

**Florida High Speed Rail Authority
Meeting Minutes
November 13, 2001
Lakeland, Florida**

Call to Order:

Chairman Frederick Dudley called the meeting of the Florida High Speed Rail Authority to order at 9:00 a.m. Other members in attendance included John P. Browning, Jr., Vice Chairman; Norm Mansour, Secretary; Leila Nodarse, P.E.; William Dunn, P.E.; C.C. "Doc" Dockery; Skip Fowler, Esq.; and Thomas F. Barry, Jr., P.E. Lee Chira, Treasurer, arrived at approximately 9:25 a.m.

Opening Remarks:

Chairman Dudley opened the meeting by thanking Mr. Dockery for hosting a reception attended by various members of the Authority, the Lakeland City and Polk County Commissions, the Chamber of Commerce, and other citizens on the evening of November 12.

Chairman Dudley then introduced and opened the floor for comments by the Mayor of Lakeland, Buddy Fletcher. Mayor Fletcher introduced the members of the Lakeland City Commission, including Dean Boring, Gow Fields, Seth McKeel, Tom Shaw, Jim Verplanck, and Howard Wiggs, along with other staff members. Mayor Fletcher also offered brief remarks regarding the City of Lakeland, its residents, and the surrounding community. In conclusion, Mayor Fletcher asked the Authority members to look favorably on the growing Lakeland area as a site for a major stop on the first phase of the high-speed rail system.

Chairman Dudley next recognized Lakeland County Commissioner Jack Myers, who introduced fellow Commissioners Randy Wilkinson and Bruce Parker. Commissioner Myers then presented to the Authority a recently passed Resolution of the Polk County Commission expressing support for the high-speed rail system and encouraging the Legislature to authorize and fund a terminal located in Polk County.

Chairman Dudley then commented on the Authority's limited role in making recommendations to the Legislature and the Legislature's role in accepting, rejecting, or modifying those recommendations, following which he opened the floor for comments by Representative Dennis Ross. Representative Ross welcomed the Authority to Polk County and commented on Florida's role as a leader in the development of high-speed rail. He expressed support for Legislative efforts to grant the Authority additional powers necessary to make high-speed rail a reality. Representative Ross offered his assistance to the Authority in the high-speed rail process.

Chairman Dudley also recognized Representative Paula Dockery, who likewise welcomed the Authority and thanked the members for their service, without compensation, to the State of Florida. Representative Dockery noted that the people of Florida have spoken: They want high-speed rail. She commented on last year's debate in the Legislature between further study of high-speed rail development and creation of an Authority, noting that the latter action prevailed, and opined the many members of the Legislature previously against high-speed rail have now changed their minds. She also expressed her hope that the Legislature will grant the powers needed to complete the Authority's work. Representative Dockery also thanked Mr. Dockery for his vision of high-speed rail and invited the members to communicate to the Legislature how the Authority's work can be made easier.

Presentation by Senator Jim Sebesta:

Chairman Dudley then recognized Senate Transportation Committee Chairman Jim Sebesta, who offered for the Authority's consideration his conceptual plan for a high-speed rail line beginning in St. Pete, running to Orlando, and then down to Miami. Senator Sebesta noted that his effort was intended only as a point of departure for the Authority's use as it sees fit. He described Phase 1 of the plan as a leg from St. Pete, through Tampa, to Orlando. Phase 1 is divided into Part 1, Tampa to Orlando, where much work has been done, and Part 2, Tampa to St. Pete, where no work has been done. Phase 2 was described as a leg from Orlando to Miami.

Senator Sebesta identified the location of the western terminus of Phase 1 at the St. Pete/Clearwater Airport or at the Carillon Office Park, either of which is significant for being right across the Bay. From that western terminus, Senator Sebesta suggested using light rail to connect to the beaches in Pinellas County, as well as to downtown St. Pete. The plan proposes the next stop, a high-rise station as shown in the picture Senator Sebesta provided, at the large office complex on Westshore, with a light rail connection to Tampa International Airport (TIA). Senator Sebesta noted TIA's firm position that it has no interest in having high-speed rail come into the airport. For downtown Tampa, specifically at the Ashley Street exit, he suggested a high-rise station above I-275.

Senator Sebesta proposed a next stop at U.S. 98, on the theory that keeping the corridor as straight as possible will improve the train's operating speed and trip times. He noted a potential alternative at Exit 16 but pointed out the need for a location someplace on the

I-4 corridor. Next, he suggested one stop at Disney and another at the Beeline, with light rail to Universal, International Drive, Church Street Station, and downtown. The natural eastern terminus, he suggested, would be at the Orlando International Airport.

Senator Sebesta described Phase 2, running from Orlando to Miami, noting the difficulty of connecting Palm Beach and Ft. Lauderdale as a result of numerous existing grade crossings and related safety concerns. For that reason, Senator Sebesta again suggested light rail between Miami, Ft. Lauderdale, and Palm Beach, noting the possible use of the existing Tri-Rail system. The high-speed train would run down the Turnpike, probably ending at Miami International Airport.

Senator Sebesta further discussed the stations he envisions, with space provided for parking and retail operations, as well as a tower for offices and a tower for condos and apartments. He noted that the idea is simple – to keep cars off the roads and move people quickly. Senator Sebesta reiterated that the plan he offered was conceptual and intended only as suggestions for the Authority's consideration, and underscored the need to keep intermodality in mind.

Mr. Chira complimented Senator Sebesta on his effort to define more than just the initial phase of the system between Tampa and Orlando. He expressed his belief that the Authority should present in its report to the Legislature a comprehensive, if necessarily generic, master plan to show the public how it will ultimately benefit from the high-speed rail system. Senator Sebesta agreed. Mr. Chira asked Senator Sebesta why his conceptual plan did not include stops at Palm Beach and Ft. Lauderdale on the Turnpike. Senator Sebesta agreed that such stops would be possible if the line stayed west of town, with light rail connections to the master system.

Mr. Browning asked Senator Sebesta why he didn't consider going over to the Cape, due to its status as a major port, and Senator Sebesta agreed that doing so is an alternative. Both noted that the Coast-to-Coast study had favorably analyzed running high-speed rail to that location and agreed that the alternative should be kept in mind. Mr. Dunn commented that the route makes a great deal of sense in looking at the future of high-speed rail in Florida, and nationally, because an east coast route from Miami to Jacksonville extends into the national network quite well. He agreed that a master plan, including looking beyond Florida's boundaries, is necessary to the broader vision, noting that each added city results in increased ridership and greater likelihood of convincing the Legislature that the system is viable.

Senator Sebesta closed by thanking the members for the opportunity to provide them with a catalyst for thinking and by urging their adherence to the notion of "no sacred cows." Chairman Dudley thanked Senator Sebesta and noted his specific appreciation for Senator Sebesta's suggestions for the link between Tampa and St. Pete, which constitute the first proposal for that corridor. He also noted his appreciation of Senator Sebesta's understanding of the need to commence the PD&E process on the known corridors between Tampa and Orlando in order to meet the November 2003 construction date.

Chairman Dudley next recognized Ron Clark, Chairman of the Chamber of Commerce. Mr. Clark commented on potential ridership and expected growth in the Lakeland area and opined that given Lakeland's location, a stop would be appropriate, probably at Kathleen Road and I-4. He noted his community's pride in and appreciation of Doc Dockery and Representative Ross as moving forces behind the initial and continued development of high-speed rail in Florida. Mr. Clark thanked the members for their volunteer service and offered the assistance of the Lakeland community, including providing a site for a stop.

Chairman Dudley also recognized the presence of the President of the Florida Transportation Builders' Association, Mr. Bob Burleson, as well as the DOT District One Secretary, David Twiddy. Secretary Twiddy welcomed the members, briefly introduced the DOT districts affected by the initial segment of the system, and offered his assistance to the Authority.

Minutes: The minutes of the previous meeting, held on October 24, 2001, were reviewed. On motion by Mr. Dunn, seconded by Mr. Dockery, the minutes were approved. There were no corrections or omissions.

Old Business:

Draft partnership agreement with the Coast to Coast Consortium:

Mr. Dockery noted his respect for the high-speed rail work accomplished by the Consortium but asked what criteria existed for entering into formal agreements recognizing any organization as an advisor to the Authority. He noted that the Authority has not established any formal criteria for selecting organizations as advisors. Chairman Dudley agreed that establishing criteria is important. He suggested that any one could be a partner or advisor, for which formal agreements are not needed, but expressed his desire that, especially with regard to groups supportive of high-speed rail development, something in the way of a more formal arrangement is appropriate. He noted that the subject agreement, from a legal standpoint, creates no legal obligations on the part of the Authority. Chairman Dudley suggested that in light of the Authority's charge to recommend how to implement the constitutional mandate, the criteria might simply be that any group supportive of high-speed rail could be a partner and be listed on the High Speed Rail website as a partner. He indicated a desire to provide the list to the Legislature as evidence of the entities supportive of the Authority's efforts.

Mr. Dockery moved that the Authority adopt the criteria as stated by the Chairman in establishing working relationships with groups, both in and outside of Florida, who are supportive of the constitutional amendment to build a high-speed rail ground transportation system in Florida. Ms. Nodarse seconded the motion. In response to Mr. Chira's request, Chairman Dudley restated that criteria as follows: Any group or organization supportive of the Authority's efforts to recommend to the Legislature how to implement the constitutional amendment may be a partner and may, if so desired, be listed on the High Speed Rail website. Mr. Fowler asked whether the Authority would need to take affirmative action once a given group meets the criteria, and Chairman Dudley agreed that naming any group as a partner should come formally before the Authority. Mr. Chira asked that the motion be amended to include on the appropriate agenda, for formal action by the Authority, the naming of any group as a partner. Mr. Dockery and Ms. Nodarse agreed to the amended motion, and the motion as amended passed unanimously.

Mr. Dunn noted, with respect to the subject agreement, the language on page two stating that the Authority will provide project materials to the Consortium, to the maximum extent possible, to allow the Consortium to review them prior to release. Mr. Dunn noted he would not like to give greater status to the Consortium than to the general public. Upon Chairman Dudley's suggestion, Mr. Dunn moved that the language of the subject agreement, as well of any future partnership agreements, be amended to provide that the Authority will provide project materials to the Consortium, or any future partner, in a manner, to the maximum extent possible, to allow the Consortium, or any future partner, to review them prior to the Authority's next public meeting. Mr. Chira seconded the motion, which passed unanimously. Gary Brosch, Executive Director of the Consortium, accepted the amendment on behalf of the Consortium.

Chairman Dudley reported his recent attendance at the Orlando Metroplan Leadership Conference at which Ed Turanchek, CEO of Florida 2012, Inc., advised that Tampa was not chosen as a finalist for the 2012 Olympic bid. He advised of Mr. Turanchek's desire to maintain the relationship his group previously built with the Authority and also of an upcoming meeting at which the group will decide whether to take on another project. Chairman Dudley reported that he strongly encouraged Mr. Turanchek to consider high-speed rail as their next project. He further encouraged the members to contact Mr. Turanchek to make the same recommendation and opined that Florida 2012, Inc., could be an important partner to the Authority.

Draft Advertisement for Authority Staff:

Chairman Dudley advised that he, Mr. Haddad, and Mr. Bottcher jointly prepared the draft advertisement. He advised Ms. Nodarse that the advertisement had not yet been released but was being brought before the members for any changes deemed appropriate. Rather than posting the ad in trade journals as previously suggested, and given the return date, Chairman Dudley suggested Internet posting of the ad. Mr. Haddad explained that the process is of an invitation-to-negotiate type. The ad would be posted on MyFlorida.com, and proposals from all parties interested in providing an executive director, secretarial staff, office space and equipment must be received by December 18.

Chairman Dudley paused to recognize the presence of Senator Ginny Brown-Waite. Mr. Chira moved, without objection, to temporarily postpone the draft advertisement.

Staff Director Report:

Mr. Haddad noted that at the last meeting, a question arose regarding the costs for Task Order 1 with Parsons Transportation Group (PTG). Mr. Haddad presented the members with a matrix showing all cost elements associated with PTG's activity, as well as those of the subcontractors, broken down by service and vendor. Mr. Chira asked whether a subcontractor is authorized to hire a sub-subcontractor and, if so, whether the sub-subcontractor charges will be reflected on periodic invoices. He expressed his desire, as the Authority's Treasurer, that the consultants be aware that the Authority must be aware of any subcontractors providing services. Mr. Haddad explained that any sub-subcontractor must be approved through the Department's Contractual Services Office and the Authority. Chairman Dudley directed that all invoices must reflect the name of the person or entity doing the work and that all sub-subcontractors must be approved by the Authority.

Mr. Haddad also provided the members with copies of correspondence from the Cities of Pinellas Park and St. Petersburg, each accompanied by resolutions in support of high-speed rail as specified. Also provided was a copy of Mr. Dunn's letter to the Mayor of the City of St. Petersburg explaining why the phase between Tampa and St. Petersburg will not be ready for construction as early as other phases. Mr. Dunn noted his intent was to explain that the reasons for the delay were not a matter of a judgment call.

Mr. Haddad next reminded the members of the recent presentation made by Larry Blow for Transrapid International-USA, Inc., during which some question arose about capital and operating costs of Transrapid technology in the Coast-to-Coast Study. Mr. Haddad provided copies of correspondence from Transrapid transmitting for the Authority's consideration their comments on the matter. Mr. Haddad reminded the members that the numbers in the Coast-to-Coast report were based on information received from the Federal Rail Administration on six different mag-lev projects around the country. Mr. Haddad advised Chairman Dudley that the Coast-to-Coast study reported an approximate cost of \$60 million per mile for the track and the rolling stock, while Transrapid estimates that cost at \$16 to \$17 million per mile.

Chairman Dudley noted that the Authority has discussed, but has not taken an official position regarding the choice of technology. He opined that the members may not want to do so, depending on how the RFQ is framed. If the vendor is allowed to choose, within the parameters set by the Authority for meeting operational, environmental, and safety standards, then the Authority will not have to select the technology. If that ends up being the Authority's view, he stated, the cost of technology is not important, so long as the operational, environmental, and safety standards are met. He noted that by the next meeting, Mr. Share will need to have some of these issues firmed up for the legislative report.

Mr. Haddad also presented the members with two pictures provided by Lew Oliver of American Maglev, one of the car and one of the test track in Edgewater, Florida. Mr. Dunn noted Mr. Oliver's prior promise of a 120 mph ride on the track, which is approximately three-quarters of a mile long, by Thanksgiving and asked whether that offer is still open. Mr. Oliver responded that the ride should be possible by Christmas.

Next Mr. Haddad reported that he appeared before the TOP Council at its October 26 meeting to advise them of the Authority's position with regard to the DOT/FEC/Amtrak proposal, that position being that no conflict exists between the charge of the Authority and that proposal. Mr. Haddad reported that the high-speed rail project did make the Council's short list but, ultimately, the Council recommended no money. Chairman Dudley noted that Mr. Fowler attended the Council meeting and asked for his impression. Mr. Fowler responded that the Authority's

position was accurately reported to the Council, that the requests totaled something in excess of \$700 million out of a \$90 million fund, and that situation assured disappointment for some.

Chairman Dudley then recognized Peter Peyser for a report on potential federal funding. Mr. Peyser reported that the House-Senate conference committee on the Transportation Appropriations bill for the fiscal year that began October 1 will meet this week. Mr. Peyser advised that Florida's House and Senate delegation are working very hard to ensure that the House accepts the Senate's proposed \$4.5 million line item for Florida's high-speed rail project.

In addition, Mr. Peyser reported that the Senate Committee on Finance approved an economic stimulus bill that included a version of the High-Speed Rail Investment Act (for \$7 billion, rather than \$12 billion), and which would allow Amtrak to sell bonds to provide capital assistance to high-speed rail projects. The potential exists that the bill will go through the Senate with no amendments this week, with a conference expected soon. In that conference, the so-called Amtrak bond provision will be under pressure. Mr. Peyser advised that neither the House conferees nor the Administration have been terribly supportive and, even though high-speed rail advocates will be pushing hard, the fight will be tough.

Mr. Peyser also reported that the Amtrak Reform Council last week voted 6-5 to approve a Resolution stating that Amtrak will not meet the self-sufficiency requirement placed on it for approximately one year from now. That action begins a process whereby Amtrak will have to submit, within 90 days, a plan for liquidating the railroad. After submission, a 90-day clock begins for Congress to evaluate and choose a course of action. Mr. Peyser noted that while there may be a move to bump the self-sufficiency date out a year to reduce the crisis atmosphere, the situation will impact the financial market view of Amtrak as a potential bond issuer.

In response to Chairman Dudley's question, Mr. Peyser advised that Representative Young hopes to move his \$71 billion bill, including direct grants to states for high-speed rail projects, next year. Part of the reason the Senate stimulus package will have "tough sledding" is because Representative Young believes his committee's jurisdiction over the issue should be recognized. Representative Young, he advised, will oppose the \$7 billion in the economic stimulus package. Mr. Peyser also advised the Chairman that back when the \$7 billion was \$12 billion, even though it was worked through Amtrak and called a guarantee, the process essentially functioned as an 80% grant. The states put up 20% that goes into a fund that Amtrak manages to provide repayment of bonds over time.

Chairman Dudley noted that every state was asked by Congress through the Governor's Office to identify projects that could go in the ground in the next 6 months. Secretary Barry reported that DOT identified approximately \$1 billion worth of projects but that the Florida Legislature through the Governor's economic stimulus efforts had already processed two-thirds. Secretary Barry noted possible additional federal funds, but those funds would come with strings attached.

Mr. Peyser noted that the pending package does not include any money for highway transportation but that a separate proposal would allocate \$2.5 billion of appropriated dollars. He advised this proposal faces uncertain prospects. Mr. Peyser agreed with Chairman Dudley that the idea of an economic stimulus package, however, seems to be a done deal. He also agreed that asking for a "de-coupling" of the \$7 billion item from Amtrak would be appropriate so as to become part of a direct grant program to the states. Mr. Peyser agreed to Chairman

Dudley's request to draft correspondence in support of federal funding to be sent by the Chairman to key Congressional members working on this effort.

General Consultant (HNTB) Activities:

Adrian Share advised that he would talk most about the report and seek input from the Authority on some of the key issues that HNTB believes is needed from the members to write the report. He reported that HNTB intends to issue the draft report to the Authority on or about December 1, giving them until the December 10 meeting for review. Mr. Share began with discussion of a basic funding model that dictates whether a system is viable or not, a model against which all alternatives will be measured. He identified costs and revenues, leaving a gap that the model suggests filling first by seeking federal funds, secondly with private partnerships, and lastly from state funds.

Mr. Share advised Chairman Dudley that other types of incentives that the Legislature might offer, such as sales tax exemptions on rolling stock, are included in the "State Funds" category, while items such as air rights would fall under Joint Development under the "Other Sources" category. Mr. Share agreed with Mr. Chira that under the proposed model, nothing is ruled out, but that the effort was simply to establish a priority tree with state funds being the last place to go. Chairman Dudley noted his thought that in the past, the mistake has been that state money was laid on the table at the outset. Here, he indicated his belief that the Authority should make the important philosophical point through the model that only at the very last will the question be asked what state money, if any, will be needed for the project. He asked the members to be prepared to ask questions, if any, so that HNTB can have that decision finalized.

Mr. Mansour noted that, with regard to the question of incentives under "Other Sources," rather than "State Funds," such incentives should be a mechanism for reducing costs. For that reason, he and Chairman Dudley requested that HNTB create a separate box for those incentives so that whatever the Legislature decides to put into that box will come before getting to "State Funds."

Mr. Share next noted that certain key assumptions need to be built into the report and recommended as follows: That the Tampa to Orlando portion of the first phase of the project appears to be viable for beginning construction by November 2003; that the Tampa to Orlando to St. Pete portion is not viable in the same time frame due to the extensive environmental requirements of going to St. Pete; that a time-line separation is therefore necessary for the environmental process; and that the investment grade ridership study can proceed for the full segment, including going to St. Pete. Chairman Dudley then requested, without objection, that the members adopt for purposes of discussion the terminology used by Senator Sebesta in describing the first leg of the project as Phase 1, with Part 1 going from Tampa to Orlando and Part 2 going from Tampa to St. Pete.

With regard to how to proceed, Mr. Share recommended initiating the Tampa to Orlando environmental process in the PD&E Work Order 2, initiating the investment grade ridership study, including St. Pete, in January; and initiating the St. Pete environmental process immediately after the ridership study is complete (mid to late 2002) as a supplement E.I.S.

In response to Chairman Dudley's request for a recommendation as to who should conduct the investment grade ridership study, Mr. Share advised that he would be presenting in the proposed scope of Work Order 2 a recommendation to develop a work plan involving a team effort on the part of HNTB and PTG, the PD&E firm. Chairman Dudley also asked when would

be an appropriate time for the Authority to consider consulting a financial advisor, whether that advisor be from HNTB, PTG, or an independent. Mr. Share advised that both consultant teams have the capability to provide financial advice, and Chairman Dudley suggested considering the hiring of an independent advisor.

Mr. Dunn asked Mr. Share whether he planned to begin construction on the first phase without having an investment grade ridership study that includes the corridor to Miami. Mr. Share responded that the next step is to develop a work plan on how the ridership study gets done. He noted that he didn't have an answer at that moment, other than to say that the answer right now is no. Mr. Dunn noted his belief that it is a mistake to break ground on the first phase without a financial picture of what the ultimate project will look like. Mr. Share noted that the matter would be addressed in the report to the Legislature. Mr. Dunn opined that the investment grade study is needed before trying to sell the first phase.

Mr. Share advised Mr. Fowler that the investment grade ridership study would take the better part of next year to complete. Mr. Fowler noted that year would run, and there would still be approximately one year before beginning construction; so he didn't see where the Authority is out of time. Chairman Dudley noted that Mr. Dunn is correct: Past studies allude to quadruple ridership if you add Miami, but the Legislature may choose to complete Phase 1 and then stop for now. Therefore, he opined, the Authority needs to make it clear in their report that while the investment grade ridership study can't be done from Orlando to Miami, that leg is nonetheless an extremely important component of the overall operation of the initial corridor in a built-out capacity. The same would be true, he noted, in adding other cities. Mr. Fowler agreed but noted he might have misunderstood Mr. Dunn's concern. Mr. Dunn advised that his concern is that, at some time prior to November 2003, ground is broken on a system between Tampa and Orlando without having investment grade ridership numbers for the entire system.

Mr. Fowler asked what is the entire system, and Mr. Dunn noted just what's in the High-Speed Rail Act, which is St. Pete, Tampa, Orlando, and Miami. Mr. Fowler asked what's in the Constitution, and Chairman Dudley commented that the Constitution provides for five urban areas as determined by the Legislature. Given that, Mr. Fowler asked, should the Authority go back to the Legislature and recommend amending the Constitution to make the construction date 2004, or should the Authority move ahead notwithstanding the fact that the ridership numbers will not be available, or should the Authority identify the inclusion of Miami as something to be started immediately?

Chairman Dudley suggested presenting a prominent statement in the Authority's report that ridership studies on the corridor directed by the Legislature (Orlando-Tampa-St. Pete) cannot ever be complete without a consideration of what the entire system will look like, and the Authority doesn't know what that is. He indicated lack of certainty whether the statement should be in a footnote or in boldface at the front of the summary, but noted there's a way to disclose in the report that information will be produced over the next year that will have minimum, and not maximum, credibility.

Mr. Dunn expressed his desire to undertake the ridership study to Miami in order to have maximum credibility and give comfort to the financial market by demonstrating the ridership that will only develop when you have a connection to Miami. He opined that the General Consultant should be asked to put together a project schedule that looks to full development of the system, even though it might change, in an aggressive effort to show what the entire system would look like from St. Pete to Miami.

Mr. Fowler stated that doing the investment grade ridership study only for the leg from Tampa to Orlando is like swimming half way across the channel; either all of the route should be analyzed, or none. Mr. Mansour noted the vital importance of the information to securing the best possible bid proposals and the greatest possible private participation. He acknowledged the additional time and expense but noted that leaving the Orlando to Miami corridor out of the study denies those goals. Chairman Dudley suggested the members consider recommending in the RFQ possible incentives or points for an opportunity to have a head start on that second leg.

Mr. Chira noted his desire to have the consultants prepare a statewide map, similar to Senator Sebesta's effort, reflecting what the system would look like when finished, connecting the five major metropolitan areas in the state. This map, he explained, would help the Authority in panel discussions and in tasking the consultants, while keeping in mind the overall picture. Mr. Chira agreed with Mr. Dunn that the study, from Tampa, St. Pete through Orlando, and including Miami, should be done at one time – in separate reports, but in a general report – so the financial market can rely on separate portions for each phase of the project for bonding purposes – updated as necessary. The master plan, he said, should show how individual communities would be affected, for example, by light rail connections to the high-speed rail system. He noted that public involvement is critical to developing the necessary public support to which the Legislature responds, and use of a statewide map showing the master plan would assist in that goal.

Chairman Dudley noted that the idea of recommending where the next urban areas might be designated is not outside the scope of the Authority's charge. Mr. Dockery then advised that he would present after lunch a visionary plan for the entire state and a map showing his recommendation for defining the five major urban areas of Florida. Regarding Mr. Dunn's comments, Mr. Dockery agreed that the Authority must have an investment grade ridership study for a variety of cities at some point. However, bond counsel and others advise him that what is needed is an investment grade ridership study on the contract for construction. Entities such as Solomon-Smith-Barney recognize that segments are added during the course of the project that produce significant revenue, but the necessary information is that ridership that would result in the RFP for someone to design, build, and operate the system. Mr. Fowler noted that the necessary information for lenders is whether they will be paid back; so they're going to look to the ultimate guarantee. He stated that those who might share costs would be most interested in ridership numbers because those numbers determine how much must be borrowed and what the payment might be.

Mr. Dockery agreed but noted that if bonds are needed, as he believes to be the case, the bonds will be tied to the specific segment let out to contractors to design, build, and operate – not for the balance of the system. The other reality, he said, is that the Authority has a finite amount of appropriated funds at this point in time, enough to start on Phase I between Tampa, Orlando, and St. Pete, but not enough to cover Orlando to Miami. Mr. Dockery suggested a plea in the Authority's report for an additional appropriation to do so.

Chairman Dudley complimented the members for their discussion and asked Mr. Share to respond. Mr. Share agreed with Mr. Dockery that the biggest issue is resources available to implement the November 2003 plan. If going to Miami is included, the Authority will need additional resources, he said. Chairman Dudley asked Mr. Share, without objection from any member, to include in the draft report the Miami ridership element, as well as related costs, so the members can resolve the issue by acceptance, modification, or rejection as it sees fit. Mr. Share advised that the issue would be discussed and agreed to with the PD&E firm.

Mr. Dunn suggested going a step further by looking also at the cost of the PD&E study for getting to Miami. He indicated that such cost not necessarily be funded in the first year but suggested a menu of items to be addressed over the coming years, reflecting some idea of costs, how scheduling could be done in an efficient manner, and acting as a basis for requesting future funding.

Mr. Chira indicated his desire to see a “big picture,” a plan for the next several years, showing communities across the state how they will benefit from the system and, thereby, avoiding the risk of losing the whole high-speed rail program. Chairman Dudley noted that the Authority was created in perpetuity, even though the Legislature can abolish it at any time, but suggested that looking ahead is appropriate. He expressed some concern about mapping out the whole state and recommending specific identification of the five major urban areas but agreed that looking ahead by identifying one or two corridors, or maybe more, is appropriate.

Mr. Share moved on to the next items of input needed from the Authority. Mr. Share noted the statutory requirement for presenting recommendations on preferred routes, preferred station locations, and preferred technology. He presented a “base case” with the following parameters: an achievable 120 mph minimum speed, an economically viable system, an achieved November 2003 construction date, and balanced competition. The base case recommends a route primarily along the I-4 corridor with stations in Tampa, Lakeland, one or two in the Orlando tourist area, and a terminus at the Orlando Airport; and non-electrified technology capable of speeds from 120 to 150 mph. With regard to infrastructure, Mr. Share recommended a horizontal envelope wide enough to accommodate higher speeds but, initially, a vertical envelope that requires no bridge reconstruction. Further, with regard to balanced competition, Mr. Share suggested that proposals can be weighted to neutralize any perceived advantage of one technology over others.

Mr. Share advised that he was not suggesting that the Authority actually choose the non-electrified technology capable of speeds of 120 to 150 mph, but that the base case be used as a model by which others would be evaluated. Chairman Dudley asked whether electrified technology would lose points, and Mr. Share advised he was suggesting that the way to ensure competition is by giving a scoring criteria that rewards technologies that would be compatible with a statewide system – the future phases – better than the initial phase. The reason for the non-electrified recommendation, he advised Chairman Dudley, is the cost of reconstructing the bridges. Mr. Share stated that all of the electric trains are overhead-electric as opposed to in-track, at least at the higher speeds.

Mr. Browning asked why the Authority would want to specify, so long as the bid meets statutory requirements. Chairman Dudley noted a direct impact on costs. Mr. Browning responded by saying that’s a bidding problem. Chairman Dudley questioned whether a bid with an electrified system would be penalized because the system would require more vertical clearance and some major bridge reconstruction. Mr. Share indicated he is not suggesting penalizing systems that require bridge reconstruction, as that would show up in the bid. Chairman Dudley asked why the Authority doesn’t simply adopt as the standard for this corridor the 120 to 150 mph technology, because going to higher speeds doesn’t save any time. Mr. Fowler asked whether there is any down side. Mr. Dunn noted that the only place where train speed doesn’t matter is in the Tampa to Orlando corridor. As soon as you head to Miami, he noted, it makes a huge difference in trip time. That, he said, is the danger of presiding over selection of an operator, based on what can be produced in the Tampa-Orlando corridor, because it doesn’t begin to reflect what they’re capable of in the bigger system. Mr. Share noted that’s the value of the

design-build process, because it allows rewarding bidders who are looking at the statewide system.

Mr. Fowler asked, to be able to get to the point of scoring bids, doesn't the bidder have to have the investment grade ridership information on the Orlando to Miami leg? How do you induce bids if bidders can't see a profit, he asked? Mr. Share responded by saying first that this is a very preliminary report that attempts to find a way to show an implementation plan to the Legislature. So the base case is a model, he said, and the environmental process must be gone through before anything becomes fact. He noted the importance of a model and putting costs in and using it to compare others against.

But, Mr. Fowler asked, if you want to be able to compare costs, and you're going to compare the costs for the Miami-Orlando run – but you're not prepared to do the investment grade study to induce bids – how will you get costs to compare. Mr. Share responded that a good part of next year will be spent crafting the RFP, and these issues need to be studied; for example, whether the planning level ridership data currently available is sufficient to induce bids on a statewide system. He assured the Authority there is some time to develop the RFP and make sure the members are comfortable with the criteria.

Chairman Dudley noted he understands the need to say 120 mph because it's in the Constitution and clearly required by law, but he expressed an uncertain comfort level even with specifying 120 to 150. Mr. Browning agreed. Chairman Dudley noted his desire to stay away from picking technology or even narrowing the field. Mr. Share advised that his efforts are directed at the statutory requirement for recommending technology. Chairman Dudley expressed his understanding and his recommendation that the Authority ask the Legislature to remove that requirement from the Authority's charge. Mr. Browning agreed. Chairman Dudley stated that if the members agree, they can make a case that the Authority ought not be picking technology.

Mr. Fowler asked whether that has to be in the January report, and Chairman Dudley noted the statute does say that the report will include selection of technology; but, he noted, it also says the Authority can recommend other changes in the law that created the Authority. He would recommend reporting that the Authority hasn't identified the technology because it is not believed necessary; that the bid process the Authority will recommend is such that it will be up to the successful bidder, or bidders, to pick the technology. He noted that safety and environmental standards will be needed, for example. So basically, Mr. Fowler noted, the report will be that the technologies will sort themselves out through the bids, and Chairman Dudley agreed. He noted the 120 mph minimum is subject to interpretation, but also noted his support for specifying as an Authority that 120 mph minimum.

Mr. Share noted that this is only a base case model, not a recommendation on how to accomplish the work. He reiterated the importance of a model upon which others can be measured. Chairman Dudley noted he doesn't believe the Authority should tell the Legislature what the point system needs to be in the RFQ; rather, the Authority should tell the Legislature whatever the Authority's recommendation is. If that recommendation is that the train go at least 120 mph and that the exact technology be left up to the bidder, and if the Legislature wants to select the technology and add that criteria, let them do so, he said; but it would not be with the Authority's recommendation.

Mr. Share asked to give an example of why he believes a base case model is needed. There are costs associated with the base case, he said, and something is needed upon which to

create the funding model. Chairman Dudley noted his opinion that the model builds in some cost assumptions a bidder will have to confront, and he would rather not do that. If the bidder wants to build an electric train and rebuild the bridges to get vertical clearance, then let them put it in their bid to win or lose, he said. Mr. Share responded that nothing he's doing prohibits that.

Mr. Fowler expressed his suspicion that bidders will expect the state to cover the capital costs. That being the case, he said, if you take Mr. Share's base as the minimum acceptable with a given cost, when all the bids come in, he doesn't think the Authority will get bids as they would like them. He stated his suspicion that a lot of the bids will offer to put their train on the state's track and may cover the O&M, which gives him more concern than the capital. But he doesn't expect many bids to cover the capital and the O&M.

Chairman Dudley and Mr. Fowler agreed that the Authority should provide maximum flexibility, with the potential for bids to range from operation only to design, build, operate and maintain. Mr. Fowler expressed doubt about the number of the latter bids but suggested using Mr. Share's base case model as the minimum acceptable. It meets the constitution, he said, and is minimally acceptable.

Chairman Dudley asked why the 120 mph minimum doesn't meet that criterion without specifying non-electrified. Mr. Fowler agreed that it probably does. However, he said, when you establish the base, it's going to have a capital cost of, say, \$1 billion. So everything else is measured against a minimum system that costs \$1 billion. He expressed again his thought that the state will ultimately bear the cost of the capital. So, he said, now you'll have bids from operators, but with different capital costs that bidders will expect the Authority to pay. Chairman Dudley advised he thinks it's important to say 120, or in excess of 120. Mr. Fowler agreed. Mr. Share advised Mr. Dudley the issue will be addressed again in the draft report review process.

Mr. Share advised that the next element needing to be addressed is the treatment of grade crossings. He identified the issue as involving the interpretation of "separated," being either controlled gates or grade separation (bridges), in the constitutional amendment phrase, "guideways separated from motor vehicular traffic." Mr. Share advised that the issue applies mainly to the CSX corridor, and not so much to I-4. Mr. Share recommended that an incremental approach using grade crossings should be addressed in the report without offering a legal interpretation of the amendment on this matter. He advised Chairman Dudley that this means the system is built in stages. He noted there is one alternate that includes grade crossings. From that, the Authority would be able to evaluate what it would mean to allow grade crossings on the system on CSX. Mr. Share explained that he wanted a sensitivity case, if you will, of what it means to do that without offering a legal interpretation of the amendment.

Mr. Dunn noted previous discussion about the constitutional interpretation of the amendment as it relates to grade crossings and moved that the Authority adopt as a standard what he believed the intent of the amendment to be, which is to say that the Authority will not build a system with any grade crossings. Mr. Dockery and Mr. Fowler seconded the motion. Mr. Fowler, speaking in support of the motion, noted that the Authority, by virtue of Mr. Dunn's motion, would eliminate CSX as a consideration. Chairman Dudley asked whether "eliminate" means eliminate, unless they do a lot of construction, and Mr. Fowler stated that as a practical matter, the issue is behind the Authority should the motion pass.

Mr. Share noted the absence of Ms. Eddins and stated that this issue is one she feels strongly about. Chairman Dudley suggested taking a vote and then having someone on the prevailing side make a motion to reconsider and leave the matter pending. He noted that this would

provide an opportunity to revisit the issue but, at the same time, provide some direction for the draft report. Chairman Dudley opened the floor for discussion or questions.

Mr. Barry asked whether Mr. Dunn's motion would apply to the ultimate system, whatever that may be, and not just to the St. Pete-Tampa-Orlando leg. He noted that if the motion does apply to the ultimate system, it would rule out the

entire south Florida rail corridor as an option. Chairman Dudley asked whether Mr. Dunn would be willing to limit his motion to the initial corridor, and Mr. Dunn stated his belief that the constitutional amendment applies to the entire corridor; he would not be willing to so limit his motion. Chairman Dudley pointed out that Mr. Share was attempting to prevent the Authority from making a legal interpretation, which would then apply to all portions of the system. Mr. Dunn stated he doesn't think the Authority is making a legal interpretation but is adopting a policy of the Authority. It doesn't supersede the constitution, he noted, but it keeps the Authority from having to look for a legal interpretation because the Authority will have adopted just exactly what the intent was.

Mr. Dockery noted that Congressman Young's bill, which provides incentives for building a high-speed rail system, specifically prohibits grade level crossings. If the Authority adopts anything less than what Mr. Dunn has suggested, he said, or attempts to build anything less, Florida would not be eligible for any funding under that bill as currently written.

Mr. Chira, speaking against the motion and not the concept, stated his thought that it is premature to bring this issue to the forefront. It's in the constitution, he said, and the Authority does not have to reaffirm it. He noted that adoption of this policy might tie the hands of individuals who might be creative in proposing a program that could be acceptable under the constitution and in the Legislature. Mr. Browning, also speaking against the motion, stated his thought that to proceed with the motion would put undue pressure on Ms. Eddins. He expressed his desire for an opportunity to hear from Ms. Eddins.

Mr. Dunn noted his thought that what is being suggested is an endeavor to study an option that includes grade crossings. Mr. Chira and Mr. Browning stated that they were not making such a suggestion. Mr. Dunn clarified that he was referring to Mr. Share's recommendation. Mr. Share noted that his group is suggesting that the report address what it would mean to have an option -- an alternate that shows the sensitivity of having grade crossings and what that means in terms of cost implications and speed implications and so on. Mr. Dunn expressed his desire to avoid spending money pursuing that option, in the form of consulting fees or otherwise. Mr. Share advised that the analysis is all within the cost of their lump sum to do the report.

Mr. Dockery stated his agreement that it shouldn't be necessary for the Authority to adopt the motion but recalled for the members that studying the CSX corridor will not mean anything because CSX has already said it has no interest in having passenger trains on their tracks. With that attitude, said Mr. Dockery, why would the Authority spend money, either in the PD&E process or any other fashion, studying a corridor that can't be used.

Mr. Share explained that the environmental process requires a look at the CSX corridor to show why it is being eliminated. He would not suggest eliminating CSX entirely at this time; rather, he would present all of the issues in the report that are associated with CSX, including their apparent reluctance to accommodate the high-speed rail system. He reiterated the importance of this analysis to the environmental process.

Mr. Browning asked Secretary Barry whether Tri-Rail (passenger service) currently runs on CSX tracks, and Secretary Barry explained that those tracks were actually purchased by the State of Florida. But CSX continues to run on those same tracks, he said. He advised Mr. Browning that those tracks run from central-northern Palm Beach to Miami, approximately 81 miles. So even if CSX didn't want it, said Mr. Browning, we're already running on the tracks. In fact, he said, the state bought the tracks to run passenger trains on them. Secretary Barry confirmed that is the case in southeast Florida.

Mr. Fowler noted his second on the motion was because he thinks that's what is in the Constitution and because he thinks it's probably what the Authority ought to do. He mentioned that the motion would eliminate CSX, he said, because of the consequences of that determination. Mr. Fowler noted that dealing with CSX would be a long and arduous process and, while it is possible it could be done, he pointed to the lack of time within which to complete the process. The motion, he said, is a nice way of resolving the issue. Having said that, he noted his sensitivity to Ms. Eddins' absence and her deep interest in the topic. He stated he would not want to preclude her effective participation and expressed his lack of opposition to a motion to table the issue.

Mr. Dockery, in response to Mr. Browning's comments, noted that the State of Florida bought the CSX corridor for \$265 million because it was the only way CSX would allow passenger trains on those tracks. After the purchase, CSX is also allowed to use it. He likewise expressed his sensitivity to Mr. Eddins' absence and his willingness to accommodate her. Without objection, the motion was deferred until the next meeting. Chairman Dudley noted the importance of resolving the issue and urged the members to be present.

Mr. Share next asked for the Authority's consensus regarding legislative priorities. He presented a timeline showing what legislative items need to be addressed in the 2002 and 2003 legislative sessions. Chairman Dudley suggested a second report to the Legislature on March 1, 2003. In addition, with regard to PD&E preparation, he also suggested identification of a point in time somewhere after January 1 of 2002 where the Tampa-St. Pete corridors are identified so they are part of the PD&E stream, but with the understanding that those corridors have to be identified first. Mr. Share agreed.

Mr. Share identified four issues that would be filed in January for the 2002 session and included in the report in the form of draft legislation, including bonding authority, the authority to use design-build legislation, the ability to request funding and enter into agreements, and the ability to use the certification process. Mr. Share identified priorities for the 2003 session as well, including adding O&M to the design-build language, granting the power of eminent domain, liability/insurance, and use of public right of way. He explained his group's belief that the time is premature for the 2003 issues.

Chairman Dudley commented that when it comes to the power of eminent domain, an entity must be close to prepared to exercising it before asking for it. Mr. Fowler pointed out that every city commission in the state has the power. Either the Legislature will trust the Authority with it, he said, or not. Chairman Dudley stated that the Legislature jealously guards the power of eminent domain. Without objection, Chairman Dudley announced consent for seeking Legislative approval of the items identified by Mr. Share for the 2002 session.

Mr. Fowler asked to go back to the bonding authority, which is, he said, a method by which to raise funds. He noted there are lots of ways to raise funds and pointed out that many local communities build infrastructure through assessments against those who receive an immediate

benefit from a given project. He suggested the Authority consider requesting the power to assess properties that might have a specific benefit from this project. You then take those assessments to the bank, he said, to get some real money. Chairman Dudley urged caution, and Mr. Fowler agreed but suggested the idea was something to think about. To his way of thinking, he said, the cities that get the stations ought to be responsible for building them. Chairman Dudley asked Mr. Share to make the list a bit more flexible. Mr. Share explained that the discriminator was what language can be ready in time for the 2002 session. Chairman Dudley stated that the next time frame is December 1.

Mr. Mansour noted the recommendation to add O&M to the design-build legislation in the 2003 session but pointed out that the RFP is to be issued in January of 2003. Mr. Share indicated he doesn't have the O&M language. It is essentially, he said, the criteria that need to be developed through next year that the members want to include in the RFP. At this point, he explained, we don't have what O&M means to go to the Legislature. An RFP can be issued, he said, with design, build, operate and maintain language that would be subject to the O&M language being approved at the next session. Very shortly, he said, the Authority can request use of design-build language that is already adopted and being used by DOT. This allows the Authority to issue a design-build RFP.

Mr. Mansour expressed his thought that the language would be rather generic, that some entity somewhere is already doing it, and the Authority would not be crafting anything that peculiar or difficult. He further noted that the Authority isn't authorized to go out for a bid that includes O&M. Mr. Share commented that the challenge is coming up with language on operations and maintenance that would allow open competition and make sure all bases are covered in a month's time frame.

Mr. Dockery expressed confusion as to why the Authority needs the Legislature to give that language. He indicated that when the Authority issues an RFP, it should be to design, build, operate and maintain. The definition of O&M will come from the Authority, he said; i.e., the consultants, probably. He stated he doesn't believe it is a legislative issue. Mr. Dockery stated he doesn't see why this language has to be addressed with the Legislature. Mr. Share explained that it's merely the authority to use language already adopted and that the rules under which design-build occurs have already been adopted by DOT. Mr. Dockery stated his belief that it can be done without asking the Legislature.

Mr. Bottcher explained that with regard to procurement, you must be very specific as to what procurement authority exists. The authority for the DOT exists now, but the Authority is more limited in terms of procurement. Mr. Bottcher advised it would not be difficult to write it in. Mr. Dockery then suggested inclusion of the issue in the 2002 session. Chairman Dudley also noted a point raised by Mr. Fowler that in the legislation creating the Authority, there is no rulemaking authority. He expressed his guess that the Authority would probably fall under Chapter 120, F.S., and would have to go through rulemaking procedures. Mr. Bottcher indicated that would be one approach to developing the procurement process.

Chairman Dudley noted his thought that the Authority ought to consider asking for some rulemaking authority in specific areas, rather than trying to build everything the Authority does into the statutes. He recommended that approach to Mr. Share and asked him to identify some issues that may require rulemaking and others that will have to be spelled out in statute. Mr. Fowler noted that in the agencies he has worked with, he goes to great lengths to avoid being a 120 agency. Mr. Share expressed his lack of certainty as to how to proceed and was advised he will be able to consult with the Chair. Chairman Dudley announced approval of the items

identified for submission to the 2003 legislative session, subject to the question of moving the addition of the O&M language to the design-build legislation back to the 2002 session.

Next, Alex Metcalf described some of the key technical assumptions and issues being addressed at this time. At the last meeting, he noted that Mr. Browning raised an issue regarding the validity of databases being used, given the FOX issue. Mr. Metcalf explained that as a result, a sidebar exercise has been undertaken specifically aimed at looking at the base data, using a number of outside sources of data by which to test the base data. The process, he reported, resulted in identification of some fairly significant issues that must be addressed.

One finding, he advised, is that the existing DOT and FOX databases were good in terms of long and medium distance trips being made, but rather weak in trips to the tourist attractions and commuter trips in the Tampa-Orlando corridor. As a result, the report will include a validation of the database and attempt to address the issues raised by Mr. Browning at that time. Mr. Metcalf also briefly identified some significant tourism flows that were not properly identified in the database. Because of the minor differences in trip times among the various trains, he explained the expectation of very close ridership forecasts and commented that it will be heavily driven by the operating plan that is used. He noted that because escalating frequencies were used previously for the higher-speed technologies, that assumption may have to be reviewed given the closeness of the times.

Mr. Metcalf also discussed the range of escalating fares that will go into the model and noted they are slightly lower than would traditionally be used nationally. The reason for that, he said, is the highly competitive nature of the Florida market. These fares, he said, are being proposed for input into the base case model, although they will have to be evaluated to ensure consistency given the nature of the corridor and the lack of difference in travel times for the different technology modes.

Mr. Metcalf further identified the study routes, including the base case previously discussed, and noted again that for all of the optional routes, the travel times are very close between technologies. With regard to the CSX line, he advised that the grade crossings and curves are so crippling that once you get above 150 mph, you get the same times on the CSX route regardless of the capability of the technology. He opined that the CSX options will not offer travel times that will be attractive. Mr. Metcalf also touched on a sample schedule and explained that analysis has shown that basically four train sets will be needed – probably \$80 to \$100 million worth of capital – to operate the reflected timetable.

Due to recognition of the need to consider the Orlando-Tampa leg within the total framework, Mr. Metcalf also presented an analysis of the St. Pete-Miami-via-the-Turnpike corridor just to give some approximation of the generic picture of the total system. He noted the point raised by Mr. Dunn that it is only when you get between Orlando and Miami that you really see differences in technology. He agreed it would be difficult to “choose” a technology in any sense without looking at the broader corridor and the longer segment. In addition, Mr. Metcalf also discussed a preliminary estimate of train miles between Tampa and Orlando, as well as estimates for St. Pete to Miami, the latter of which reach a threshold value critical to building high-speed rail systems.

With regard to operating costs analysis, he noted three key issues, one being economies of scale associated with the size of the operation, another being the level of fixed costs and, finally, the impact of productivity associated with different technologies. He outlined operating costs for the system and the main drivers for those costs, together with the sources currently being used.

He noted his group's assumption that whoever operates the system will want to make a profit and advised that a ten percent profit has been added to the operating costs on the theory that, however the system is operated, a profit is necessary to attract private capital. Mr. Metcalf also presented a graph showing a dramatic difference in costs between operating a segment and operating a corridor and explained that a 50% increase in costs results from operating a segment versus a system. He also identified main assumptions with regard to the financial analysis and explained the expectation that private capital will be a lot more expensive than government.

Mr. Dunn noted his thought that the ten percent profit number would be properly associated with the profit made on running the train and that the operator will probably be assuming a lot of risk – all of the ridership risk, for example – and he asked for Mr. Metcalf's thoughts on breaking the profit into those two elements, one on operations and the other being the profit one would expect to make for assuming risk. Mr. Metcalf expressed the need to think the issue through but stated his agreement that both components need to be identified in the financial assessment. He noted also that his group is proposing a sensitivity and risk analysis to look at the way risks will be evaluated on money and on ridership. He indicated the two will be kept separate if possible.

Mr. Metcalf advised Ms. Nodarse that induced ridership can be considered in this information. He explained that the risk on induced demand is always higher than the risk on natural growth or modal diversion. The banks deal with it separately, he said, and it will be clearly identified separately in his group's forecasts.

Mr. Chira suggested talking with entities such as Disney who have good statistics on how many people they can generate to use the train. He noted that a tremendous amount of ridership will come from the tourist segment. Mr. Metcalf advised Mr. Chira with regard to the station at Orlando International Airport and the optional stops at the Convention Center and Disney – and then Disney only – that the analysis will be continued throughout. Mr. Chira noted that the information for that issue is critical because it is an issue the Authority will have to deal with. Mr. Metcalf agreed and advised of receipt of such statistics from Disney that will be included in the traffic volumes used in the model.

There being no further discussion, the meeting was recessed for lunch and reconvened at 1:20 p.m.

Chairman Dudley re-opened the meeting by explaining that the current federal law says that the systems must be "capable of" going in excess of 150 mph. So far as any tax incentives are concerned, he said, the Authority will have to comply to benefit. He suggested the Authority use the same language, "capable of speeds in excess of 150 mph." Mr. Dunn noted that this information simplifies the problem and eliminates a lot of choices.

Mr. Share continued his report by advising the Authority that Mr. Quandel met with the FRA on November 2. The FRA, he advised, has expressed concern about the lack of precedent in the U.S. for placing a high-speed rail corridor in a highway median. The FRA noted a number of technical issues and concerns about safety and separation of the train from vehicular traffic. Mr. Share reported that the FRA has requested from Chairman Dudley a letter asking that a forum be held with top level FRA and FHWA personnel to address issues related to implementing a system in a highway median. He advised that HNTB is in the process of drafting a letter for Chairman Dudley's review and signature, as it is critical to getting the FRA and FHWA on board for the environmental process. There was no stated objection.

Mr. Dunn asked for an idea of how much time would be involved in the process, and Mr. Share advised that in all likelihood, the two would be co-lead agencies. He expressed the need to make sure the two agencies are working in concert with the Authority through the process. The attempt, he said, is to elevate the matter to what the agencies deem the appropriate level of personnel so that they can be supportive of the Authority's very aggressive schedule. Mr. Dunn noted that it sounds like there may be an objection to operating high-speed rail in the median of I-4, and Mr. Share advised he believes it is more that there are issues they want addressed, rather than objections. He advised that those issues are safety issues. Mr. Dunn noted it would probably be a good idea for the Authority to be represented. Mr. Share agreed. Chairman Dudley stated that the Authority would be represented.

Mr. Share next advised that Work Order 3 for HNTB is proposed at \$265,750, which was the amount approved at the last meeting to be encumbered. The proposed activities would be at the approved contract rates, including continued support of the report beyond submission to the Legislature, preparation of a work plan for the investment grade ridership study to be done in partnership with the PD&E consultant, coordination with FRA and other agencies, and set up of an electronic system for project management of the PD&E process and a web site.

Mr. Haddad recalled the agreement at the last meeting to encumber the remaining \$265,750 for consultant activities as identified by Mr. Share. This work order, he said, would function on a cost-plus basis. Billings would be submitted based on the actual number of hours spent on an activity. Mr. Haddad reported that his review of the proposal indicates that it is in line with previous discussions. He advised Chairman Dudley that these are essentially the remaining dollars after the \$100,000 set aside for staff for the balance of the year.

Mr. Mansour asked how the work order will be monitored, and Mr. Haddad reported that the Authority will get a status report on any of the bills received from HNTB or Parsons. Mr. Mansour noted this is after-the-fact monitoring. Mr. Haddad agreed the members will not have the ability to approve on a week-to-week basis what the consultants do, but he noted they will have the ability to monitor the billings. Mr. Mansour noted his concern that the arrangement seems so broad and general; they could be doing a lot of things and not necessarily what the Authority wanted. Mr. Share noted HNTB's obligation each month to submit a progress report documenting the efforts expended and the hours tied to specific scope items. He agreed the monitoring would be after-the-fact for one month.

Chairman Dudley noted his guess that this would be the last remaining task order for the year; that is, between now and June 30, because this would use up the rest of the Authority's money except for federal funds. Mr. Share noted that HNTB is working with the existing contract ceiling. Chairman Dudley asked whether what HNTB is doing right now doesn't cease on January 1, and Mr. Share noted that of the two work orders, one is for the report, and that does cease in January. The other is for oversight of the PD&E consultant, which continues and is a separate task. Chairman Dudley noted that after delivery of the report, Work Order 3 is follow-up work with the Legislature – to present the report, to provide supporting data or testimony, or whatever they may need to adopt the report and pass the legislation. Mr. Share agreed, noting that the proposed items are ones on which HNTB is predicting there will be activity in the coming year. So the answer, said Chairman Dudley, is that Mr. Haddad will get the billings, check the hours against the rate and the extension, and make sure the bill is right. Mr. Haddad agreed. Chairman Dudley asked Mr. Haddad in his monthly report to tell the members where they are on all task orders for both consultants.

Ms. Nodarse moved approval of Work Order 3 with HNTB, and Mr. Dockery seconded the motion, which carried unanimously.

Ms. Nodarse complimented HNTB on their work on the report outline. She reminded the members of the previous discussions about a statewide vision and suggested including a section in the early part of the report to the Legislature (perhaps after the Executive Summary) called, "The High Speed Rail Vision in Florida," including a brief description and a diagram. Chairman Dudley agreed. With regard to the Executive Summary, Ms. Nodarse asked if that is where the Authority's recommendations would be, perhaps in bullet form. Chairman Dudley stated his agreement that the Authority's recommendations to the Legislature need to be in bullet form in the Executive Summary and should be no longer than two pages, if possible. Mr. Share agreed.

PD&E Consultant (Parsons Transportation Group) Activities:

Mr. Howard Newman of Parsons Transportation Group (PTG) provided an update on the progress of the PD&E study, particularly with respect to Tampa-to-Orlando, Part 1 of Phase 1. Completed are the memorandum on the existing data, the public involvement program outline, and the management plan with the schedule. The aerial work and survey work is continuing, he reported. He presented and discussed an overall project schedule, starting on November 14 through the end of the Record of Decision (ROD). He advised that Work Order 2 tasks will include development of conceptual corridor alignments within the CSX and the I-4 corridors, as well as corridor options for approaching the proposed Tampa station, the Orlando International Airport (OIA), and crossovers from the CSX to the I-4 corridor. This activity is scheduled from November 14 through mid-April, 2002. At that point, a preferred alternative analysis will be completed, an aerial survey for the final preliminary engineering plans will be done, and the specific preferred alternate within the recommended corridor will be developed.

Mr. Newman advised that the environmental analysis will be ongoing throughout Work Order 2 and into future work orders. He noted development of the draft Environmental Impact Statement (EIS) and indicated that with FHWA and FRA approval, the public hearing process can begin. The anticipated time frame is April of 2003. Upon completion of the public hearing, the EIS will be finalized and the draft ROD will be prepared. With FRA and FHWA concurrence, he indicated an ROD in October of 2003. He noted that the investment grade ridership study is to be completed in coordination with HNTB, with the initial approach directed at development of the work plan.

With regard to funding and financing, Mr. Newman noted that Peter Peyser is a team member, as well as Paula Stuart. He acknowledged that the Authority may choose to go with an independent consultant but expressed the PD&E team's flexibility to assist the Authority with funding and financing. Mr. Newman recalled the earlier request to show the St. Pete corridor analysis and advised that corridor can be overlaid on a schedule similar to the one being presented for the next meeting.

Mr. Newman provided further comments relating to Work Order 2, including corridor identification (between CSX and I-4, east and west of Tampa, and west of OIA), and development of alignment within those corridors (including preliminary locations for stations and maintenance facilities). These specific alignments and locations will be utilized in the environmental analysis to identify the social, natural, and physical impacts. Once the specific impacts are identified, Mr. Newman advised that a comparative analysis will be developed. Aside from the environmental impacts, engineering factors (such as speed, right-of-way, and

associated costs) will also be included. A no-build alternative will be included as part of the PD&E process.

As part of the public involvement effort, Mr. Newman reported that PTG will be conducting an agency coordination effort, including the water management districts; local, state, and federal permit agencies; and CSX. Additional efforts will be aimed at compliance with federal and state laws. He noted the importance of a PD&E document that does comply in case of any attempt to attack the validation of the project. Work Order 2 activities also include a public workshop around March and a suggested board workshop. Mr. Newman underscored the importance of coordinating the PD&E effort with the Legislative report, noting that the Legislative report is a planning document that will be based on assumptions or base comparisons.

Mr. Newman advised that the desired results from Work Order 2 are basically the definition for the majority of the corridor. By the April time frame, he said, PTG would like to have no more than 2 alternatives at each end of the project, but there will be some issues that will have to be coordinated with local governments on the approaches to OIA and Tampa Union Station, or any other proposed locations. From this effort, Mr. Newman advised that PTG will be able to identify the level of future efforts and will get some idea from the alignment analysis of the technology limitations as they relate to speed.

The resulting design criteria, Mr. Newman explained, overlaid with the corridor geometrics, will provide a comparison; e.g., as to how much additional right of way may be acquired and how much impact to the existing roadway system may occur. This will give the members a better understanding of what some of the potential implications are. He advised that PTG is not restricting itself to non-electrified alternatives but is including electrification as part of the alignment work. The point, he said, is to allow flexibility to identify what the future considerations can be.

Chairman Dudley noted HNTB's review and asked whether HNTB is recommending approval of the work order at \$2,177, 858. Mr. Share advised HNTB is so recommending. Chairman Dudley noted an amendment, and Mr. Bottcher advised he had shared the proposed amendment with Mr. Beck. Chairman Dudley noted that the amendment simply clarifies that the services of Beck, Barrios & Malaney (BBM) are not legal services, and that's because there's another procurement statute that comes into play for legal services. Chairman Dudley noted that's not what the particular services are for. The amendment also makes it clear, technically, that their services do not include lobbying because that's not a legal expenditure. Mr. Beck and Mr. Newman noted acceptance of the amendment.

Mr. Chira stated his thought that the scope of services does include the consultants' attorney, should the consultants need that for any reason. Chairman Dudley pointed out that such services would not be billed out to the Authority at an hourly rate. Mr. Share agreed that if either consultant firm required attorney services, that would be separate from the Authority's business. Mr. Chira and Mr. Fowler noted they do not want to see an attorney's bill, and Mr. Share advised they would not.

Ms. Nodarse asked if BBM is a law firm, what services are they providing, if not legal services. Mr. Newman advised that BBM's services are set out in the work order. Specifically, he said one is coordinating with CSX. Mr. Beck's experience and contacts with CSX will expedite that coordination. Also, he said, their environmental lead is coordinating with getting high-level water management district meetings with the directors. That effort, he said, would be nearly impossible for PTG to coordinate on its own.

Chairman Dudley noted that Abraham Lincoln said a lawyer's time and advice are his or her stock in trade. He suggested to her that today, a lawyer's knowledge, experience, and influence are the real stock in trade. But we're just not going to call it legal services, Ms. Nodarse asked. Because it's not, said Chairman Dudley. If he performs a lobbying service, he said, even though it's for a client, he's a lawyer, and he's regulated by the rules of the Florida Bar – but yet, he said, Ms. Nodarse can lobby and Mr. Browning can lobby. There is no license required, no test required to lobby. So what he's doing, noted Chairman Dudley, is a job that does not require that he be a lawyer to do. That's why the Authority's lawyer wanted to clarify, he said, that BBM's services are not work that would require a law firm. It just happens they are a law firm with expertise in the transportation area. Chairman Dudley asked Mr. Fowler whether that makes sense, and Mr. Fowler responded the explanation sounds good to him.

Mr. Mansour moved approval of Work Order 2, as amended, with PTG for PD&E work, and Ms. Nodarse seconded the motion. Chairman Dudley opened the floor for questions or discussion.

With respect to agency coordination, Ms. Nodarse noted there is no reflected fee. Mr. Newman advised that fee is incorporated within meeting times. Ms. Nodarse asked what is "Tiger Team," and Mr. Newman advised that the Tiger Team is the board workshop he mentioned earlier. With regard to the listed subcontractors, Ms. Nodarse noted that two of them participated in Work Order 1, but others have no fee shown under Work Order 2. Mr. Newman advised that it's a running total of the subs, and PTG is working with DOT right now on a contract addendum to get additional subs added to the team. He advised that for firms such as Alfonso Architects and Consensus Builders, Inc., for whom Work Order 2 shows no fee, there is no work in this work order for them. They will be utilized for future work orders.

Ms. Nodarse asked Mr. Newman to explain Wilbur Smith's role in Work Order 2, and Mr. Newman advised that it would be coordinating meeting with the General Consultant in order to develop the work plan as to how to approach and prepare the investment grade ridership study. He advised there is nothing to be done by Wilbur Smith independently. Ms. Nodarse asked about previous discussion of some sort of independent role for Wilbur Smith, and Mr. Share explained that when the work plan is defined, it will tell how to achieve that independence. There is research that needs to be done, he said, in talking to those who would eventually use the investment grade ridership study.

Chairman Dudley noted that most of the presentation charts show funding and financing as sort of a continuing effort. He asked who does this and what is it. Mr. Newman agreed it is when you begin looking at how you finance the project and advised that Peter Peyser, Paula Stuart, and Travis Dungan are team members who can assist on the finance side. Chairman Dudley then asked whether the Authority should have its own separate financial advisor, and Mr. Share advised that HNTB has David Miller from Public Financial Management for that very purpose. Chairman Dudley asked whether he will be able to look over what's being done by PTG, and Mr. Share advised that is the exact design of their system.

Chairman Dudley commented, and Mr. Fowler agreed, that most financial advisors are probably in the bonding business but, in their role as a financial advisor to, say, a city or to the Authority, they would not be allowed to be involved in any bond issues because they're in the business of giving financial advice. Chairman Dudley then asked whether any of the team members that are going to be involved in the public funding segment of giving the Authority advice will be prohibited from being involved in issuing bonds and being underwriters. Mr. Newman and Mr. Share replied that they would be prohibited. Chairman Dudley noted then that such individuals

would be solely serving as financial advisors. Mr. Fowler noted that such advisors are typically paid by the hour and have no interest in the issuance.

Chairman Dudley also asked whether the Authority has the \$2,177, 858 and whether it is the last money to be encumbered. Mr. Haddad advised that the negotiated amount is about \$1 million less than what is available. However, with respect to the PD&E consultant, the full \$3.25 million was encumbered. Mr. Haddad confirmed for Chairman Dudley that it was encumbered but not spent and, therefore, the money would still be available beyond February 1.

Mr. Chira noted his desire that Mr. Haddad, Chairman Dudley, and the consultants ensure that the expertise of people who attend Authority meetings is needed and the Authority isn't being billed needlessly. He indicated that all who wish to attend meetings are welcome but asked that the consultants be sensitive to the issue. Mr. Share and Mr. Newman agreed.

Mr. Dunn expressed his thought that the Authority should be communicating with environmental groups such as Sierra and Audubon. He noted these groups make great friends and bitter enemies if they don't liked what you're doing, and he suggested close coordination. Mr. Newman noted that such environmental groups are included in the agency coordination effort and stated that they are wanted on-board.

Chairman Dudley then called for a vote to approve the pending motion, which carried unanimously.

Old Business:

CUTR Participation:

Chairman Dudley noted previous approval of the Center for Urban Transportation Research (CUTR) to work with the general consultant. He noted that CUTR may also have a PD&E role, doing work different than that for the general consultant. Chairman Dudley reported that, in light of the Authority's past sensitivity to duplicate team members, he had advised that he didn't want to approve CURT also doing work on the PD&E team without the members' approval. He stated his satisfaction that the work will be sufficiently different that no conflict will exist. The question then, he noted, is would the Authority allow CUTR to work on both teams.

Mr. Dockery noted previous lengthy discussions on the issue of duplicate team members and his understanding that the Authority had resolved to have no such duplicates. Chairman Dudley agreed but noted that CUTR presents a slightly different situation because it acts almost as a volunteer. He noted that CUTR came aboard, not for the money, but so that the Authority could tap the benefit of their expertise as a public sector entity – expertise for which the Authority would otherwise pay dearly.

Mr. Dockery asked whether CUTR could offer the same advice to the same consultant without being hired by both, and Chairman Dudley stated his agreement. Mr. Share noted that HNTB had discussed the issue with PTG. He stated his belief that there is a productive way of keeping CUTR engaged in the process by keeping CUTR with the general consultant. Chairman Dudley then noted no need for the Authority to make any further decision on the issue.

Seaport Finance Panel:

The Authority next received a presentation from Mr. Ram Kamcharla, Director of Planning and Development for the Tampa Port Authority, who provided the members a brief overview of the operation and funding of ports in Florida. Mr. Chira asked what percentage of the total budget, in general – because each port is a little different – comes from grants, federal, state, or local. Mr. Kamcharla advised that the operating budget includes no external sources but is based totally on port revenues. The capital program, he said, which is \$40 to \$45 million, has been as high as 50% in the last few year due to a funding program through DOT. He reported that the ports have come up with a unique approach to funding by leveraging state dollars.

Mr. Lorenzo Alexander, Seaport Office Manager for the DOT, also provided a brief outline of the State Seaport Funding programs. Chairman Dudley asked whether all of the various port fees described, including wharfage, dockage, and rental income, amount to about 50% of the port's revenues. Mr. Kamcharla indicated that the fees amount to about 50% of the capital program. Surplus revenue, he said, is very nominal at most ports. Mr. Kamcharla advised that at the Port of Tampa, about four to five percent of the bottom-line dollars go toward capital infrastructure. The rest comes from bond issues and from state and federal sources.

On capital outlay, asked Chairman Dudley, how much is coming from user fees that port users pay. At the Port of Tampa, Mr. Kamcharla advised, it's about four to five million. As a percentage of total capital outlay, it's about ten percent. He advised Chairman Dudley that the other 90% is coming from borrowed money and from state and federal sources.

Mr. Fowler asked how much of the capital budget is from grants and, for the borrowed money, what is the source of the pay-back. Mr. Alexander advised that for the smaller ports, it's about 50% through grants. For large ports such as Tampa or Miami, it would be a lot smaller, somewhere from 10 to 30%. Mr. Alexander and Mr. Kamcharla agreed with Mr. Fowler that smaller ports have a bigger percentage of their capital paid for by grants, while big ports have a smaller percentage. As to what percentage of capital is paid for by operational monies, including debt service, Mr. Kamcharla advised the number is 50 to 60%.

Mr. Chira noted the issuance of bonds pursuant to section 320.20(4), F.S., and the proceeds therefrom, and pointed out to Mr. Dockery that the result seem to be about 15 times, rather than the normal 10 times – even less than 10 times on revenues on the \$70 million per year for 30 to 40 years. Mr. Fowler commented that it's pretty low coverage. Mr. Chira noted that even in county government, you don't get 15 times the dollars that were committed to debt service.

Mr. Alexander asked the members to bear in mind that these bond programs require a match. He advised Mr. Chira that the \$10 million annual deposit in the section 320.20(4) program is only the payment, but the proceeds that are generated must be matched by a port for an eligible project. Mr. Chira noted his understanding but expressed difficulty with the proposition that you can generate \$153 million with just a \$10 million guarantee. Mr. Kamcharla advised it can be done in today's market and was done in 1999 and 1996. The key, said Mr. Alexander, is that it's being guaranteed with the State of Florida's tax revenue history.

Mr. Chira noted that he brought the matter up so that the members understood, if the Legislature reinstates the \$70 million, what dollars would be available to the Authority. Mr. Dockery noted that in his discussions regarding how much money would be needed from the state for debt retirement and interest, the number has generally been a multiplier between 10 and 14. Mr. Dockery advised Mr. Chira that the cost for the first segment, excluding St. Pete, was approximately \$1 billion. Mr. Dockery agreed with Mr. Chira that the \$70 million, if reinstated, would pay for capital improvements. Mr. Dockery indicated it would also allow some

expansion work. Mr. Haddad agreed, noting that in the Coast to Coast report, it was estimated that to raise \$1.1 billion for the Orlando to Tampa project, about \$57 to \$58 million per year would be needed. That, he said, is just for the debt service.

Mr. Browning noted the operating revenues that would be taken in and asked what that would be. Mr. Haddad noted that in the Coast to Coast report, the revenues from the fare box were going to be sufficient to cover the operation and maintenance costs of the system, and then some. Mr. Chira stated then that the balance would come from revenue generated by advertising, hotels built around the facility, and such. He stated his thought that the Authority is probably looking at the state building the system, and the balance has to come from the operator, in general. Mr. Dockery stated, in general, that he's told that this segment will produce an operating profit, excluding contributions to capital. At that level, he said, the Authority can build on it to build additional segments.

Mr. Chira noted that operation and maintenance has got to be equal to the total revenue generated out of the fare box, plus, and the capital improvements would be taken care of by state or federal funding. Optimistically, noted Mr. Dockery, you're probably looking at \$300 million in federal grants; pessimistically, \$200 million; and the balance would be, he is told privately, probably something like 10 to 15% equity from whoever builds it. Then, he said, you go to bonding facilities, and there is where you determine how much is needed as a contribution from the State of Florida. That, he said, could be anywhere from \$40 to \$60 million. Mr. Haddad noted in clarification for Mr. Fowler that the \$57 million he mentioned was in addition to the surplus revenues from system operations, which was about \$17 million in accordance with the Coast to Coast report. So, he said, if you add the \$57 million, plus the \$17 million, that is what would be required to cover the \$1.1 billion in debt. So the ratio is really about 15.

Chairman Dudley thanked Mr. Alexander and Mr. Kamcharla. He noted that when it comes to how seaport services are provided, quite a bit is done through public money. Mr. Kamcharla noted the importance of public funding in other states and advised Chairman Dudley that without public funding in Florida, the business would go to other states. Mr. Alexander agreed and noted the ramifications to the economic well being of the entire state. Mr. Alexander and Mr. Kamcharla agreed with Chairman Dudley that ports return more to the public coffers than they take out.

Mr. Chira suggested a question that should be asked of all the presenters, which is what tax exemptions are provided by the state. Mr. Kamcharla noted that for all major work done at the Port, the Port procure the material to avoid sales tax. The Port can also issue tax-exempt bonds. Those are the two biggest benefits that the Port has, he said.

Highway Finance Panel:

Christie Holland of the DOT Financial Planning Office presented a brief overview of highway transportation financing in Florida. Mr. Browning noted that federal money is basically gas tax collected from the State of Florida when gas is purchased. Of each dollar sent to the federal government, he asked, what portion comes back to Florida. Ms. Holland advised that under TEA-21, there's a minimum guarantee of 90.5% for the funding programs distributed by formula. She agreed with Mr. Browning that some states get more than others. In Florida, she noted, under TEA-21, the total, including programs distributed by formula, is about eight-six cents – better than under ISTEA.

Mr. Chira asked with regard to the Miami Intermodal Center, what contribution did DOT make to operating costs in rail. Mr. Browning advised that 30% comes from tolls. So 70% of operating costs comes from DOT, Mr. Chira asked? Pat McCue, Executive Director of the Tampa/Hillsborough County Expressway Authority responded that Miami puts up about \$100 million per year. DOT does pick up a share, he said, but basically 25 to 30% comes out of the fare box, and the rest is subsidized. Mr. Browning noted that's true all over the country and is actually considered a good system. He advised Mr. Chira that that is over and above capital improvements.

So, asked Chairman Dudley, there's no private money that goes into building roads, or is it all private? Mr. Browning stated that it's all gas tax. Mr. McCue stated his guess that when it comes to toll roads, you would call that private money in the form of user fees. You can't use the road without paying it, said Chairman Dudley; so in that sense, government is forcing the collection. Also, he said, with some limited exceptions, you can't buy gasoline without paying the tax. So, he asked, where is the money coming from to build our roads; is it all from taxes and forced fees?

Mr. McCue noted that with respect to building toll roads, 100% comes from tolls. With that exception, the non-toll roads all come from user fees, mostly gas tax. So, Chairman Dudley stated, it's private money until it's in the hands of government, and then it becomes public money; so it's all public money that is used to build roads. With the exception of toll roads, stated Mr. McCue. Even then, Chairman Dudley asked, doesn't government up-front the cost? Mr. McCue responded affirmatively, noting that DOT does help with some of the loan sources, all of which must be paid back. Ms. Holland and Mr. McCue agreed with Chairman Dudley that with the exception of toll roads, all roads in Florida are built with state or federal public funds.

Next, Mr. David Tassinari, Financial Planning Manager for DOT's Turnpike District, provided a brief overview of Florida's Turnpike today. With regard to service plazas, he noted that about \$8 million came from concessions in the last fiscal year. (The other \$373 million came from tolls.) He advised Chairman Dudley that it is not private money; rather there is a consultant that operates the service plazas (restaurants and concessions), and Martin Petroleum handles the service stations. But it is the patrons, he said, who purchase gasoline or visit a restaurant, and the Turnpike gets a return on that purchase. But it is private money, said Chairman Dudley, that is being paid in exchange for a service. Mr. Browning noted that when you pay for gas, then you pay the tax; it's the same thing, but you're paying.

Mr. Browning noted that some years ago, the thought was that in order to expand the Turnpike, a project had to be hooked to the existing Turnpike. Then in about 1989, he said, a change occurred, and the theory was that if a part can be successful, you could build it without hooking to the Turnpike. He stated this is important because with high-speed rail, the Authority may find that it can build parts that are successful, and then build other parts later. Mr. Tassinari agreed that once you build a core system, you can leverage those revenues to expand.

Chairman Dudley stated that here again, there are no private funds being used to build toll roads, other than the small amount for rents in the plazas. Mr. Tassinari advised Chairman Dudley that the Turnpike does not currently receive any revenue from advertising. Chairman Dudley noted that he is looking for the private money that should go to build all the rail systems because there's no public money in rail, just like there's no public money in roads; and there's no public money in the toll facilities, and he is sure the Authority will find there's no public money in airports.

Chairman Dudley asked Secretary Barry what happened to continuing from Wildwood and hooking up with 19 and 27. Secretary Barry advised there are a couple of issues, one being cost compared to ridership, and the other being a requirement that the local government support the project. Secretary Barry noted his belief that, at this point in time, Levy County has not indicated support at the County Commission level. So that project, he said, is on hold.

Mr. Chira asked whether the Turnpike would be interested in running and operating this thing. He noted the Turnpike has the bonding capacity and the expertise, and a demonstrated track record. Chairman Dudley noted that the Authority is the Turnpike's counterpart as far as high-speed rail. Mr. Dockery observed that when he was asked to draft legislation to implement the constitutional amendment, one draft would have given the Turnpike District responsibility for implementation. He indicated that he had tried that out with some members of the Legislature, and it didn't fly. He expressed that he thought the same as Mr. Chira, that we have a proven system with people who know how to operate it. It would have made sense, he said, but he got no support from the Legislature. Mr. Chira asked whether the legislation precludes the Authority from doing that, and Mr. Dockery noted that it does not.

Mr. Dockery also noted that when talk first started about building the Turnpike system, it was a bit of a political decision to decide to do it. It was called a boondoggle by some of the papers and it was said that the state would be stuck for the bill, for example. All of the things that nay sayers will put forth, he said, were put forth back then. He noted his surprise at hearing Chairman Dudley say that there were no state monies involved. He explained his understanding that the state was going to support the debt until a stream of revenues was generated. Mr. Browning stated that the state did support the debt. In any case, said Mr. Dockery, he recalled that it was also promised that once it was paid for, it would be free. Secretary Barry explained that there was never any such official promise but agreed with Mr. Dockery that the promise was discussed in the newspapers. Chairman Dudley asked what about using the Turnpike's profits to build the train, and Mr. Tassinari explained that there are no profits because all monies are put back into the system for improvements, debt service, and O&M costs as previously described.

Mr. McCue next briefly described for the Authority the Tampa/Hillsborough County Expressway Authority; its current projects, including a reversible bridge, and its general funding framework. He also discussed various sources of borrowed money utilized to advance projects. The bottom line, he said, is that for every dollar of revenue brought in, anywhere from \$10 to \$14 can be leveraged in bond sales, depending upon the interest rate and the coverage ratio. The Authority, he said, will be in the exact same position and will be going about doing it by getting independent financial analysts and credit agencies to evaluate the ridership and revenue forecasts on the project. They determine, he said, whether you have a bondable project and what you're grading will be which, of course, affects your interest rate; and that determines how much you can sell in terms of bonds. The Authority's challenge, he said, is to see how many riders can be brought into the system and how much money that will generate which will, in turn, determine how much money can be borrowed. In all probability, he said, the Authority will be looking at the same sources of funds as the Expressway Authority. He underscored that the Authority must have reliable, independent sources to verify that revenue and ridership projections are accurate. Once that's done, he said, there are lots of places to go borrow money.

Mr. McCue advised Mr. Chira that URS performed the Expressway Authority's transportation study. He advised Mr. Fowler that the Expressway Authority currently has no secondary pledge, but he noted there was such a pledge up front. Mr. Chira reported that on the East-West

Expressway in Orlando, the County Commission pledged part of their seven cents gas tax when they started the Expressway. He noted that the first leg of the Authority's project will be tough on the financing end and stated that the Authority will be looking to local governments and other available sources to facilitate the high-speed rail program. Mr. McCue noted that in the toll road business, a good project will be self-supporting in about 15 years, so you have a 15-year period of time when someone needs to help out.

Chairman Dudley thanked the panel for their presentations and then recognized Mr. Dockery. Mr. Dockery noted Mr. Chira's earlier suggestion that the Authority ought to be looking at a plan for the future. He presented to the members a map reflecting his suggestion about what the Authority should do in the way of high-speed rail at some point in time. Also, he presented a "Plan for the Future," which, he said, is all-inclusive for the State of Florida. Mr. Dockery noted much discussion about how to define an urban area without being exclusive. He noted that in his deliberations, it occurred to him that if the Authority defines the five major urban areas of Florida, or the Legislature does, as Northwest Florida, Northeast Florida, Central Florida, Southeast Florida, and Southwest Florida, every geographic and political segment is brought in to help plan for the future. Mr. Dockery noted that if the members are comfortable with his recommendation, he would like to see the Authority recommend to the Legislature that the five major urban areas be defined as reflected on the map.

Mr. Browning moved to approve Mr. Dockery's recommended definition of the five areas, and Mr. Chira seconded the motion. Chairman Dudley opened the floor for questions or discussion.

Mr. Chira suggested that Okeechobee should be in the eastern corridor because St. Lucie is expanding that way and really doesn't relate to the southwest part of the state. Mr. Dockery noted no objection. Chairman Dudley pointed out that it's not a coastal county, and all the others in that district are. Mr. Chira agreed but noted his effort was to get at the population bases. He stated that the people in Okeechobee relate to the east coast. Mr. Dockery noted his agreement to defining Okeechobee as part of Southeast Florida.

Chairman Dudley noted amendment of the motion as indicated and acceptance of the amendment by the second.

Mr. Chira stated his thought that the map should be up front in the Authority's presentation to the Legislature so that everyone will be a part of the process. Mr. Dunn noted that the constitutional amendment says the Legislature will name the five urban areas. Chairman Dudley agreed and clarified that the motion is to recommend that the Legislature identify those areas as reflected on the map.

Chairman Dudley called for a vote on the pending motion, which carried unanimously. Mr. Chira, Mr. Browning, and Mr. Fowler left the meeting at approximately 3:45 p.m.

Transit Finance Panel: Next, Mr. Ed Coven, Manager of DOT's Transit Office, provided a brief overview of the status of transit in Florida, how transit is funded, and the state's role. Mr. Coven noted that Florida is 4th in population but 17th in per capita contribution to transit. Chairman Dudley noted that 1996 stands out in terms of vehicle miles traveled and asked Mr. Coven if he could point to any cause. Mr. Coven explained that there are many factors that influence transit ridership but noted that the most known possible influence was Hurricane Andrew in 1993. That caused ridership to spike for a couple of years, he said.

Chairman Dudley noted, with 28% coming from the fare box, it truly is a user fee; the person that boards the bus pays the money. Mr. Coven agreed. Chairman Dudley stated that it sounds like transit actually has a much lower percentage of public money than roads. Aside from toll roads, he said, roads in general look like 100% public money, and transit looks like 70% public money. He stated that he always thought it was the other way around. Mr. Coven agreed with Chairman Dudley's assessment. Chairman Dudley noted the commonly heard comment that it's okay to build a rail system in Florida as long as public money is not used. He noted the members had not yet heard from the airports but know there's a lot of public money involved.

Chairman Dudley also asked about the structure of the Transportation Disadvantaged Commission and recommended that Mr. Coven suggest to the Commission that on election days, priorities be restricted to rides to emergency medical treatment and to polling places so that persons with disabilities will not have to spend several hours just to go vote. Mr. Coven agreed.

Mr. Byron Brooks, Executive Director of the LYNX Transit Agency, provided an overview of the agency, its services, and various funding sources and issues. With regard to ridership trends, Chairman Dudley asked how many people are riding. Mr. Brooks explained that approximately 65,000 trips occur daily, round trip, with about 25,000 people -- for paratransit, he said, about 1,500 people each day and 3,000 trips. Taking the 25,000 per day, Chairman Dudley asked, what does that average per bus, per trip. Mr. Brooks replied that per bus, the average is about 27 passengers. In terms of capacity, he said, there is some room to grow, on average. With regard to funding on the operating side, Chairman Dudley asked what sources comprise the 32.4\$ of agency-generated funds, and Mr. Brooks explained that the sources are the fare box, advertising, and some contract services. Approximately 70% of LUNX funding is public, he said. On the capital side, 100% is public dollars with the largest share coming from federal funds.

Hartline Transit Agency Executive Director, Sharon Dent, next presented an overview of Hillsborough Area Regional Transit (HART). She advised that 60% of HART's operating budget each year comes from a half-mil property tax. To that is added 10 to 12% state funds and 25 to 26% from the fare box. She reported that the balance is from invested revenues, advertising, and a variety of federal programs and grants. Chairman Dudley noted, and Ms. Dent agreed, that the taxes that HART levies are clearly public funds. The consistent range from the fare box, she said, depending on population density, is from 20% up to 30 or 35%. While state funding is a small portion of the budget, Ms. Dent advised that it is essential to the stability of HART's programs.

Ms. Dent also briefly described light rail transit and streetcar projects and highlighted potential interface points with high-speed rail, including Franklin-Florida-I275, Westshore, and an east-west line owned and in use by CSX that goes into Pinellas and turns south into Tropicana Field. Mr. Dunn noted that the latter alignment was considered in the Coast to Coast study and stated that the problem with using it as a high-speed rail connection to Pinellas was that it was too circuitous. Mr. Dunn and Ms. Dent advised Chairman Dudley that it would work very well for light rail. Chairman Dudley noted that Senator Sebesta's corridor showed high-speed rail going all the way across the Bay to a terminus. If it terminated in Tampa and connected with Ms. Dent's light rail, with another light rail that would service Pinellas County, may the CSX type of track could be used, he said. With regard to stopping at Westshore, Mr. Dunn noted he likes the idea, but the High Speed Rail Act would have to be amended because of the dictate to go to Pinellas County.

Ms. Dent advised Mr. Dunn, with regard to streetcar operating costs and funding sources, that the assessment district revenues are not tax increment financing, but a straight assessment district levy based on square footage. She noted limited application for her and for the Authority because the impact area that a tax increment financing district can apply to is based on what you can get the adjoining governmental entities to agree with you on. Ms. Dent then provided greater detail on the sources of capital and operating funds for light rail.

Next, Mr. Joe Giuletti, Executive Director of the Tri-County Commuter Rail Authority, provided an overview of the Tri-Rail system, its governing board, and its ridership trends. He advised Chairman Dudley that Tri-Rail currently uses a bus loop into the Ft. Lauderdale Airport. Mr. Giuletti also described funding sources and advised Chairman Dudley that fare box return amounts to about 27%. Chairman Dudley noted his surprise that it isn't more. The system doesn't move people to and from the doctor and the grocery store, he said. He guessed that people are going to and from work. Mr. Giuletti advised Chairman Dudley that the average fare is about \$6, varying from \$4 to \$8, with an \$80 monthly pass that can be discounted to \$60, including parking and transfer onto the Metro Rail System. Mr. Giuletti noted that the Tri-Rail system is very inexpensive.

Chairman Dudley reiterated that the ridership, for the most part, is people going to and from work. He asked whether it's the low fare that gets people out of their cars and onto the train. Mr. Giuletti responded that the only true motivator for getting people out of their cars is frequency of service, consistency of service, and east-west connections that get people back and forth to the businesses.

Mr. Dockery noted his understanding that because the Tri-Rail system was never originally intended to be more than a temporary traffic mitigation effort, little attention was given to parking locations. Mr. Giuletti advised that, in fact, the state did a very good job of trying to locate parking next to the stations. It is one of the few systems in the country, he said, where parking is free adjacent to the stations. Mr. Giuletti advised Chairman Dudley that 79 mph is the maximum operating speed and, from the northern station in West Palm to the southern station, the average time is 2 hours, which works out to about 36 mph. Compared to the northeast, Mr. Giuletti advised it's the approximate same running speed and time from New Haven to New York.

With regard to clearly defined roles in operation and maintenance agreements identified by Mr. Giuletti as an issue to consider, Mr. Dunn asked whether he is referring to the fact that CSX is in control of the operation of the southeast rail corridor. Mr. Giuletti replied that CSX has the operation and the maintenance. Mr. Dunn noted he has followed Tri-Rail from the beginning and was at one time a regular user who was left on the platform for long periods of time. He stated his observation with regard to Tri-Rail and incremental development of high-speed rail that it appears that Tri-Rail is making great gains in the level of service, but there are many wounded citizens that are hard to recapture after having a bad experience. It is damage to the brand, Mr. Dunn said, that you do in the early years of incremental service. Mr. Giuletti agreed with and apologized to Mr. Dunn. He noted the results of Tri-Rail's zero tolerance program, which showed the amount of fare box being lost by the failure to capture available revenue. He agreed with Mr. Dunn that it is difficult to regain lost ground. Chairman Dudley thanked the panel for their presentations.

Aviation Finance Panel:

Mr. Jack Reynolds, FAA Assistant Manager for the Orlando Airport District, provided an overview of the scope and breadth of the FAA funding program and how it may interface with high-speed rail. He noted that all funding comes from aviation taxes in one form or another. He reported that last year, a total of \$170 million was spent in the State of Florida, based on categories and formulas for different types of funds. The FAA participates on a 75/25 basis for the large and medium airports, and the ratio is 90/10 for the small commercial and general aviation airports. The 10 is composed of 5% local and 5% state. He underscored the importance of the state's contribution to federal funding because without it, these airports would not be able to supply the match necessary to obtaining federal funds.

Mr. Reynolds also advised that the objective of the FAA's grant program is to ensure a nationwide system of airports and that all airports are planned, built, and maintained to the federal safety and design standards. He noted that no development can take place on an airport without FAA approval. So if a high-speed rail terminal is to be located on an airport, he said, the FAA would have to approve the terminal location.

With regard to funding for high-speed rail, Mr. Reynolds reported that section 137 of AIR-21 provides that the FAA is to encourage the development of intermodal connections on airport property between aeronautical and other transportation modes and systems to serve air transportation passengers and cargo efficiently and effectively and promote economic development. Eligible development is constructing, reconstructing, or improving airports or purchasing non-revenue generating capital equipment to be owned by the airport for the purpose of transferring passengers, cargo, or baggage between the aeronautical and ground transportation modes on airport property. This means, he said, the FAA could allow an airport to participate in feeder lines only. The FAA would not allow an airport to use any of its revenue funds to fund any terminal rail for a through line. Funding for feeder lines has a priority number 18, on a scale from 1 to 100, with 100 being the highest priority. Mr. Reynolds noted that seldom does the FAA fund projects with a priority number below 60.

Mr. Dunn asked with regard to the Orlando Airport, where the rail is likely to go into the terminal area, whether he understands correctly that the FAA would make no contribution because of its low ranking. Mr. Reynolds advised that his understanding is correct; a contribution could be made only if the line was a spur or feeder off the main line. Chairman Dudley, recognizing a possible conflict between state and federal law, noted that state law directs the Authority to connect airports. It may not be a mandate, he said, but it's certainly a goal that high-speed rail connect airports. He pointed out that thought should be given to the apparent conflict in terms of what the Authority asks the Legislature to do.

Mr. Dunn pointed out that the Miami Intermodal Center is not on airport property itself but is a consolidated rental car facility. Many of the services currently being provided on airport property, he said, will be moved to the Center. It will also be a transportation hub for many modes, most likely including high-speed rail. He asked whether that is a project that would receive any sort of FAA funding, and Mr. Reynolds replied that money generally cannot be spent off of airport property.

Next, Mr. B.J. Ashbaker, DOT's Aviation Office Manager, provided an overview of DOT aviation funding. He reported that this fiscal year, the DOT will give \$84.3 million to airports. This amount, he advised, should grow to over \$90 million in the next five years. He noted the importance of transportation, particularly aviation, to international trade and economic development. Mr. Ashbaker described the process for determining needs at airports through the development of master plans. He noted that funding for these needs must be coordinated

between the airports, the FAA, and the state. He described the process for doing so, called the Joint Automated Capital Improvement Program.

Mr. Ashbaker reported that the program shows that current needs for Florida over the next five years exceed \$7 billion. This may be deferred, he said, by recent events, as traffic has dropped by 25%, but deferral will not be permanent. He noted that the \$170 million Mr. Reynolds mentioned, added to the \$84 million coming from DOT, isn't nearly the amount needed. He noted that historically, in excess of 80% of funding usually comes from the airport – from local sources, one way or another. He reported that the source of state funding is the State Transportation Trust Fund, with a basic program that is referenced to aviation fuel tax revenues providing about \$60 million per year. The remainder comes from the 15% share that public transportation gets. Mr. Ashbaker explained that excess funds, above aviation fuel tax, are earmarked for the Discretionary Capacity Program only for airports with international routes. The state program provides half of a local share of a project if there's no federal participation and five percent if there is. The only exception, he said, is 80% funding for general aviation airports if there is no federal participation.

Lastly, Chairman Dudley asked Ms. Maureen Riley with the Greater Orlando Aviation Authority (GOAA) to identify how much airlines pay and, thus, how much passengers pay, and where the private money is. He asked if there is really any private money coming from the industry alone, not recouped from passengers but going into infrastructure, both capital and/or operating. Ms. Riley replied that every airport's legal structure is different, so it is very hard to develop any kind of industry benchmark. She discussed various operating models and resulting revenue consequences.

In addition, Ms. Riley provided a brief overview of the GOAA, as well as its financial framework and its operational structure. She identified the amounts and sources of OIA's annual revenues, as well as its budgeted expenses. Chairman Dudley noted, and Ms. Riley generally agreed, that when an airline pays a landing fee, it's going to be recouped in the cost of a ticket. But, Chairman Dudley noted and Ms. Riley again agreed, there is a tremendous amount of public money. Ms. Riley noted that on the capital side, about 20% on average comes from the federal and state governments, but no federal or state money goes into the operating budget. She advised Chairman Dudley that the other 80% comes from the airlines.

Mr. Dunn noted it sounds like a coop of airlines, since they are basically paying all the costs and taking all the risks and participating in the decision-making. It sounds, he said, like a group of airlines deciding to build an airport, with local government being good enough to facilitate the process. Ms. Riley agreed that Mr. Dunn's description is fair and noted the arrangement came out of an old model. She noted that many airports are negotiating out of this type of model. Chairman Dudley thanked the panel for their presentations.

Public Comment:

Mr. Donald Kaplan advised he was speaking as a citizen of Florida, a former representative of Magplane, and a current representative of Corporate Bank Business Group out of Washington, D.C. He thanked the Authority members for their work. Following comments on ridership and technologies and previous high-speed rail work, Mr. Kaplan noted that his group is proposing to accomplish the Tampa to Orlando leg with no public subsidies, either for construction or operation. He advised that his group will finance the entire system. Chairman Dudley thanked Mr. Kaplan for his patience and his comments.

Other Business:

Chairman Dudley asked Mr. Haddad to confirm with the members a February meeting date of the 7th in Orlando. With regard to the staff advertisement, Mr. Dunn suggested supplying comments to Mr. Haddad, and Chairman Dudley asked, without objection, that any comments be submitted by Friday.

Mr. Dunn shared with the members a second draft itinerary for the Authority's trip to Europe to tour high-speed rail technology. Chairman Dudley asked Mr. Dunn to continue refining details so that by early February, the members can make final plans. Mr. Dunn asked for any input from the members.

Adjournment: The meeting was adjourned at 5:40 p.m.