

Tampa-Hillsborough County Expressway Authority
Minutes of the May 8, 2023, Board Workshop
1104 E. Twiggs Street
Tampa, FL 33602

The Tampa-Hillsborough County Expressway Authority held a public meeting at 1:30 p.m. on May 8, 2023, at THEA Headquarters, 1104 E. Twiggs Street in Tampa Florida. The following were present:

BOARD:

Vincent Cassidy, Chairman
Bennett Barrow, Vice Chairman
John Weatherford, Secretary
Commissioner Donna Cameron Cepeda, Member
Mayor Jane Castor, Member

STAFF:

Greg Slater	Chaketa Mister
Amy Lettelleir	Anna Quinones
Bob Frey	Shannon Bush
Brian Pickard	Lisa Pessina
Jeff Seward	Elizabeth Gray
Shari Callahan	Emma Antolinez
Brian Ramirez	Judith Villegas
Gary Holland	Julie Aure
Charlene Ponce	

OTHERS:

Christina Matthews, WSP
Len Becker, HNTB
Jim Drapp, HNTB
Matthew Sansbury, RBC

Chairman Cassidy called the meeting to order at 1:32 pm.

Executive Director, Greg Slater, provided an overview of what the board can expect from today's workshop. He then turned the meeting over to Mr. Seward.

Mr. Seward provided a budget development overview, followed by a review of revenue projections. He noted an estimated 5.6M (8%) increase in toll transactions from FY23, a 2.5% toll indexing, and an unchanged Toll-by-Plate differential. He also pointed out that, based on YTD toll revenue and the T&R update, FY2023 toll revenue projections should be realized.

He also explained the investment income increase, which is due to larger restricted cash balances for future capital program, and that the inclusion of the P-card rebate is estimated to yield \$50,000 of revenue for FY24.

Moving on to FY24 Expenditures, Mr. Seward reported that total expenditures increased by a net total of 9.13% over FY23 budgeted expenditures, drawing a comparison to FY23's increase over FY22's amended budget, which was 21.09%. He added that the average year-over-year increase from FY19 through the proposed FY24 has averaged 12.58%.

Chairman Cassidy asked if THEA is seeing components of the 21% increase that are driven by an increase in transaction volume versus inflation. Mr. Slater noted that it is a little bit of both.

Mr. Weatherford asked about last year's increase on the administrative side as a big driver in the increase. Mr. Seward confirmed and attributed that increase in FTE costs. Additional factors include the unknowns coming out of the pandemic. There was a brief discussion about the 21% delta and Administration/Professional Services.

Mr. Seward moved to Toll Operations, pointing out that we are looking at a 5.63% increase over FY'23 amended budget. He added that FTE expenses increased by 3.12%, largely due to increases in Florida's Turnpike Enterprises expenses. He then introduced Mr. Gary Holland to present the Toll Operations Budget.

Mr. Holland provided the following summary:

- Toll Collections increased by 17.26% due to an increase in image review costs due to contract and transaction escalators.
- Toll System Maintenance and Support decreased by 71.09%. This is due to a shift in multiple line items to the newly created IT Department.
- "Other" expenses increased by 12.15%. This increase is due to a contract with a new Roadside Maintenance vendor.
- Miscellaneous Toll Operations Expenses increased by \$220,000 to cover additional NBOS support.

The Chairman asked about expenses associated with the new toll system. Mr. Slater noted that is in the work program and not included in this budget.

The Chairman asked if image review costs have increased by 17% why are we not increasing the rates for video tolling? Mr. Slater responded that this is a discussion the Board should have. We will see more growth in that, but at the backend, we'll see a more efficient system and a decrease in the cost of those transactions.

Mr. Weatherford asked about the cost of decreasing the backlog and what platform was used. Ms. Lettelleir noted THEA hired a new vendor. There was a brief discussion about the vendor.

Mr. Seward discussed the IT consolidation, pointing out that the 71% reduction in the Toll Operations Budget is the result of moving those particular departmental expenses to the IT department. He further noted that for FY2024, Mr. Slater would like to consolidate all of our IT and ITS activities and have those functions under one strategic direction and one leader. So, these costs have been removed from each department and consolidated into one IT Department.

The Chairman pointed out that we're looking at 1.5% of the total budget for Toll Operations. Mr. Seward confirmed.

Mr. Seward moved on to Operations and Maintenance, noting a couple of key takeaways are the \$19,050 shift of ITS and the numerous GEC tasks that were individual line items. Those have been bundled. Mr. Pickard then discussed the key drivers to a net expenditure increase of 4.74% over FY'23, including:

- Roadway & Facilities Maintenance – a net increase of 10.39%.
- Landscape/Hardscape Brandon Parkway & Meridian – net decrease of 6.08%.
- Intelligent Transportation System (ITS) & Other Expenses – a net decrease of 37.56%.
- Bridge Inspection – Increase of \$80,000 from FY'23 budget amendment.

Mr. Pickard also reviewed the bundled tasks under GEC Support, noting that the bundling will allow for shifting items if and when necessary – all of which will be reported back to the board. It also will reduce the number of invoices that will need to be processed by Finance. Mr. Slater noted that everything will continue to be tracked at a very detailed level, adding that if this had been in place last year, we would not have had to make an operational budget amendment.

The Chairman pointed to the policies and procedures that speak to deltas and required board approval and asked if this will conflict in any way with the policies and procedures relative to spending money. Mr. Seward explained that they are still based on an approved contract.

The Chairman asked what the Executive Director is allowed to approve for a delta. Ms. Lettelleir advised that the Executive Director cannot go over \$50,000. Mr. Slater explained that anything over that would still go to the board, it just would not require amending the budget.

Mr. Slater will bring additional information back to the board to further explain and ensure we are in compliance with THEA policy.

The last item presented by Mr. Pickard was the increase in the Bridge Inspection line item.

Next, Mr. Seward introduced Brian Ramirez to present the Communications budget. Mr. Ramirez noted that the department has consistently remained within the \$620,000 budget with no increases.

The Chairman asked what the actual spending will be for FY23. Mr. Slater responded that it will be very close to \$620,000. He also asked how long the Communications Budget has been at \$620,000. Ms. Pessina pointed out that at this point in time, we're at about \$480,000. Mr. Seward responded at least 2-3 years.

Mr. Slater noted the key driver for this budget is making sure our communications and activities are focused where they need to be.

There was a brief discussion about the types of activities that are included in communication services.

Mr. Seward then reviewed personnel expenditures. The key drivers to the net expenditure increase of 6.24% include:

- 5% COLA
- 5% estimated increase in healthcare benefits
- Elimination of third intern position

The Chairman asked what college year we start the interns. Mr. Slater noted Junior/Senior year.

Mr. Weatherford asked about employee benefits. Mr. Seward listed the main benefits – auto allowance for the ED; health insurance; FRS; Long term disability; flex spending account; and vision insurance.

Mr. Seward continued with key drivers.

- Addition of 4 new FTEs:
 - General Counsel/Procurement Support
 - Information Technology Manager
 - ITS Manager
 - Strategic Performance Manager
- Budget Represents 31 FTE positions and 2 interns.
- Reduction in Payroll contingency

Mr. Weatherford followed up with a question about ways to find similar entities to compare KPIs. Mr. Slater referred to benchmarking and noted that he has been looking for the right pairing for THEA and he's finding that a better comparator for us is some of the European toll facilities. Through IBTTA he's been trying to find the right KPIs for an organization of our size and headed in a similar direction.

Mr. Barrow asked what other Florida tolling agencies are doing with toll indexing. Mr. Slater responded that they are all still looking at it. He has had conversations with CFX who is doing 1% OR CPI, but he hasn't heard anything yet from the state.

Mr. Barrow asked about governance protocol should THEA contemplate an increase. Mr. Slater explained it could be done as part of a special Board workshop or as part of the budget.

Mr. Seward proceeded with professional service expenditures. The key drivers to the net increase of 7.15% include:

- \$240,000 of Planning & Innovation activities moved from Capital to Operating
- Multiple GEC tasks were bundled into a GEC Support Task with a net increase of 31.05% primarily due to a biennial inspection of \$110K and an additional \$105K for Toll Operations support.
- \$162,240 decrease due to the shift of multiple line items to the newly created IT Department

Mr. Seward called on Mr. Frey to discuss the items included in this shift. Mr. Frey discussed the line items moved to OM&A because they are agency functions. These items include:

- Value Pricing Support
- Development Transportation Planning Support
- Transportation Modeling Support
- Strategic Blueprint Planning Tolling Support

Next, Mr. Seward briefly discussed GEC Task #1, which includes:

- General Administration
- Toll Index Study Support
- Biennial Inspection
- Work Program Support
- Crash Analysis (Safety Audit)
- Toll Operations Support

For administrative expenditures, Mr. Seward reported that insurance costs are unknown at this time, but that information will be provided at the June Board meeting.

Mr. Seward then introduced Shari Callahan to report on the IT Budget. Ms. Callahan explained that the goals of the IT Department are an emphasis on security and efficiency, which is why the expenditures are being pulled from different departments and being consolidated under the IT Department. She reviewed some of the larger line items in the budget.

There was a brief discussion about the amount THEA is investing in technology. Mr. Slater suggested looking at the technology on a couple of different levels:

- Internal systems and servers
- Roadside tolling infrastructure
- ITS systems

These are all coming together in an integrated fashion. What we're trying to ensure is that we have the same comprehensive cybersecurity approach – and as these systems become integrated the threats become very different, so over the next five years there will be a significant investment in cybersecurity that will increase THEA's investment in technology.

Chairman Cassidy noted this is another area he would like to see a benchmark and see what other agencies are doing. Mr. Seward pointed out that this does not include the ITS costs that are in the Operations and Maintenance budget.

Finally, Mr. Seward provided a summary of the FY24 Budget, noting the key takeaways:

- Toll revenue increased by 14.38%.
- Expenditures increased by 9.13%.
- FY24 Capital Improvement Program is fully funded.
- Projected to increase long-term Capital Improvement Fund by \$64.7M.
- Estimated Debt Service Ratio of 2.67 at the close of FY24.

THEA expects to pull in a debt service ratio well above what our policies require.

Mr. Slater mentioned that THEA was recently reaffirmed at an A2 rating and in the S&P report it is noted that the agency has very strong management and governance reflecting a history of meeting, or exceeding most operational and financial goals, reasonable budgeting practices to ensure our toll road is in good condition, and a very capable team.

Mr. Frey reviewed the six-year Work Program – from FY22-FY27 we're looking at a total of \$927M, and for FY24 we're looking at \$137M.

Mr. Frey then reviewed the Preservation Program followed by the Enhancement Program. He provided a breakdown of the 88 preservation projects and highlighted the larger ones. He also reviewed a list of 27 new projects and discussed how they tie back into the Strategic Blueprint.

Chairman Cassidy asked about the 12th Street project noting that it seems to fit with the Serve pillar. Mr. Slater explained that it fits into a couple of different pillars, and this is a project he would like to bring back to the board.

The Chairman announced the next Board meeting on June 26, 2023.

With no further business, the meeting was adjourned at 2:52 p.m.

APPROVED:  **Chairman: Vince Cassidy** **ATTEST:**  **Secretary: John Weatherford**

DATED THIS 26th DAY OF JUNE 2023.