT Projected FY 2015 Direct Operating Expenses

Direct Operating Expense Category	Amount
Employee Regular	$181,193,213
Part-Time Employee (COLA only)	$8,036,477
Premium Pay	$4,205,500
Holiday Pay / merit for bus drivers	$7,300,000
Flex Dollars	$3,558,500
Longevity Payments	$1,937,842
Salary Other	($17,592,467)
Subtotal (Salary)	**$188,639,065**
Subtotal (Overtime)	**$27,675,984**

Source: Transit Pro Forma FY 2014.

Table 9-1: MDT Projected FY 2015 Direct Operating Expenses (continued)

Direct Operating Expense Category	Amount
Social Security	$12,333,755
Retirement	$12,440,254
OT Fringe FICA and MICA	$2,117,213
OT Fringe Retirement	$1,857,059
Health Insurance	$34,320,115
Reduction	-$7,100,000
Life Insurance	$398,561
Unemployment Insurance	$164,000
Workers Comp (gr 5% for 3 yr/then 3%)	$11,282,880
Other	$1,091,519
MICA Medicare	$2,832,909
Subtotal (Fringe)	**$71,738,264**

Source: Transit Pro Forma FY 2014.

Table 9-1: MDT Projected FY 2015 Direct Operating Expenses (continued)

Direct Operating Expense Category	Amount
DIP	$32,700
Electric Services	$9,516,640
Electric Services EH-MIC	$951,664
Water and Disposal	$1,576,295
Security Expenses	$15,968,814
Janitorial Services	$5,433,540
Repair of Bus Engines	$6,414,145
Metrorail Liability	$1,000,000
Property and Fire	$4,002,240
Payouts and Claims	$3,000,000
Outside Maintenance	$5,533,670
Building Leases	$3,014,657
Copy Machine Rental	$508,164
Lease Payments	$542,500
GSA Charges	$2,143,205
Data Processing Services	$1,309,627
ITD Radio Microwave	$839,160
ETSD Funding Model	$4,815,985
Police Services	$340,000
Department Transfers	$656,000
Telecommunications	$1,738,750
Easy Card Printing	$1,548,100
Fuel and Lubricants	$40,825,838
Tires and Tubes	$3,639,535
Inventory	$24,088,500
STS Contract	$42,840,000
	$17,124,525
Other CS Line Items	$2,328,383
Subtotal	**$201,732,637**
GRAND TOTAL	**$489,785,949**

Source: Transit Pro Forma FY 2014.

In addition to these direct expenses, MDT will support over $167 million of other operating expenses, debt service payments, and funding of reserves in FY 2015. These other expenses are detailed in the following table. Almost 30 percent of these other operating expenses are MDT's contribution to municipal transit services within Miami-Dade County.

Table 9-2: MDT Projected FY 2015 Other Operating Expenses

Direct Operating Expense Category	Amount (000s)
Municipal Contribution	$43,639
New Municipal Contribution	$6,546
CITT Staff	$2,360
SFRTA Contribution	$4,235
Public Works Support	$3,640
CITT Reserve	$7,167
Pre-existing Debt	$2,495
Rezoning Bonds	$784
Bus Replacement	$2,717
PTP Debt Service	$93,985
TOTAL	$167,568

Source: Transit Pro Forma FY 2014.

In total, MDT will spend over $650 million in FY 2015 for the ongoing operation of the transit system and the support of MDT's other local and regional responsibilities. A brief explanation of each expense area is provided below.

9.1.2 Projected Operating Expenses

The key inflation assumptions that drive the cost projections, as included in the Transit Pro Forma, are summarized in Table 9-3.

Table 9-3: MDT Operating Expense Inflation Assumptions

Expense Item	Annual Inflation Rate
Labor Increase- Merit	2.0% (2015 and thereafter)
Labor Increase-COLA	2.0% (2015 and thereafter)
Health Insurance	3.0% (2015 and thereafter)
Major Support Line Items	2.0% (2015 to 2018) 2.5% (2019 and thereafter)
Inventory	1.0%
Fuel	1.5% (2015) 1.8% (2016) 2.0% (2017) 2.2% (2018) 2.5% (2019 and thereafter)

Source: Transit Pro Forma FY 2014.

9.1.3 Operating Revenues

Miami-Dade Transit's operations are supported by a range of federal, state, local, and directly-generated revenue streams. Table 9-4 shows the projected agency operating revenues for FY 2015 by major category. Operating revenues total over $650 million.

Table 9-4: MDT Projected FY 2015 Operating Revenues

Operating Revenue Category	Amount (000s)
Fare Revenues	$117,333
Other Operating Revenues	$10,942
Federal Grant Funds Used for PM	$62,959
State Block Grant	$19,751
Other State Operating Support	$15,031
PTP Surtax	$218,196
County General Funds	$173,743
Additional Local Revenue or Service Cut	$10,020
Local Option Gas Tax	$17,387
SFRTA PMT	$666
Interest, Reimbursement & Other	$4,409
TOTAL	$650,437

Source: Transit Pro Forma FY 2014.

Explanations of the revenue categories found in Table 9-4 are provided in the following paragraphs.

- Fare Revenues: MDT currently recovers approximately 27 percent (27%) of its operating expenses from fare revenue. This is a relatively high recovery ratio among transit agencies in Florida.

- Other Operating Revenues: These operating revenues include items such as advertising.

- Federal Grants: Federal grants take two forms: Formula Grant for Preventative Maintenance and Job Access/Reverse Commute (JARC). The first assists transit agencies with keeping equipment in a state of good repair; the second assists transit agencies with serving commuters.

- State Block Grants: These revenues were developed by the Florida Legislature to provide a stable form of funding for public transit. The grants are distributed to all eligible Florida transit providers on a formula basis.

- Other State Operating Support: This category includes funds from the Urban Corridor Program and Transportation Disadvantaged (TD) program. The Urban Corridor program provides funding for projects that relieve congestion or assist with other mobility issues within a particular corridor. The Transportation Disadvantaged programs provide funding to assist TD populations which include persons with physical or mental disabilities, have low incomes, or are older individuals who are unable to transport themselves or purchase transportation.

- PTP Surtax: The People's Transportation Plan provides for sales tax revenue to support public transit.

- County General Funds: Miami-Dade County supplies MDT with funding each year from its general fund.

- Additional Local Revenue or Service Cuts: MDT may receive funds from other local sources in a given year or cut service to balance the budget.

- Local Option Gas Tax: MDT receives three cents for every local gallon of gasoline purchased.

- Interest and Capital Reimbursements: Sometimes MDT receives reimbursement from other governmental entities on joint purchases.

9.1.4 Projected Operating Revenues

Future revenue growth is projected to fluctuate with a low level of tax revenue growth resulting from the existing state of the economy. However, in years without any major policy changes, total available funding for MDT is expected to grow at slightly over three percent (3%) annually. In addition, MDT does foresee two separate major policy actions related to funding during FY 2015 – FY 2024 to include:

- <u>Regular programmed fare increases</u>: The Pro Forma projects a 25 cent increase in the base fare (from its current level of $2.25 to $2.50) in FY 2018, with another 25 cent increase levied in 2021. These increases have the effect of increasing the overall revenue growth rate in those years. These programmed fare increases which occur every four (4) years is determined by policies approved by the Miami-Dade County Board of County Commissioners that authorize MDT to implement regular fare increases to keep pace with inflation.

- <u>Additional local funding</u>: In 2015, MDT anticipates receipt of two additional local funding sources to support operations -- the local option gas tax (LOGT) and County General Funds. Miami-Dade County currently imposes three (3) of the five (5) cents allowed under the fuel tax, and Pro Forma assumes that the other two (2) cents will be approved, levied, and collected for MDT's use in 2015. The value of those additional two cents from the LOGT is approximately $13 million annually.

The critical funding growth assumptions that drive the Pro Forma results are also outlined below.

Table 9-5: MDT Operating Revenue Growth Assumptions

Revenue Item	Annual Growth Rate
PTP Surtax	3.00% (2015-2019) 4.50% (2020 and thereafter)
General Funds (Maintenance of Effort)	3.50%
Fare Revenue (Trip Growth)	1.00%
State Block Grant and Transportation Disadvantaged Funds	2.00%
Federal Funds	1.00% (2015 - 2019) 2.50% (2020 and thereafter)
Local Option Gas Tax	1.50% (2015 - 2016) 0.50% (2017 and thereafter)

Source: Transit Pro Forma FY 2014.

9.1.5 Summary of Operating Budget

The operating budget, as presented in the 2014 Pro Forma for the ten-year period from FY 2015 to FY 2024, is balanced. This means that projected operating expenses are covered by the forecasted revenues from various local and non-local sources. This operating budget is achieved by a combination of cost efficiencies; an avoidance of any major service expansion and aggressive use of available local funding sources (LOGT and general funds). However, this operating budget is based upon the budgetary assumptions that were applied within the FY 2014 Pro Forma.

These assumptions are subject to change resulting in a different budgetary outcome than presented in this TDP due to the volatility in gas prices and pressure from the public to reduce the tax roll which would have impacts to the general fund share MDT receives and the availability of federal and state grants.

Table 9-6: MDT Operating Budget (FY 2015 - FY 2024) ($000s)

Operating Revenues	2015*	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Fare Revenues	$117,333	$118,506	$119,691	$131,634	$132,950	$134,279	$146,463	$147,928	$149,407	$161,860	$ 1,360,051
Other Operating Revenues	$10,942	$11,052	$11,162	$11,274	$11,387	$11,501	$11,616	$11,732	$11,849	$11,967	$ 114,481
Federal Grant Funds Used for PM	$62,959	$63,589	$64,225	$64,867	$65,516	$67,154	$68,832	$70,553	$72,317	$74,125	$ 674,138
State Block Grant	$19,751	$20,146	$20,549	$20,960	$21,379	$21,807	$22,243	$22,688	$23,142	$23,605	$ 216,271
Other State Operating Support	$15,031	$15,214	$15,400	$15,590	$15,784	$15,982	$16,183	$16,389	$16,599	$16,813	$ 158,984
PTP Surtax	$218,196	$224,742	$231,484	$238,429	$245,582	$256,633	$268,181	$280,250	$292,861	$306,040	$ 2,562,398
County General Funds	$173,743	$179,825	$186,119	$192,633	$199,375	$206,353	$213,576	$221,051	$228,787	$236,795	$ 2,038,256
Additional Local Revenue or Service Cut	$10,020	$22,350	$43,905	$52,579	$63,910	$69,147	$71,567	$74,072	$76,664	$79,348	$ 563,562
Local Option Gas Tax	$17,387	$17,648	$17,736	$17,825	$17,914	$18,003	$18,093	$18,184	$18,275	$18,366	$ 179,431
SFRTA PMT	$666	$666	$666	$666	$666	$666	$666	$666	$666	$666	$ 6,660
Interest, Reimbursements & Other	$4,409	$4,629	$4,860	$5,103	$5,359	$5,627	$5,908	$6,203	$6,513	$6,839	$ 55,450
Total Revenues	$650,437	$678,366	$715,798	$751,560	$779,821	$807,151	$843,329	$869,715	$897,081	$936,423	$ 7,929,680
Operating Expenses											
MDT Operating Expenses	$489,786	$505,960	$520,596	$535,995	$552,168	$568,905	$586,226	$604,153	$623,223	$642,654	$ 5,629,667
SFRTA Contribution	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$ 42,350
PTP Debt Service	$93,985	$93,988	$113,870	$133,752	$141,521	$149,286	$149,286	$149,286	$149,286	$149,286	$ 171,905
Municipal Contribution	$43,639	$44,948	$46,297	$47,686	$49,116	$51,327	$53,636	$56,050	$58,572	$61,208	$ 512,480
New Municipal Contribution	$6,546	$6,742	$6,945	$7,153	$7,367	$7,699	$8,045	$8,407	$8,786	$9,181	$ 76,872
PWD Project Management (Pay Go)	$3,640	$3,749	$3,862	$3,978	$4,097	$4,220	$4,346	$4,477	$4,611	$4,749	$ 41,729
CITT Staff	$2,360	$2,360	$2,360	$2,360	$2,431	$2,504	$2,579	$2,656	$2,736	$2,818	$ 25,163
CITT Reserve	$7,167	$7,670	$6,201	$4,748	$4,515	$4,582	$5,464	$6,385	$7,348	$8,355	$ 62,434
Pre Existing Debt Service	$2,495	$2,495	$2,495	$0	$0	$0	$0	$0	$0	$0	$ 7,485
Other (Bus Leasing Payment/Rezoning Bonds	$3,501	$6,219	$8,936	$11,653	$14,371	$14,371	$14,371	$14,371	$14,371	$14,371	$ 116,534
PTP New Project Bond Program (2.5 Billion)	$0	$0	$0	$0	$0	$0	$4	$3,708	$18,736	$18,749	$ 41,197
Total Expenses	$657,354	$678,367	$715,797	$751,560	$779,821	$807,127	$828,192	$853,729	$891,903	$915,606	$7,879,456

Source: Transit Pro Forma FY 2014 and RFRO (Working). Total values presented may vary due to rounding.

*The Budget for FY 2015 is balanced due to an overage of $6,719.00 from FY 2014.

9.2 Capital Expenditures and Funding Sources

9.2.1 Planned Capital Expenditures

Miami-Dade Transit's planned capital expenditures for the period FY 2015 to FY 2024 are divided into two groups: 1.) Those projects which will be financed with People's Transportation Plan (PTP)-backed debt; and, 2.) Those projects which will be paid for on a "cash" basis with funding from various sources. For large capital projects or ongoing projects during FY 2015 – FY 2024 (such as bus acquisition and replacement), these may be funded by a combination of debt proceeds and cash. A summary of the two groups of projects is provided below.

Many of the projects listed in the following table, such as the rail vehicle replacement, will greatly improve the quality and longevity of the existing MDT transit system. However, most of the projects in Table 9-7 are scheduled for completion on or before 2020. After 2020, the capital program consists only of scheduled bus acquisitions and the Infrastructure Renewal Program (IRP), which is the agency's long-term projection of future rehabilitation and replacement needs throughout the MDT system.

Table 9-7: Planned MDT Capital Expenditures FY 2015-2024

PTP Debt Financed Capital Projects	Total Cost FY15-FY24 (000s)
Park and Ride SW 344th Street	$87
High Cycle Switch Logic Control Cabinets (Mover)	$1,660
Kendall Enhanced Bus Service	$932
Infrastructure Renewal Plan (IRP)	$62,500
East/West Corridor (SR 836 Express Enhanced Bus)	$7,962
Northeast Transit Hub Enhancements	$499
North Corridor Enhanced Bus (NW 27 Ave-NW 215 St to MIC)	$5,196
Track and Guideway Rehabilitation	$51,784
Park and Ride lot Kendall Drive	$87
Rail Vehicle Replacement	$292,022
Central Control Overhaul	$1,443
SUBTOTAL	**$424,172**
Non-PTP Debt Financed Capital Projects	**Total Cost FY15-FY24 (000s)**
Bus and Bus Facilities	$109
Park and Ride lot SW 344th Street	$867
Park and Ride lot Quail Roost Drive	$1,040
Bus Replacement	$100,000
Pedestrian Overpass at University of Miami	$1,218
Kendall Enhanced Bus Service	$932
East/West Corridor (SR 836 Express Enhanced Bus)	$16,534
Northeast Transit Hub Enhancements	$497
North Corridor Enhanced Bus (NW 27 Ave-NW 215 St to MIC)	$9,406
Bike Locker Replacement at all Rail Stations	$26
Passenger Amenities and Transit Enhancements	$2,470
Security and Safety Equipment	$3,213
Park and Ride lot Kendall Drive	$183
NW 7th Ave and NW 62nd St Passenger Activity Center	$445
SUBTOTAL	**$136,940**
TOTAL	**$561,112**

Source: Transit Pro Forma FY 2014.

9.2.2 Capital Funding Sources

As noted, MDT's capital projects between FY 2015 – FY 2024 will either be debt-financed or funded on a pay-as-you-go basis. The debt financing is backed by the PTP surtax revenues, as projected in the previous financial section. The "cash"-funded projects will be supported by a combination of funding sources, which are shown in Table 9-8. All of these funding sources for pay-as-you-go capital will be concluded by 2019.

Table 9-8: Projected "Cash" Revenue Sources for Capital Projects, FY 2015-2024

Capital Funding Source	Total Amount (000s)
FTA Section 5307/5309 Formula Grant	$16,560
FTA Section 5309 Discretionary Grant	$554
FDOT Funds	$19,778
Lease Financing-County Bonds/Debt	$100,000
PTP Bond Program	$424,172
Capital Improvement Local Option Gas Tax	$48
TOTAL	**$561,112**

Source: Transit Pro Forma FY 2014.

9.2.3 Summary of Capital Plan

The capital budget is presented in the FY 2014 Pro Forma for the ten-year period from FY 2015 to FY 2024. All projected capital expenditures could be funded with either PTP surtax debt proceeds or on a pay-as-you-go basis, depending on the availability of funds. This capital budget is achieved by aggressive borrowing against the PTP surtax (ultimately requiring the inclusion of additional LOGT and general funds in MDT's budget, as described above, to guarantee debt coverage).

This capital budget is based upon the budgetary assumptions applied within the FY 2014 Pro Forma and these assumptions are subject to change correspondingly in line with the finalization of the County's Budget and Capital Operating Plan resulting in a different budgetary outcome than presented in this TDP.

Table 9-9: MDT Capital Budget (FY 2015 - FY 2024) ($000s)

Capital Revenues	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
FTA Section 5307/5309 Formula Grant	$6,607	$3,582	$4,046	$1,160	$1,165	$0	$0	$0	$0	$0	$16,560
FTA Section 5309 Discretionary Grant	$409	$145	$0	$0	$0	$0	$0	$0	$0	$0	$554
FDOT Funds	$9,485	$6,453	$3,840	$0	$0	$0	$0	$0	$0	$0	$19,778
Building Better Communities (BBC)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Lease Financing	$20,000	$20,000	$20,000	$20,000	$20,000	$0	$0	$0	$0	$0	$100,000
PTP Bond Program	$64,663	$105,248	$130,550	$84,522	$32,189	$7,000	$0	$0	$0	$0	$424,172
Local Option Gas Tax	$48	$0	$0	$0	$0	$0	$0	$0	$0	$0	$48
Operating Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Capital Project Revenues	**$101,212**	**$135,428**	**$158,436**	**$105,682**	**$53,354**	**$7,000**	**$0**	**$0**	**$0**	**$0**	**$561,112**
PTP Debt-Financed Projects											
Park and Ride SW 344th Street	$87	$0	$0	$0	$0	$0	$0	$0	$0		$87
High Cycle Switch Logic Control Cabinets (Mover)	$1,660	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,660
Kendall Enhanced Bus Service	$471	$461	$0	$0	$0	$0	$0	$0	$0	$0	$932
Infrastructure Renewal Plan (IRP)	$12,500	$12,500	$12,500	$12,500	$12,500	$0	$0	$0	$0	$0	$62,500
East/West Corridor (SR 836 Express Enhanced Bus)	$743	$5,983	$1,236	$0	$0	$0	$0	$0	$0	$0	$7,962
Northeast Transit Hub Enhancements	$499	$0	$0	$0	$0	$0	$0	$0	$0	$0	$499
North Corridor Enhanced Bus (NW 27 Ave-NW 215 St to MIC)	$2,581	$10	$2,605	$0	$0	$0	$0	$0	$0	$0	$5,196
Track and Guideway Rehabilitation	$13,412	$10,372	$7,000	$7,000	$7,000	$7,000	$0	$0	$0	$0	$51,784
Park and Ride lot Kendall Drive	$87	$0	$0	$0	$0	$0	$0	$0	$0	$0	$87
Rail Vehicle Replacement	$31,180	$75,922	$107,209	$65,022	$12,689		$0	$0	$0	$0	$292,022
Central Control Overhaul	$1,443	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,443
Total PTP Debt-Financed Project Expenditures	**$64,663**	**$105,248**	**$130,550**	**$84,522**	**$32,189**	**$7,000**	**$0**	**$0**	**$0**	**$0**	**$424,172**

Source: Miami-Dade Transit Capital Book, F2 (revenue) and F5 (expense) Reports.

Table 9-9: MDT Capital Budget (FY 2015 - FY 2024) ($000s) (Continued)

Other Funding Sources Financed Projects	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
Bus and Bus Facilities	$ 109	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 109
Park and Ride lot SW 344th Street	$ 867	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 867
Park and Ride lot Quail Roost Drive	$ 1,030	$ 10	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,040
Bus Replacement	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ -	$ -	$ -	$ -	$ -	$ 100,000
Pedestrian Overpass at University of Miami	$ 1,218	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,218
Kendall Enhanced Bus Service	$ 471	$ 461	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 932
Infrastructure Renewal Plan (IRP)	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ -	$ -	$ -	$ -	$ -	$ 62,500
East/West Corridor (SR 836 Express Enhanced Bus)	$ 6,883	$ 8,415	$ 1,236	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,534
Northeast Transit Hub Enhancements	$ 497	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 497
North Corridor Enhanced Bus (NW 27 Ave-NW 215 St to MIC	$ 3,881	$ 30	$ 5,495		$ -	$ -	$ -	$ -	$ -	$ -	$ 9,406
Bike Locker Replacement at all Rail Stations	$ 26	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 26
Passenger Amenities and Transit Enhancements	$ 484	$ 489	$ 494	$ 499	$ 504	$ -	$ -	$ -	$ -	$ -	$ 2,470
Security and Safety Equipment	$ 600	$ 630	$ 661	$ 661	$ 661	$ -	$ -	$ -	$ -	$ -	$ 3,213
Park and Ride lot Kendall Drive	$ 183	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 183
NW 7th Ave and NW 62nd St Passenger Activity Center	$ 300	$ 145	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 445
Total Other Funding Financed Projects	$ 49,049	$ 42,680	$ 40,386	$ 33,660	$ 33,665	$ -	$ -	$ -	$ -	$ -	$ 199,440
Total Project Expenditures	$ 113,712	$ 147,928	$ 170,936	$118,182	$ 65,854	$ 7,000	$ -	$ -	$ -	$ -	$ 623,612
Capital Funding Surplus/(Deficit)	$ (12,500)	$ (12,500)	$ (12,500)	$ (12,500)	$ (12,500)	$ -	$ -	$ -	$ -	$ -	$ (62,500)

Source: Miami-Dade Transit Capital Book, F2 (revenue) and F5 (expense) Reports.

9.3 Unfunded Needs for New Service Initiatives

MDT FY 2015 – FY 2024 TDP Major Update is based upon initiatives as identified by MDT that are currently unfunded, which represent important areas of need to include:

- Bus route improvements, including modifications to existing routes and the introduction of new routes, which have both a capital cost component and an operating cost component;

- Additional Capital Improvement Program (CIP) projects that represent selective improvements to the existing transit network as identified under the Infrastructure Renewal Program.

The estimated capital and operating costs to support these service expansion and capital investment initiatives between FY 2015 – FY 2024 are included. These unfunded project costs are presented in year-of-expenditure (YOE) dollars, according to the planned implementation schedules and inflation assumptions.

9.3.1 Bus Route Improvements

MDT has identified a number of service improvements to existing routes as well as the implementation of additional new routes based upon the availability of funding. The projected YOE costs of implementing these services are presented in Table 9-10. For all these replacement vehicles, a 20 percent (20%) vehicle spare ratio is assumed. Bus capital costs are assumed to be $650,000 per 40-foot diesel/electric hybrid vehicle, $950,000 per 60-foot diesel/electric hybrid vehicle, and $800,000 per 40-foot diesel/electric hybrid commuter coach vehicle in 2014 dollars.

9.3.2 Total Unfunded Needs

MDT’s total unfunded needs between FY 2015 – FY 2024 – covering bus service improvements, capital investment in priority travel corridors, and CIP projects – is $786 million in YOE dollars Table 9-11.

Table 9-10: Proposed Bus Route Improvements (FY 2015-FY 2024) (Unfunded)

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
Existing Routes											
Operating Costs	$ 2,195,000	$ 2,195,000	$ 2,195,000	$ 2,195,000	$ 495,000	$ 24,255,000	$ 19,880,000	$ 25,735,000	$ 24,235,000	$ 25,735,000	$ 129,115,000
Capital Costs	$ 1,950,000	$ 1,900,000	$ -	$ -	$ -	$ 26,650,000	$ -	$ -	$ -	$ -	$ 30,500,000
Total	$ 4,145,000	$ 4,095,000	$ 2,195,000	$ 2,195,000	$ 495,000	$ 50,905,000	$ 19,880,000	$ 25,735,000	$ 24,235,000	$25,735,000	$ 159,615,000
New Routes											
Operating Costs	$ 1,373,440	$ 1,773,440	$ 1,773,440	$ 2,760,440	$ 9,544,440	$ 9,544,440	$ 17,044,440	$ 17,044,440	$ 21,807,440	$ 21,807,440	$ 104,473,400
Capital Costs	$ 6,720,000	$ 3,480,000	$ -	$ 4,800,000	$ 5,760,000	$ -	$ -	$ -	$ 7,020,000	$ -	$ 27,780,000
Total	$ 8,093,440	$ 5,253,440	$ 1,773,440	$ 7,560,440	$15,304,440	$ 9,544,440	$ 17,044,440	$ 17,044,440	$ 28,827,440	$21,807,440	$ 132,253,400
Total Operating Costs	$ 3,568,440	$ 3,968,440	$ 3,968,440	$ 4,955,440	$ 10,039,440	$ 33,799,440	$ 36,924,440	$ 42,779,440	$ 46,042,440	$ 47,542,440	$ 233,588,400
Total Capital Costs	$ 8,670,000	$ 5,380,000	$ -	$ 4,800,000	$ 5,760,000	$ 26,650,000	$ -	$ -	$ 7,020,000	$ -	$ 58,280,000
TOTAL	$12,238,440	$ 9,348,440	$ 3,968,440	$ 9,755,440	$ 15,799,440	$ 60,449,440	$ 36,924,440	$ 42,779,440	$ 53,062,440	$ 47,542,440	$ 291,868,400

Source: Miami-Dade Transit, 2014.

Table 9-11: Proposed Unfunded Improvements

Service Improvement Category	Total Funding Required FY 15-24
Bus Improvements (Operating)*	$ 233,588,400
Bus Improvements (Capital)**	$ 58,280,000
IRP Projects (Capital)***	$ 494,140,000
TOTAL UNFUNDED NEEDS	$ 786,008,400

Source: Miami-Dade Transit, 2014.

* Sum of cumulative totals from Tables 8-6 and 8-8.

**Incremental totals by year from Tables 8-6 and 8-8 minus funded capital bus improvements (including spares).

***Total Infrastructure Renewal Plan (IRP) Unfunded Need from Table 8-14.

9.4 Funding Sources

This section evaluates both the current and potential funding sources available to Miami-Dade Transit (MDT) in maintaining and improving its transit service, both within Miami-Dade County and regional service extending into Broward and Monroe counties.

While maintaining the existing funding sources for transit services is critical, the ability to both improve existing service and expand bus and rail service coverage relies heavily on additional funding. More specifically, leveraging additional federal and state funding to provide new routes or expand existing route coverage often requires significant local matching funds.

The funding sources analyzed within this section include federal, state and local sources that can potentially be used to fund expanded MDT service. Identifying the current funding structure as well as potential additional funding will provide the necessary framework for MDT to address funding issues or shortfalls in the future.

9.4.1 Federal Funding Sources

This section outlines the existing federal funding sources available to partially cover the costs of the agency's existing and planned new services, identified earlier in the TDP. The majority of federal funding sources identified here are most commonly used to cover capital costs. Identifying O&M funding is often difficult because the cash flow must be recurring and growing annually to match inflation (and potentially service growth).

Federal funding for transportation has declined since 2008, and as a result discretionary funding has become more competitive and formula funding less predictable. As such, MDT's reliance on federal funds for operations has declined from over 50 percent (50%) of operating revenues in 2000 to under one-third today. Similarly, federal sources for capital projects are estimated to comprise only six percent of overall capital revenue in the period between 2010 and 2019. The following discussion identifies a range of federal funding sources currently available for transit operations and capital expenses which MDT may pursue as a way of leveraging the state and local sources being considered.

9.4.1.1 Federal Formula Grants

The Federal Transit Administration (FTA) apportions funds based on legislated formulas set forth in MAP-21, the current federal transportation funding authorization bill passed in 2012. These formulas use characteristics such as population, transit ridership, and other demographic and operating factors to determine the share of total funding available to individual states, metropolitan areas, and large transit agencies. Formula funds can flow through a local MPO to be allocated to projects directly, or allocated to individual jurisdictions or agencies to use as necessary based on their capital improvement program and local planning priorities. The total amount apportioned annually under each federal grant program is authorized by law.

For capital projects, formula funds may be used for up to 80 percent of the project costs, with a 20 percent local match. States are permitted to use certain toll revenue expenditures as a credit toward the non-federal share of programs authorized by Title 23 (with the exception of Emergency Relief Programs) and for transit programs authorized by Chapter 53 of Title 49, U.S.C. This is in essence a "soft-match" provision that allows the federal share to be increased up to 100 percent (100%) to the extent credits are available. Miami-Dade Transit may be eligible for the following federal formula grant programs:

- **Urbanized Area Formula Program (§ 5307).** FTA's largest formula-based grant program, and currently utilized by MDT, this source offers the broadest range of eligibility among all FTA funding programs. Eligible activities include capital, planning, job access and reverse commute, and certain operating costs for transit providers based on their size and service frequencies. Section 5307 funds are distributed to designated recipients who then sub-allocate funds to government authorities or public transit agencies. While MDT may not currently have headroom within this program to allocate funds to additional projects, this is the most applicable and common source of funding for the types of transit improvements identified in the Transit Development Plan. Under the current MAP-21 authorization, the Section 5307 program will distribute $4.5 billion in fiscal year 2014.

- **Elderly and Disabled Specialized Transit Program (§5310).** Section 5310 funds are available on a discretionary basis to private non-profit and public agencies in the form of capital and operating grants to provide transportation services for the elderly and individuals with disabilities. Public agencies are eligible for 5310 funds only where no private non-profits are readily available to provide such services, or where the public agency has been pre-approved by the State to coordinate such services. Under MAP-21 the Section 5310 program will distribute $258.3 million in fiscal year 2014 based on a jurisdiction's number of seniors and individuals with disabilities. The federal share under Section 5310 is 80% for capital projects and 50 percent (50%) for operations assistance.

- **Bus and Bus Facilities (§ 5339).** This program changed to a formula program under MAP-21. FTA's Bus and Bus Facilities program provides capital funding to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. This source would be applicable to capital costs only, such as buses and bus stop improvements. Under the current MAP-21 authorization, Section 5339 will distribute $427.8 million in fiscal year 2014.

- **Surface Transportation Program Funds.** Surface Transportation Program (STP) funds are apportioned by the Federal Highway Administration (FHWA), but are referred to as "flexible" because they may be used for an array of eligible projects, including transit. Aside from its highway uses, the STP program can be applied to the capital cost of any public transportation project in order to preserve and improve the conditions and performance of surface transportation. STP funds are distributed directly to states, which may request those funds be transferred to FTA for an eligible public transportation project. The STP will distribute $10.1 billion in fiscal year 2014.

- **State of Good Repair Program (§ 5337).** FTA's first stand-alone initiative that is dedicated to repairing and upgrading the nation's rail transit systems along with high-intensity motor bus systems that use high-occupancy vehicle lanes, including bus rapid transit (BRT). Eligible projects must improve safety, efficiency, reliability, and sustainability, and funds are limited to replacement and rehabilitation or capital projects required to maintain state of good repair, including rolling stock, track, line equipment/structures, and other transit components. Section 5337 will distribute $2.2 billion in fiscal year 2014.

9.4.1.2 Federal Discretionary Grants

The federal government awards discretionary grants to states and other eligible recipients through competitive application processes. Unlike formula grants, there is no set allotment for a given geographic area and individual projects compete against other projects nationwide. These programs typically allow for a federal share of up to 80 percent of the project capital cost and require a local match for the remaining 20 percent.

FTA New Starts. The Fixed Guideway Capital Investment Grants program (§ 5309) is the largest federal grant program for transit projects. FTA administers the program and defines three categories of eligibility: New Starts, Small Starts, and Core Capacity. All of these programs are aimed at "Fixed Guideway" projects, which generally mean rail or Bus Rapid Transit (BRT). The program provides approximately $2 billion per year for various fixed guideway transit infrastructure projects. New fixed guideway projects, or extensions to fixed guideway projects, costing less than $250 million and requiring less than $75 million in Section 5309 funding may qualify for "Small Starts" funding. In order to qualify, Small Starts projects must follow a specific project development process and be subject to evaluation against a number of justification and financial criteria mandated by MAP-21.

MAP-21 also established within the Capital Investment Grant program the ability to fund capacity improvements to existing fixed guideway projects. Core Capacity projects can be of any size and cost, and must adhere to a more complicated project development process than Small Starts. Candidate projects must also meet the following conditions:

- Be located in a corridor that is at or over capacity, or will be in five (5) years;
- Increase capacity by 10 percent (10%);
- Not including project elements designed to maintain a state of good repair;
- National Infrastructure Investments (TIGER). The Transportation Investment Generating Economic Recovery (TIGER) program is a discretionary grant program originally established under the American Recovery and Reinvestment Act (ARRA). TIGER provides discretionary grants for capital investments in, and planning for, surface transportation infrastructure that will have a significant impact on the nation, a metropolitan area, or a region. Eligible projects include highways, bridges, transit, rail passenger and freight investments, and marine port infrastructure.

In February 2014 the USDOT issued a Notice of Funding Availability (NOFA) for up to $600 million in FY 2014 for round six of the TIGER program, making it USDOT's largest multimodal discretionary program, and the highest level of available TIGER funding since TIGER II in FY 2010. TIGER is not a statutory program, but it is expected that the program will be extended into at least FY 2015, and the Obama Administration has proposed $5 billion for the program over four years as part of its early transportation reauthorization proposal.

The U.S. Department of Transportation (DOT) administers the TIGER program and may award grants covering up to 80 percent (80%) of a project's construction costs, although successful applications in urban areas generally request no more than $20 million and less than 35 percent (35%) of project costs from this program. Funds are required to be obligated within two years of award and are typically allocated to projects that have completed the National Environmental Policy Act (NEPA) process.

9.4.2 State Funding Sources

There are several well-established and stable state revenue sources currently used by not only MDT, but other transit providers in Florida to include Palm Tran, Broward County Transit (BCT), and the South Florida Transportation Authority (SFRTA). Each of these state revenue sources was reviewed and with key aspects of each presented below.

9.4.2.1 FDOT Transit Block Grant Program

The State Block Grant Program was established by the Florida Legislature to provide a stable source of funding for public transit. Transit Block Grant funds may be used to fund eligible capital and operating costs of providing public transit service. Program funds also may be used for transit service development and transit corridor projects. Public Transit Block Grant projects must be consistent with applicable approved local government comprehensive plans. State participation is limited to 50 percent of the non-federal share of capital projects. Program funds may be used to fund up to 50 percent of eligible operating costs, or an amount equal to the total revenue (excluding farebox, charter, and advertising revenue) and federal funds received by the provider for operating costs, whichever amount is less.

For MDT, revenue received under the Transit Block Grant program is issued under a Joint-Participation Agreement (JPA) with FDOT. For FY 2014/15, MDT anticipates receiving approximately $19.75 million under this program to fund bus and rail services.

9.4.2.2 FDOT Transit Corridor Program

The FDOT Transit Corridor program provides funding to support new transit services within specific roadway corridors where transit services are designed and expected to help alleviate congestion or address other mobility issues within the corridor. Transit Corridor funds are discretionary and are distributed by FDOT based on documented need. Projects that have regional or statewide significance may be funded up to 100 percent under this program. These funds can be used for capital or operating expenses, but eligible projects must be identified in a Transit Development Plan (TDP), Congestion Management Plan (CMP), or other formal study undertaken by a public agency.

9.4.2.3 FDOT Transit Service Development Grant Program

The Transit Service Development Grant Program is designed to provide initial funding to public transportation projects that provide new or innovative techniques to improve system efficiencies, ridership, or revenues. This grant may fund up to 50 percent of the capital, marketing, and net operating costs (less any federal funds, fares, or other sources of income available for the project). Projects that have regional or statewide significance may be funded up to 100 percent. Under this program, funds are available for up to three years. If a bus route is funded for the duration of the grant, and the route is successful in meeting the established project goals, then funding for the route must then be provided by the transit agency without additional Transit Service Development Program funds. In addition, projects submitted for funding must be justified in the recipient's Transit Development Plan (TDP) or other appropriate plan and then compete statewide for funding from FDOT.

9.4.2.4 New Starts Transit Program (NSTP)

The New Starts Transit Program assists local governments in developing and constructing fixed guideway and bus rapid transit projects to accommodate and manage urban growth and development. The program also leverages state funds to generate local transportation revenues and secure FTA New Starts Program funding for Florida projects. Eligible projects include capital projects that support the Strategic Intermodal System (SIS). These funds may be used to support final design, right of way acquisition, and construction project phases. Projects eligible for funding under this program must have a dedicated funding commitment and be included in appropriate local plans. A project must also have either a Record of Decision (ROD) from the FTA or a Finding of No Significant Impact (FONSI). State participation of transit capital projects may not exceed 50 percent of the nonfederal share of a project. Other state funds cannot be used as match for NSTP funds.

9.4.2.5 FDOT Intermodal Development Program

The Intermodal Development Program provides assistance for major capital investments in fixed guideway transportation systems and to facilitate movement of people and goods through multiple modes. This includes construction of intermodal, multimodal, or other transportation terminals, as well as projects that provide access to seaports or airports. Projects that are regional in nature or provide multimodal connections are given a higher priority and may be funded up to 100 percent. Eligible projects must be consistent with approved local government comprehensive plans to the maximum extent feasible.

9.4.2.6 Park and Ride Lot Program

The Park and Ride Lot Program provides funding for the purchase or leasing of private land for the construction of park and ride lots, the promotion of these lots, and the monitoring of their use. Park-and-ride lots that serve a regional need or provide connections between multiple modes of transportation will be given a higher priority. To be eligible for funding under this program, a park and ride lot must be shown on the applicable FDOT District’s park and ride project list, a Transit Corridor Plan, a TDP, a major highway construction justification plan, or another locally published plan. The project must also be designed in accordance with the FDOT’s State Park and Ride Lot Planning Handbook.

9.4.2.7 FDOT Commuter Assistance Program

Commuter Assistance funding is allocated for various ridesharing, vanpooling, and other commuter services that fall under the transportation demand management (TDM) list of strategies. Creating transportation alternatives for commuters could potentially be eligible for funding under this program. Commuter routes that are initiated with the intent to connect commuters directly to work sites through shuttles or other means may be eligible. Under this program, capital and operating expenses are both eligible for funding. Although competition with other regional priorities can be an issue under this program, guidance from FDOT District 6 should be used to help make the decision to pursue funding under this program.

9.4.2.8 Transportation Regional Incentive Program (TRIP)

The TRIP program was created by the Florida Legislature in 2005, with the goal to improve regionally significant transportation facilities in “regional transportation areas.” Under this program, state funds are available to provide incentives for local governments and the private sector to help pay for critically needed projects that benefit regional travel and commerce. If eligible, a project can be funded under this program up to 50 percent of the project costs, or up to 50 percent of the non-federal share of project costs for public transportation facility projects. Eligible TRIP projects must be identified in appropriate local government capital improvement program(s) or long-term concurrency management system(s) that are in compliance with state-mandated comprehensive plan requirements and the SIS. Projects must also support facilities that serve national, statewide, or regional functions and function as an integrated transportation system.

9.4.2.9 County Incentive Grant Program

The County Incentive Grant Program provides funding to counties to improve a transportation facility (including transit) that is located on or that relieves traffic congestion on the State Highway System. Municipalities are also eligible to apply by submitting their application through the county. FDOT will cover 50 percent of eligible project costs. Eligible projects include those that improve the mobility on the State Highway System; encourage, enhance, or create economic benefits, foster public-private partnerships, maintain or protect the environment, or enhance intermodal opportunities and safety.

9.4.3 Local and Regional Funding Sources

As part of this effort, a review of various local and regional funding sources was also conducted. The funding categories and a majority of the sources summarized are based on the information from 2009 TCRP Report 129: Local and Regional Funding Mechanisms for Public Transportation, published by the Transportation Research Board (TRB).

9.4.3.1 People’s Transportation Plan (PTP)

The People's Transportation Plan (PTP) is a half-penny transportation surtax approved by Miami-Dade County voters in November 2002. PTP revenue is used to fund major roadway and public transportation improvements. PTP-funded roadway projects will facilitate the movement of traffic and people to meet future needs. The funds have been used for projects that include roadway resurfacings, improvements to the County’s traffic signalization system, American with Disabilities Act (ADA) sidewalk and bus stop accessibility, providing traffic calming devices, and others. The funds have also been used to fund the Metrorail Orange Line extension, provide free Metromover service in Downtown Miami, and extend Metrobus service hours. These transit improvements greatly enhance the safety and mobility of people and goods throughout the county.

To be eligible for PTP funding, projects must be included in the PTP Plan, which is updated annually. The PTP Transportation Trust has initiated an enhanced major capital investment review process, which began with the AirportLink project and will continue with projects such as MDT systems upgrades and the railcar procurement.

For FY 2015, some PTP project objectives include: completion of an innovative financing study for the North (27th Avenue) Corridor; identifying and improving MDT operations and performance; coordination between MDT and municipal shuttles to reduce duplication of services; and continuing to enhance transparency and multi-media outreach efforts.

9.4.3.2 Local Option Gas Tax (LOGT)

The Local Option Gas Tax (LOGT) is authorized by Section 336.025(1)(B), Florida Statutes, which became effective in January 1994. State law requires that funds from the LOGT tax be programmed for transportation projects that meet the requirements of the capital improvement element of the adopted comprehensive plan. The Miami-Dade Board of County Commissioners (BCC) reviews the distribution of LOGT funds on an annual basis to ensure the most effective use of the funds.

9.4.3.3 County/City General Revenue

General fund and other local revenues from municipalities and counties are often critical to expanding local transit services; however, this local revenue is often difficult to come by as many services and projects compete for these limited funds. Local funding must be fair and equitable in areas where multiple jurisdictions contribute to a public transportation system. Additionally, as new routes or expanded services are requested by local jurisdictions, those that receive benefit should be encouraged to contribute a fair and reasonable share of the local match needed to implement the services. Establishing a funding allocation process that is based on the benefit of the services received and potential ridership demand should be developed to assist in this process.

9.4.3.4 Property Taxes

One of the main revenue sources for local governments is property (ad valorem) taxes on land and building values. Property taxes are fairly unrestricted in their use. Property tax revenue is often used by special districts and authorities, including transit authorities, and other local public services, like police and sanitation.

9.4.3.5 Contract or Purchase-of-Service Revenues

Contract or purchase-of-service revenues are based on levels of service and rates established by a transit agency. Transit systems that provide contract services in addition to their regularly scheduled services, like MDT's Special Transportation Service (STS) services, typically receive the funds directly. Municipal government, individual businesses and industries, health and social service agencies, and educational institutions may purchase transit services.

9.4.3.6 Lease Revenues

Lease revenues are generated through the leasing of transit agency facilities, including a rail or bus terminal, a station, transfer, or parking facilities. Transit agencies with fixed rights-of-way, like rail or bus rapid transit, can also lease sections of the right-of-way to private companies, like telecommunications companies. Lease terms, rates, and length are negotiated by the parties involved.

9.4.3.7 Vehicle Fees

Vehicle fees charged to vehicle owners and operators vary by state. The fees are based on the value, weight, or age of the vehicle and include fees for the issuance of titles, licenses, registration, or inspection fees. Local governments, through a local option, might have the authority to collect vehicle fees. The revenues generated from vehicle fees are typically dedicated to cover the administration and enforcement of the program, as well as general transportation needs. In rare instances are revenues from this program dedicated directly to fund public transportation.

9.4.3.8 Advertising

A transit agency can receive income from advertisements on vehicles, station and shelter facilities, tickets, schedules, and maps, for example. This also provides the opportunity to establish community partnerships. Advertising can be done through print and electronic media, and might serve as "sponsorship" programs that fund vehicles, services, or events. Advertising revenue can be generated from both short- and long-term contracts.

9.4.3.9 Concessions

Transit agencies with available space in terminals and station facilities may enter into concession agreements with commercial and retail businesses. Concessions might include food stands, sales shops, vending machines, ATMs, etc. Revenues can be received directly or as contributions to capital improvement projects.

9.4.3.10 Employer/Payroll Taxes

Payroll taxes support transit by imposing taxes directly on an employer for the amount paid for services performed within the transit district. Employer taxes are typically received quarterly and administered by a state agency on behalf of the transit agency. Enabling legislation, along with associated regulations and guidelines, define the specific types of wages and payments to which the tax is applied and also identifies any types of organizations that may be exempt from contributing under this program.

9.4.3.11 Rental Car Fees

Rental car fees are paid during the rental of a passenger car, with the amount depending on the length of the rental. Rental car fees are typically transmitted by the rental car company to the state revenue department, and revenues may then be reallocated back to authorized local governments or agencies. Funds collected under this program are often dedicated to specific projects or purposes, including public transportation.

9.4.3.12 Vehicle Lease Taxes and Fees

Vehicle lease taxes and fees are charged when vehicles are purchased or leased. The amount of fees collected can differ depending on the program and can be collected by the dealer, leasing company, or state where the transaction takes place.

9.4.3.13 Parking Fees

Transit agencies receive parking revenue collected at parking facilities owned by the agency. In addition, fees collected at public parking facilities have been used as a source of revenue for public transportation.

9.4.3.14 Realty Transfer Taxes/Mortgage Recording Fees

A “real estate transfer tax” is a tax imposed on the sales of certain classes of residential, commercial, or industrial properties. Revenue generated by these fees increase with the sale amount of the property being sold or transferred. The tax might be paid by either the buyer or seller depending on the state. Rates also vary by state, with some states directing the revenues to the state’s general fund, while other states give local governments the authority to collect and keep the revenues. Revenue collected under these programs are often used to fund needs such as land conservation s, parks and open space and, in some instances, public transportation.

9.4.3.15 Corporate Franchise Taxes

A franchise tax is a tax collected on the taxable assets of a for-profit business or firm. The tax is typically paid in advance of doing business within the state and is often targeted to specific industries and economic activities. Revenues from the tax may be deposited in various restricted and unrestricted state funds.

9.4.3.16 Room or Occupancy Taxes

Room or occupancy taxes are applied to the cost of lodging at hotels, motels, and similar facilities. Rates may vary depending on the facility type, location, or rental period. Revenues can be collected by the state or, where permitted, by local agencies. These tax revenues are often used for to promote tourism or construct/operate tourism-related facilities.

9.4.3.17 Utility Fees

Utility fees encompass taxes on a wide range of public services and utility businesses. Revenues are typically allocated to the jurisdiction’s general fund or public works facilities. The tax is often put in place in lieu of a business and occupation tax or sales tax.

9.4.3.18 Donations

Support for public transportation may be available through private contributions and donations to transit agencies with the expectation that net benefits will accrue over time as the value of the private development appreciates. Donations can be made in the form of land, infrastructure, or monetary contributions.

9.4.3.19 Joint Development

Joint developments provide opportunities for new funding streams for public transportation. These revenues are generated from the value transit brings to businesses, developers, and property owners, and vice versa.

For example, the joint developments around rail stations in Miami-Dade and Broward counties provide potential new funding streams for MDT. This revenue may come in the form of Transit

Improvement Districts, lease payments, revenue sharing, cost-sharing for providing services to the developments. The revenue generated can be used in part or in entirety to support MDT transit services and facilities.

9.4.3.20 Impact Fees/Exactions

New development brings higher demand for additional public facilities and services, including additional transportation capacity and, particularly in urban areas, for expanded transit services. Impact fees are frequently charged to generate revenues needed to provide the necessary transportation capacity improvements necessitated by the development. Although, the use of impact fee revenue to support public transportation is not yet widespread, impact fees to fund transit capital needs are becoming more common in Florida.

9.5 Alternative Project Delivery Strategies

The organizational strategy used to design, implement and operate or manage elements of a project may have implications for the financing analysis. There is a wide range of delivery and financing methods that will allow for different levels of control, risk and responsibility allocation between MDT (or another sponsor/public entity) and private partners, and funding and financing strategies. Identifying a procurement strategy from the range of alternatives for a given project requires first a clear identification of policy goals, procurement goals, project risks, and sponsor resources and risk preferences, all of which then need to be matched with the specific risk allocation provided under various delivery options. The ultimate goal of the delivery strategy is to meet policy and procurement objectives and generate cost and schedule efficiencies by allocating project risks to the parties best able to manage them.

Private sector participation in the physical delivery of a project ranges from a traditional, fully segmented approach such as Design-Bid-Build (DBB), requiring a first procurement for a full design followed by the procurement of construction services, to a fully integrated method requiring a true partnership with the private sector and combining infrastructure and services such as Design-Build-Operate-Maintain (DBOM).

This section provides further information on the range of public and private project delivery methods with varying degree of integration among design, construction, operation, maintenance, and financing activities.

9.5.1.1 Design-Build

Design-Build (DB) is a project delivery method that combines two, usually separate services into a single contract. With DB procurements, the owner retains a consultant to develop a conceptual design and then executes a single, fixed-fee contract for both architectural/engineering services and construction based on the conceptual design. The design-builder assumes responsibility for the majority of the design work and all construction activities, together with certain risks associated with providing these services (e.g. cost overrun, schedule delay, and liability for incomplete design) for a fixed fee. DB procurement is generally recognized for delivering cost savings and schedule acceleration when compared with traditional Design-Bid-Build (DBB) procurement, as a result of the integration of and continuous communication between designers and builders and the tailoring of the design to the contractor’s means and methods.

9.5.1.2 Design-Build-Operate-Maintain

The Design-Build-Operate-Maintain (DBOM) model is an integrated delivery method that combines the design and construction responsibilities of DB procurements with performance-based O&M contracting for a specified period of time (usually 15 to 30 years), thereby transferring risks associated with design, construction and long-term operations and incentivizing the private partner to implement best practices in asset management over the duration of the contract. DBOM provides not only all the advantages of a DB contract but also greater incentives for on-time delivery (as the private partner's payments generally start with revenue operations), life-cycle cost optimization and system and service quality (through the use of performance-based O&M contract requirements and operator input during the design), and improves budget visibility for the public owner.

The DBOM model (as well as DBFOM, which includes financing into the P3 scope, as discussed below) is particularly attractive for transit projects where the concessionaire often includes rolling stock and systems manufacturers as well as an operator, thereby facilitating systems integration.

9.5.1.3 Design-Build-Finance

Design-Build-Finance (DBF) allows for private capital to kick-start project development and construction in advance of when public funds would be available. In simple terms, the winning contractor agrees to provide all or some of the construction financing and to be paid back either through milestone or completion payments made from public funds. These arrangements are typically short-term, repaid at construction completion or extending only a few years later. DBFs only transfer some of the design and construction risk (similar to DB) and do not involve any transfer of operating or maintenance risks to the private partner and therefore produce limited efficiencies beyond those that can be achieved in a DB procurement. In essence, a DBF arrangement is a DB procurement with short-term gap financing.

9.5.1.4 Design-Build-Finance-Operate-Maintain

The Design-Build-Finance-Operate-Maintain (DBFOM) model (also referred to as DBFO or Build-Operate-Transfer or BOT) offers an integrated delivery method that combines the design and construction responsibilities of DB procurements with performance-based O&M contracting, and private-sector financing for a fixed and usually long period of time (usually 25 to 35 years). In exchange the private partner may have the right to collect the revenue from the project and/or is compensated through a payment for services based on performance specifications for the duration of the contract, called an "availability payment."

Compared to DBOM, DBFOM procurement comes with the additional oversight of equity and debt providers who will diligently review the project documentation and oversee the delivery of project assets and services to ensure the security of the revenue stream that will be used to repay their funds. In nearly all cases, the public agency sponsoring the project retains full ownership over the project assets throughout the concession period, although tax ownership can be (and usually is) transferred to allow for tax depreciation. Projects delivered through DBFOM (as well as DBOM) need to be sufficiently large (generally greater than $200 million) in order to attract private capital, justify the transaction costs, and generate competition to attract large contractors with the necessary expertise.

9.5.1.5 Privatization

Under a privatization scheme (also known as Build-Own-Operate model), a private company is granted or sold the right to develop, finance, design, build, own, operate, and maintain a transportation project. The private sector partner owns the project outright and retains the operating revenue risk and all of the surplus operating revenue in perpetuity, corresponding to a full privatization. While this approach is more common in the water and telecommunication sectors, it has also been used historically to develop transportation infrastructure (e.g. freight railroad).

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