

TAMPA - HILLSBOROUGH COUNTY EXPRESSWAY AUTHORITY
Committees as a Whole / Board Meeting
May 7, 2018
1104 E. Twiggs Street, Suite 300
Tampa, FL 33602

AGENDA

I. Finance Committee – *Commissioner Miller, Chair / Amy Lettelleir, Esq., Staff*

A. Budget Review Fiscal Year 2019 (July 1, 2018 to June 30, 2019)

- **Operations, Maintenance and Administration Budget**
 - **Toll Operations**
 - **Roadway Operations and Maintenance**
 - **Administration**
 - **Communications & Marketing**
- **Work Program Capital Projects**
- **Work Program Renewal & Replacement**

II. Planning Committee – *Shaun Oxtal, Chair / Bob Frey, Staff*

A. Strategic Tolling Analysis

FY2019

Operations, Maintenance and
Administrative Budget

DRAFT

Tampa Hillsborough Expressway Authority (THEA)

Operating Budget

Fiscal Year 2019 (July 1, 2018 - June 30, 2019)

	<u>FY 2018 Final Budget</u>	<u>FY 2019 Proposed Budget</u>	<u>FY18 Budget vs. FY19 Budget \$ Change</u>	<u>Budget vs. FY19 Budget % Change</u>
OPERATIONS:				
Toll Operations				
Toll Collections Operations	\$ 530,000	\$ 580,000	\$ 50,000	9.4%
Toll System Maintenance and Support	100,000	100,000	-	0.0%
ORT In-Lane Software/Hardware Maintenance	792,322	792,322	-	0.0%
Other Toll Operations Expenses	150,000	90,000	(60,000)	(40.0%)
	<u>1,572,322</u>	<u>1,562,322</u>	<u>(10,000)</u>	<u>(0.6%)</u>
FTE, Toll Operations (SunPass Processing Charges)	1,362,489	3,136,979	1,774,490	130.2%
FTE, Toll Operations (Transponder (Net) Charges)	235,288	334,681	99,393	42.2%
FTE, Toll Operations (Credit Card Fees)	1,432,656	2,307,108	874,452	61.0%
Estimated Cost Savings from fees Collected by CCSS	(300,000)	(2,645,145)	(2,345,145)	781.7%
	<u>2,730,433</u>	<u>3,133,623</u>	<u>403,190</u>	<u>14.8%</u>
Operations Category Total	\$ 4,302,755	\$ 4,695,945	\$ 393,190	9.1%
MAINTENANCE:				
Roadway and Facilities Maintenance	2,418,544	2,406,180	(12,364)	(0.5%)
Landscape/Hardscape Brandon Parkway & Meridian	518,045	530,000	11,955	2.3%
Intelligent Transportation System Maintenance	730,000	458,500	(271,500)	(37.2%)
Maintenance Support Services	165,000	90,000	(75,000)	(45.5%)
	<u>3,831,589</u>	<u>3,484,680</u>	<u>(346,909)</u>	<u>(9.1%)</u>
FDOT Bridge Inspection	431,429	450,000	18,571	4.3%
Bridge, Property & Business Interruption Insurance	455,637	523,983	68,346	15.0%
Maintenance Category Total	\$ 4,718,655	\$ 4,458,663	\$ (259,992)	(5.5%)
ADMINISTRATION:				
Salaries, Taxes & Benefits				
Salaries	2,316,583	2,739,938	423,355	18.3%
Taxes - Employer Paid	160,599	187,022	26,423	16.5%
Florida Retirement System - Employer Contribution	329,759	428,926	99,167	30.1%
Deferred Compensation - Employer Contribution	78,718	114,027	35,309	44.9%
Insurances - Employer Paid	515,833	651,603	135,770	26.3%
Reserves	102,045	128,691	26,646	26.1%
Transfer to Capital Projects	(350,000)	(350,000)	-	0.0%
Subtotal Salaries, Taxes & Benefits	<u>3,153,537</u>	<u>3,900,207</u>	<u>746,670</u>	<u>23.7%</u>

DRAFT

Tampa Hillsborough Expressway Authority (THEA)

Operating Budget

Fiscal Year 2019 (July 1, 2018 - June 30, 2019)

	<u>FY 2018 Final Budget</u>	<u>FY 2019 Proposed Budget</u>	<u>FY18 Budget vs. FY19 Budget \$ Change</u>	<u>Budget vs. FY19 Budget % Change</u>
Professional Services				
Legal Counsel - Other	\$ 20,000	\$ 30,000	\$ 10,000	50.0%
Intergovernmental Relations	148,748	115,000	(33,748)	(22.7%)
Other Personnel Services	10,000	10,000	-	0.0%
Audit/Financial Support	48,000	55,000	7,000	14.6%
Financial Advisory Services	37,500	75,000	37,500	100.0%
Investment Advisory Services	92,400	115,000	22,600	24.5%
Arbitrage Rebate Compliance Services	1,200	-	(1,200)	(100.0%)
General Engineer Consultant (GEC)	410,000	425,000	15,000	3.7%
GEC Biennial Inspection Report	90,000	-	(90,000)	(100.0%)
GEC Crash Analysis	27,000	28,000	1,000	3.7%
GEC Work Program Support	70,000	70,000	-	0.0%
GEC Toll Index Study	10,000	10,000	-	0.0%
Traffic Count Consultant	100,000	-	(100,000)	(100.0%)
IT Support Services	28,000	21,000	(7,000)	(25.0%)
IT Support Services- IT Help Desk	75,000	78,000	3,000	4.0%
IT Support Services - Network Engineer	80,000	42,000	(38,000)	(47.5%)
IT	-	6,000	6,000	-%
Microsoft GP Support Services	6,000	6,300	300	5.0%
Traffic & Revenue Consultant	60,000	50,000	(10,000)	(16.7%)
SEC Disclosure Services	2,500	2,500	-	0.0%
Custodian Services	-	3,000	3,000	-%
Reserve	39,490	34,254	(5,236)	(13.3%)
Subtotal Professional Services	<u>1,355,838</u>	<u>1,176,054</u>	<u>(179,784)</u>	<u>(13.3%)</u>
Office Expenditures				
Insurance/Worker's Comp	34,353	36,377	2,024	5.9%
Travel/Conferences/Toll Operations	85,000	89,250	4,250	5.0%
Advertising/Legal Notices	10,000	10,000	-	0.0%
TMC Building Expenses & Maintenance	220,607	236,400	15,793	7.2%
Office Administration Expenses	35,241	35,000	(241)	(0.7%)
Telephone/Communications	46,500	48,000	1,500	3.2%
IT Equipment and Expenses	45,000	30,000	(15,000)	(33.3%)
Cyber Security Assessment	45,000	47,250	2,250	5.0%
Vehicle Operation & Maintenance	3,000	3,000	-	0.0%
Continuing Education, Memberships & Training	45,000	69,550	24,550	54.6%
Bank and Bond Fees	19,000	34,950	15,950	83.9%
Special Events/Miscellaneous	40,000	42,000	2,000	5.0%
Sales Tax on Leases	-	27,300	27,300	-%
Reserve	18,861	21,272	2,411	12.8%
Transfer to Capital Projects	(72,000)	-	72,000	(100.0%)
Subtotal Office Expenditures	<u>575,562</u>	<u>730,349</u>	<u>154,787</u>	<u>26.9%</u>
Administration Category Total	<u>\$ 5,084,937</u>	<u>\$ 5,806,610</u>	<u>\$ 721,673</u>	<u>14.2%</u>

DRAFT

Tampa Hillsborough Expressway Authority (THEA)

Operating Budget

Fiscal Year 2019 (July 1, 2018 - June 30, 2019)

	<u>FY 2018 Final Budget</u>	<u>FY 2019 Proposed Budget</u>	<u>FY18 Budget vs. FY19 Budget \$ Change</u>	<u>Budget vs. FY19 Budget % Change</u>
PUBLIC COMMUNICATIONS AND MARKETING:				
THEA Website Services	\$ 5,000	\$ 10,000	\$ 5,000	100.0%
Special Events/Sponsorships	100,000	140,000	40,000	40.0%
Marketing & Communication Services	165,000	200,000	35,000	21.2%
Printed Materials and Promotional Products	100,000	90,000	(10,000)	(10.0%)
SunPass Marketing	110,000	100,000	(10,000)	(9.1%)
Marketing - Memberships	100,000	80,000	(20,000)	(20.0%)
Connected Vehicle Summit Sponsor	25,000	-	(25,000)	(100.0%)
Contingency	-	5,000	5,000	--%
Public Communications & Marketing Category Total	\$ 605,000	\$ 625,000	\$ 20,000	3.3%
OPERATING EXPENSES BEFORE CONTINGENCY	14,711,347	15,586,218	874,871	5.9%
CONTINGENCY:				
Contingent Liabilities (Net of Reserve)	-	-	-	--
TOTAL OPERATING EXPENSES	\$ 14,711,347	\$ 15,586,218	\$ 874,871	5.9%
FUNDING REQUIREMENTS:				
Senior & Subordinate Long-Term Debt				
Series 2012 Principal	6,790,000	8,450,000	1,660,000	24.4%
Series 2012 Interest	19,593,371	12,356,133	-	(36.9%)
Series 2017 Interest	6,500,000	7,889,000	1,389,000	21.4%
Series 2017B Principal	-	320,000	320,000	--%
Series 2017B Interest	-	6,153,100	6,153,100	--%
Series 2017C Interest	-	1,089,500	1,089,500	--%
	32,883,371	36,257,733	8,951,600	10.3%
Bond Covenants Funding Requirements				
Annual Deposit to OM&A Reserve Fund	925,040	500,000	(425,040)	(45.9%)
	925,040	500,000	(425,040)	(45.9%)
Funding Requirements Total	\$ 33,808,411	\$ 36,757,733	\$ 2,949,322	8.7%
TOTAL FISCAL YEAR OPERATING BUDGET	\$ 48,519,758	\$ 52,343,951	\$ 3,824,193	7.9%

BUDGET PREPARATION DETAIL

Toll Operations

Total FY19 Proposed Budget **\$ 4,695,945**

Toll Collections Operations: this budget is for our managed service for image review. There is a 10% increase in video transactions that accounts for the budget increase.

Toll Systems Maintenance: no change in budget as the contract is a flat rate and includes budgets for image processing IT hardware maintenance.

ORT In-Lane/Software/Hardware Maintenance and Support: no change in budget because the contract is a flat rate for FY19.

Other Toll Operations Expenses: there is a \$60,000 decrease as CCSS will perform some of the services which also results in a reduction in other consultant services.

Toll System Operations: there are increases in costs for Transaction Processing, Transponder Costs, Credit Card Costs as we convert to the Centralized Customer Service System. As THEA now participates in the CCSS some costs will go up but we expect much of those costs to be offset by THEA's share of revenue fees charged to SunPass and Toll-By-Plate customers.

Overall there is a 9% increase in costs for Toll Operations, however, 6% of this increase represents the direct costs associated with traffic growth.

Roadway Maintenance and Operations

Total FY19 Proposed Budget **\$4,458,663**

Roadway and Facilities Maintenance: for FY19 there is a slight increase of ½% associated with an increase in traffic overall. Most of the items in this category are negotiated contracts for services such as Road Ranger, Ferrovial, HNTB and others to maintain the roadways, railroad tracks and the East and West buildings.

Landscape/Hardscape Brandon Parkway and Meridian: slight increase in costs consistent with the terms of the previously negotiated contracts for outside service providers to maintain the landscape and hardscape on Meridian and Brandon Parkway.

Intelligent Transportation System Maintenance: for FY19 we are capitalizing more of the costs and therefore we have 37% reduction in this line item of the budget. This budget is used to hire outside ITS services including maintenance and licensing, purchasing spare parts, tools and equipment.

Maintenance Support Services: the large reduction in the FY19 budget vs. the FY18 budget is that a line item for FY18 for an Annual Calibration Validation is now included with services provided in our Traffic and Engineers Contract.

FDOT Bridge Inspection: annual expected small increase in cost.

Bridge, Property & Business Interruption Insurance: estimated 15% increase in cost mostly as a buffer if the bid comes in high. The only new items to insure the dog park and greenways as completed.

Overall there is a 5.5% decrease in the FY19 budget from the FY18 budget.

Administration

Total FY19 Proposed Budget

\$5,806,610

Salaries, Taxes and Benefits: FY19 shows a 23.7% increase in this line item. This can be explained by the hiring of upper level management and a deputy as well as a 3% cost of living increase for all employees consistent with Hillsborough County Civil Service study. Contribution rates to the Florida Retirement System continue to increase and we are anticipating an increase in health insurance coverage. We will transfer an estimated \$350,000 of total salaries/benefits to Capital Projects calculated on the percentage of staff time allocated to the projects.

Professional Services: For FY19 we anticipate a 13.3% decrease in this line item of the Administration Budget. The decrease can partly be accounted for as this is an off year for the Biennial Inspection Report. Also, in FY18 there was a line item budget for a Traffic Count Consultant that is not needed for FY19.

Office Expenditures: In the proposed FY19 budget we show a 26.9% increase in this line item. There is an increase in the continuing education and training with the implementation of the new Tuition Reimbursement program. THEA will utilize both Moody's and Standard and Poor's for annual ratings going forward therefor there is a large increase in this line item. As staff count has increased the associated costs for travel to conferences and training programs requires a larger budget.

Overall there is a 14.2% increase for the FY19 budget over the FY18 budget.

Public Communications and Marketing

Total FY19 Proposed Budget

\$625,000

Communications and Public Relations: overall this budget has an increase of 3.3%. There is a decrease in costs associated with SunPass marketing and memberships as some of those initiatives will be accomplished as part of the CCSS. There are increases in the line item categories of Special Events and Communication Services as THEA is hosting the Florida Automated Vehicles Summit in the fall and continue to promote the Connected Vehicle project.

FY2019

Flow of Funds
Debt Service Ratios
Per Master Bond Resolution

DRAFT

Tampa Hillsborough Expressway Authority (THEA)
Flow of Funds - Debt Service Ratios Per Bond Master Resolution
Fiscal Year 2019 (July 1, 2018 - June 30, 2019)

	<u>FY 2018 Final Budget</u>	<u>FY 2019 Proposed Budget</u>
Revenue		
Toll Revenue	\$ 84,000,000	\$ 89,278,000
Other Income	977,322	2,234,856
Total Revenue	\$ 84,977,322	\$ 91,512,856
Operating Expenses		
Toll Operations	4,302,755	4,695,945
Maintenance	4,718,655	4,458,663
Administration	5,084,937	5,806,610
Other Operating	605,000	625,000
Total Operating Expenses	\$ 14,711,347	\$ 15,586,218
Bond Covenants Funding Requirements		
Deposit to OM&A Fund	925,040	500,000
Net Revenue	\$ 69,340,935	\$ 75,426,638
Debt Services Payments		
Series 2012 Debt Service	26,383,371	20,806,133
Series 2017 Debt Service	6,500,000	7,889,000
Series 2017B Debt Service		6,473,100
Series 20017C Debt Service		1,809,500
Total Debt Service	\$ 32,883,371	\$ - \$ 36,977,733
Debt Service Ratio =>1.30 (1.50)		
	2.11	2.04
Other Funding Requirements		
Deposit to Renewal and Replacement Reserve	-	-
Total Other Funding Requirements	\$ -	\$0
Debt Service and Other Funding Ratio =>1.00 (1.20)		
	2.11	2.04
Net Available for System Projects	\$ 36,457,564	\$ 38,448,905

FY2019
Sources of Funds

DRAFT

Tampa Hillsborough Expressway Authority (THEA)
Operating Budget - Sources of Funds
Fiscal Year 2019 (July 1, 2018 - June 30, 2019)

	<u>FY 2018 Final Budget</u>	<u>FY 2019 Proposed Budget</u>	<u>FY18 Budget vs. FY19 Budget Increase (Decrease)</u>	<u>FY18 Budget vs. FY19 Budget % Change</u>
Sources of Operating Funds				
Toll Revenue	84,000,000	89,278,000	\$ 5,278,000	6.3%
Leases, Investments	977,322	2,234,856	1,257,534	128.7%
Total Sources of Funds	\$ 84,977,322	\$ 91,512,856	\$ 6,535,534	7.7%

FY2019

Work Program
Capital and Renewal and
Replacement Budget

DRAFT

Tampa-Hillsborough County Expressway Authority
Work Program - Capital and Renewal & Replacement
Fiscal Year 2019 (July 1, 2018 - June 30, 2019)

	FY18 Approved Budget	FY18 Current	FY19 Proposed
CAPITAL BUDGET			
Roadway (Not Bonded Projects)	\$ 10,266,000	\$ 5,594,238	\$ 18,444,000
ITS	4,462,000	2,645,000	1,747,000
Tolls	694,000	1,879,000	2,023,000
Facilities	539,000	935,000	2,803,000
Subtotal	<u>\$ 15,961,000</u>	<u>\$ 11,053,238</u>	<u>\$ 25,017,000</u>
Selmon West Extension	\$ 64,540,000	\$ 66,171,000	\$ 76,185,000
South Selmon Safety		750,531	16,608,000
Meridian Improvement		193,000	3,277,000
Subtotal		<u>\$ 67,114,531</u>	<u>\$ 96,070,000</u>
TOTAL CAPITAL BUDGET		\$ 78,167,769	\$ 121,087,000
RENEWAL AND REPLACEMENT			
Roadway	\$ 5,735,000	\$ 5,685,000	\$ 8,552,000
ITS	2,297,000	2,331,000	922,000
Tolls	1,917,000	388,000	583,000
Facilities	1,253,000	524,000	259,000
TOTAL RENEWAL AND REPLACEMENT	\$ 11,202,000	\$ 8,928,000	\$ 10,316,000