

# CENTRAL FLORIDA EXPRESSWAY AUTHORITY

## MINUTES CENTRAL FLORIDA EXPRESSWAY AUTHORITY BOARD WORKSHOP June 11, 2015

---

### Board Members Present:

Commissioner Welton G. Cadwell, Lake County (Chairman)  
Commissioner S. Scott Boyd, Orange County (Vice Chairman)  
Commissioner Fred Hawkins, Jr., Osceola County  
Walter A. Ketcham, Jr., Gubernatorial Appointment  
Jay Madara, Gubernatorial Appointment  
S. Michael Scheeringa, Gubernatorial Appointment

### Board Members Not Present

Commissioner Brenda Carey, Seminole County (Secretary-Treasurer)  
Mayor Buddy Dyer, City of Orlando  
Mayor Teresa Jacobs, Orange County

### Non-Voting Advisor Present:

Diane Gutierrez-Scaccetti, Florida's Turnpike Enterprise

### Staff Present at Dais:

Laura Kelley, Executive Director  
Joseph L. Passiatore, General Counsel  
Darleen Mazzillo, Recording Secretary/Executive Assistant

## **CALL TO ORDER**

The workshop was called to order at 9:41 a.m. by Chairman Welton Cadwell.

## **PUBLIC COMMENT**

There was no public comment.

## **CENTRALIZED CUSTOMER SERVICE SYSTEM UPDATE**

Executive Director Laura Kelley began with a recap of the Centralized Customer Service System (CCSS). The CCSS has been in the works for many years. Since 2012 CFX staff has been meeting with Florida's Turnpike Enterprise, Miami-Dade Expressway Authority and Tampa-Hillsborough County Expressway Authority on a regular basis to develop the Invitation to Negotiate (ITN). This document was used for the

---

procurement of the contract for which the CCSS would be developed and operated. The CCSS is a customer account management system for our electronic customers. CFX will keep our cash collection system and image review process internally.

Florida's Turnpike has taken on the procurement process of this contract. They have negotiated a contract and last week awarded the contract to Xerox. We have not received a copy of the contract yet.

Ms. Kelley's goal over the summer is to bring the following to the Board:

- 1) An analysis of the cost savings; what it would mean to CFX to participate in this contract; the technical aspects of the contract and analysis of the contractor and terms
- 2) If the Board decides to move forward, a governance agreement would be developed and negotiated with the participating agencies

There are certain elements that we have discussed in the last few years in the course of meeting with the other three participating agencies:

- The four participating agencies work cooperatively in partnership to procure, develop and manage the operations and maintenance of the CCSS.
- A CCSS Management Group made up of a member from each of the four participating agencies is formed.
- The CCSS Management Group authorizes action on all matters concerning the CCSS and the CCSS vendor. At least 3 out of 4 votes are required to authorize action.
- The four participating agencies jointly own all assets and liabilities that arise out of the contract with the CCSS vendor.
- Any unresolved disputes will be handled by the American Arbitration Association.
- The four participating agencies are a party to the vendor contract.

Ms. Kelley said that overall the most important element is that we approach this with a spirit of equal partnership.

Ms. Kelley offered to answer any questions from the Board.

Commissioner Hawkins mentioned that it is important that CFX staff closely monitor the performance of the contractor.

Mr. Scheeringa talked about the importance of this being seen as a precedent setting move for statewide coordination and cooperation. His counsel to Ms. Kelley is to go slower rather than faster and not work to an artificial deadline to ensure that this precedent is set properly going forward.

Mr. Ketcham mentioned the Memorandum of Understanding that was executed in 2012 with the approval of the Orlando-Orange County Expressway Authority Board. The Board members requested a copy of the MOU.

### **TRAFFIC AND EARNINGS CONSULTANT'S ANNUAL REPORT (FY 2014)**

Hugh Miller, Ph.D., P.E. of CDM Smith gave a presentation on the FY 2014 General Traffic and Earnings Consultant's Annual Report. The Report provides a summary of the traffic and revenue conditions in the last fiscal year and it contains a 30-year forecast of future traffic and revenue.

The Traffic and Earnings Annual Report is required by bond covenants to be performed by an Independent Consultant. The results are used in financial disclosure to investors, financial planning/bond sales and the Work Plan and Master Plan.

The forecasts are based primarily on these basic assumptions:

- Pattern of socio-economic growth according to MPOs, controlled to BEBR forecasts by County
- Transportation networks based on cost-feasible plans from the MPOs, including CFX Work Plan and Master Plan
- Adopted toll rate policies (current toll rate, future toll rate adjustments and discount programs)

Dr. Miller presented graphs showing Annual Transactions, Annual Toll Revenue and Actual Toll Revenues vs. Projections.

The Board was given an opportunity to ask questions and provide comments.

Mr. Madara suggested that we follow the impact of traffic and revenue during past and future economic downturns. He would also like to see a stackable bar chart that shows the impact of both rate and volume on projected toll rate increases so we can see the impacts of rate increases for the future.

Mr. Scheeringa is also interested in the history and how it extrapolates into the future. He would like to see statistics on the rate increase versus traffic. He also asked that we break out the rate, traffic volume on current system and volume on new expansions and the payback associated with each. He wants to see what percentage of growth is from the current system and what is from new infrastructure.

### **DRAFT FIVE-YEAR WORK PLAN (FY 2016 – FY 2020)**

Director of Engineering Glenn Pressimone explained that it is our intention to get feedback on the Draft Five-Year Work Plan from the Board today and present a final Work Plan at the July Board meeting.

The current Work Plan was adopted in September 2014, with a total of \$1.16 billion in projects. He outlined the major accomplishments that were completed in the last Work Plan.

The Draft FY 2016 – FY 2020 Work Plan totals \$1.34 billion:

Project Cost Summary (\$000's)	Fiscal Year					
Category	2015/16	2016/17	2017/18	2018/19	2019/20	Totals
Existing System Improvements	28,777	63,057	18,867	3,217	6,897	120,816
System Expansion Projects	190,805	206,024	60,380	1,497	0	458,688
Interchange Projects	39,808	63,898	106,401	113,613	99,836	423,556
Toll Facilities Projects	41,430	12,687	23,905	16,117	1,639	95,778
ITS Projects	4,927	3,078	3,646	2,657	555	14,863
Signing & Pavement Markings	275	4,462	150	150	150	5,187
Renewal & Replacement Projects	57,779	66,849	34,185	6,164	46,867	211,664
Landscape Projects	1,000	1,000	1,000	1,000	1,000	5,000
Non-System Projects	0	0	964	0	0	964
SUB TOTALS	364,801	421,055	249,498	144,397	156,764	1,336,516
Third Party Contributions	30,250	-	-	-	-	30,250
GRAND TOTALS	334,551	421,055	249,498	144,397	156,764	1,306,266

Draft Plan Funding Distribution:

- 31.7% Wekiva Parkway
- 17.6% SR 408/I-4 Interchange
- 15.8% Renewal & Replacement Projects
- 14.1% Interchange Projects
- 9.0% Existing System Improvements
- 7.2% Toll Facilities Projects
- 2.6% System Expansion Projects
- 1.1% ITS Projects
- 0.4% Signing & Pavement Markings
- 0.4% Landscape Projects
- 0.1% Non-System Projects

Major Projects:

- Capacity Improvements (\$63.5M)
  - SR 408 from Good Homes to Hiawassee
  - SR 408 from SR 417 to Alafaya Trail
  - SR 528 from Narcoossee to SR 417
  - SR 417 from Econ Trail to County Line (design)
- Operational Improvements (\$14.5M)
  - SR 417 SB to SR 528 WB Ramp Modification
  - SR 429 SB to CR 535 Exit Ramp Modification
- Bridge Replacement/Improvements (\$36.2M)
  - SR 528/SR 436 Bridge Deck Replacements
  - SR 528 Econ River Bridge Replacement

- Right of Way - Multimodal Corridor (\$28.0M)
- Wekiva Parkway (\$423.7M)
  - US 441 to Kelly Park – complete in Spring 2017
  - Kelly Park to SR 46 – complete in January 2018
- Interchange Projects (\$423.1M)
  - SR 408/SR 417
  - SR 417/Boggy Creek Rd.
  - SR 528/Innovation Way
  - SR 408 at I-4 Ultimate
- SR 528 Airport Toll Plaza Demolition (\$27.8M)
- Toll Collection System Upgrade (\$68.0M)
- Milling & Resurfacing (\$168.4M)

Mr. Pressimone showed the history of the work plan totals from FY 1996 to present.

Chairman Cadwell requested that we identify and separate the safety projects under the major projects.

In addition to the safety projects, Mr. Scheeringa asked that we identify the ten most congested areas and what gets addressed against those areas from a quality of life aspect for our constituents. He would like to see a scorecard of what we expect to achieve for the Work Plan in terms of safety and improvement of quality of life for our customers.

Interim CFO Lisa Lumbard presented the financial analysis for the Draft Work Plan.

Ms. Lumbard explained the financial planning model that is used in developing the Work Plan. Assumptions and information from staff, financial advisor, engineers, and traffic engineers go into the planning model. That model is then used to prepare our debt service coverage projections, cash flow reports and sources and uses of funds.

Debt Issuance Assumptions:

- 30-year, fixed rate bonds, uninsured
- Interest rates
  - Assume historical 10-year average of Municipal Market Data
  - Credit spread of 90 bps (based on CFX's current credit ratings)
  - Additional 135 bps of cushion
- Debt Service Ratio target of 1.60x (senior lien debt)
- Full cash funded debt service reserve funds

Capital Planning Model Results:

- Requires additional debt
  - Approximately \$1.1 billion (FY 16, FY 17, FY 18, FY20, FY 22 and FY 24)
  - Approximately 50% of project expenditures over the 10 year period

- Modeling updated
  - New bonds are issued
  - New major assumptions
- Debt coverage ratios meets 1.60 planning target

Ms. Lumbard showed a graph of the projected Senior Lien Coverage Ratios from 2016 to 2035.

Mr. Scheeringa commented that as we go through the process we have a compounding effect of assumptions. He would like to see the value of each assumption versus what we have historically done.

Mr. Madara commented there is a lot of contingency in the planning model, which is good from a planning standpoint. He would like to see how much is reality and what the severity of those contingencies is so we can properly plan.

Mr. Ketcham talked about the impact of the projected toll increases on the Debt Service Coverage. He also asked a question about the debt service ratio in years 2018 and 2026. Ms. Lumbard explained that those years are thin due to our increased principal debt payments.

Commissioner Hawkins asked how the Osceola County debt absorption impacts this forecast. Ms. Kelley said that the first step in absorbing Osceola County is to look at those projects through our Master Plan process so we can begin to feather in those projects that the Board deems fit. At this point we do not have those additional projects beyond the Five Year Work Plan, but we do forecast a full 10 year plan so there is availability in that second five years.


Ms. Kelley will bring some alternatives to the toll policy for the Board to consider next month.

#### **BOARD MEMBER COMMENT**

There were no comments from the Board members.

#### **ADJOURNMENT**

The Chairman adjourned the meeting at 10:25 a.m.

  
Commissioner Welton G. Cadwell  
Chairman  
Central Florida Expressway Authority

  
Darleen Mazzillo  
Recording Secretary/Executive Assistant  
Central Florida Expressway Authority

Minutes approved on July 9, 2015.

*Pursuant to the Florida Public Records Law and CFX Records Management Policy, audio tapes of all Board and applicable Committee meetings are maintained and available upon request to the Records Management Liaison Officer at [publicrecords@CFXWay.com](mailto:publicrecords@CFXWay.com) or 4974 ORL Tower Road, Orlando, FL 32807. Additionally, video tapes of Board meetings commencing July 25, 2012 are available at the CFX website, [www.expresswayauthority.com](http://www.expresswayauthority.com)*