



## Office of Program Policy Analysis And Government Accountability

James L. Carpenter  
Interim Director

August 2, 1995

### REVIEW OF THE LOCAL GOVERNMENT ADVANCE/REIMBURSEMENT PROGRAM

#### PURPOSE OF REVIEW

This review examines the Local Government Advance and Reimbursement Program, which is administered by the Florida Department of Transportation (FDOT). Our review was conducted at the request of the Joint Legislative Auditing Committee and addressed two questions:

- How has the Program been used by FDOT and local governments? and
- Should the Program be continued?

#### BACKGROUND

FDOT is responsible for planning, constructing, and maintaining the State Highway System and for coordinating development of public transportation facilities within Florida. FDOT schedules state transportation projects in its Five Year Work Program, which identifies the projects to be undertaken each year and their estimated cost. As FDOT's resources are limited, the Work Program is intended to prioritize transportation needs. However, local governments at times may place a higher priority on transportation projects than does the FDOT Work Program.

The Local Government Advance and Reimbursement Program (ss. 339.12 and 339.121, F.S.) enables local governments (cities, counties, and transportation authorities) to expedite state transportation projects. In this process, local governments propose to contribute cash, goods, and/or services to FDOT in order to initiate projects at an earlier date than that scheduled in the Work Program. If FDOT determines that the proposal is feasible, the Department and local government sign

a joint participation agreement. FDOT then completes the project at an earlier date, and reimburses the local government in the year that the project was originally scheduled.<sup>1</sup> For example, FDOT may schedule a roadway improvement for fiscal year 1999-2000. To obtain this improvement earlier, a local government may loan FDOT the money needed to carry out the project in fiscal year 1995-96. FDOT will then complete the project in that year and repay the money to the local government in fiscal year 1999-2000. The types of projects that may be advanced through the Program include planning, design, right-of-way acquisition, construction, maintenance, or public transportation. However, revenue-producing projects on the State Highway System (e.g., toll roads) are not eligible for advancement.

FDOT's administrative costs for the Program are not readily available, but these are considered to be minor.

<sup>1</sup> Local governments have been authorized to contribute resources to FDOT since 1955; however, the reimbursement provision was established in 1987. Citizens may also contribute funding through their local governments and be reimbursed. However, the FDOT Program Administrator was unaware of any citizen participating in the Program.

#### FINDINGS

***The Program Has Not Been Widely Used.*** In the eight years between July 1, 1987 (when the reimbursement provision was first established), and June 30, 1995, FDOT entered 19 joint participation agreements with local governments to advance transportation projects. Ten of these were advanced during fiscal years 1993-94 and 1994-95. The projects were advanced an average of two years, ranging from one to four years from the date that

they were initially scheduled on the Work Program. Local governments have loaned a total of approximately \$19.9 million to FDOT for these projects. The average loan amount was slightly over \$1 million, ranging from \$82,000 to \$7.2 million. FDOT had reimbursed \$7.8 million of the \$19.9 million as of June 30, 1995, with the remaining funds to be repaid through 1998.

**Most Projects Have Involved Construction to Improve Traffic Operations.** As shown in Exhibit 1, 11 of the 19 projects involved roadway construction to build or improve state roads. (See Exhibit 2 on page 3 for a listing of projects advanced.) Local governments also used the Program to advance planning for roadway improvements, to acquire right-of-way (ROW), and to advance project design. However, local governments did not use this Program to advance any public transportation projects.

**Exhibit 1: Types of Project Phases Advanced  
Fiscal Years 1987-88 through 1994-95**

State Highway System Projects (19)		
Project Phases	Frequency	Amount
Planning	5	\$ 2,810,000
Design	1	150,000
ROW Acquisition	3	3,218,000
<b>Construction</b>	<b>11</b>	<b>13,772,000</b>
Maintenance	0	0
<b>Total</b>	<b>20<sup>1</sup></b>	<b>\$19,950,000</b>

<sup>1</sup> The number of phases advanced exceeds the total number of projects because one project had two phases advanced.

Source: Florida Department of Transportation.

Of the 11 construction projects, 7 involved traffic operation improvements, such as adding turn lanes and traffic signals at intersections. Two other projects expanded existing through lanes. The remaining two construction projects involved resurfacing and reconstructing roads, respectively. In total, these projects involved about 15 miles of roadway improvements.

**Factors Influencing Program Use.** Five primary factors appear to have influenced the use of the Program:

- **Program Awareness.** Some local governments do not know that the Program exists. Six of the ten local government officials we contacted that have not used the Program were unaware that it

was available. However, officials expressed interest in the Program after learning about its existence. FDOT staff reported that while the Program is mentioned in the Work Program instructions, the Department does not actively advertise the option of advancing projects to local governments.

- **Concerns About Repayment.** Several local government officials indicated that their cities and counties were reluctant to loan money to FDOT because they were not sure it would be repaid. These officials expressed concern that the Legislature would not appropriate money for repayments in future years. However, all scheduled reimbursements to date have been paid, and FDOT's policy is to pay all prior commitments before entering into new obligations.
- **Local Government Priorities.** Local governments concentrate their funds on meeting transportation needs on city and county roads, and they consider FDOT to be responsible for maintaining the State Highway System. Many local government officials said that special circumstances must exist before they will loan funds to FDOT, such as the need to meet concurrency requirements, relieve traffic congestion, or to alleviate safety hazards.
- **Local Government Resources.** Many local government officials reported that they generally do not have resources that could be loaned to FDOT to advance projects. Like FDOT, local governments typically develop multi-year transportation plans. As a result, their future resources are already committed to scheduled projects. Local officials reported that they have typically used the Program only when a situation has arisen that has freed up previously committed funds. These circumstances include the cancellation of scheduled projects due to citizen opposition, project delays, or the addition of new funding from increased local taxes.

**Exhibit 2: Local Government Advance and Reimbursement Program, Projects with Executed Joint Participation Agreements, Fiscal Years 1987-88 Through 1994-95**

<b>Local Government</b>	<b>Advanced Activity, Project Description, and Project Location</b>	<b>Advancement Amount</b>
Highlands County	The planning phase was advanced for new construction on US 27 from the Glades County line to the Polk County line.	\$ 297,000
Lee County	The construction phase was advanced to improve traffic operations at US 41 and College Parkway.	324,000
Lee County	The planning phase was advanced to expand State Road 884 from Solomon Boulevard to Metro Parkway.	420,000
Manatee County	The construction phase was advanced to improve traffic operations at State Road 64 and Lena Road.	221,000
Town of Longboat Key (Manatee County)	The construction phase was advanced to reconstruct State Road 789 from the Sarasota County line to Longboat Pass.	1,994,000
City of North Port (Sarasota County)	The construction phase was advanced to improve traffic operations on US 41 from Sumter Boulevard north to city limits.	244,000
Sarasota County	The construction phase was advanced to improve traffic operations at US 41 and Phillippi Creek.	210,000
City of North Port (Sarasota County)	The construction phase was advanced to improve traffic operations on US 41 from Sumter Boulevard south to the Charlotte County line.	112,000
Highlands County	The planning phase was advanced to expand Eucalyptus Parkway from US 27 to County Road 17A.	400,000
Lee County	The construction phase was advanced to improve traffic operations at US 41 and Bonita Beach Road.	260,000
St. Johns County	The planning phase was advanced for new construction on State Road 312 from State Road 207 to State Road 5.	1,000,000
Escambia County	The planning phase was advanced to expand State Road 291 from State Road 296 to US 90A.	693,000
City of Tallahassee (Leon County)	The right-of-way acquisition phase was advanced to expand State Road 261 from US 90 to County Road 151.	821,000
City of Destin (Okaloosa County)	The construction phase was advanced to improve traffic operations on State Road 30 from Matthew Boulevard to Crystal Beach Drive.	82,000
City of Tallahassee (Leon County)	The right-of-way acquisition phase was advanced to reconstruct State Road 8 at Raymond Diehl Road.	1,029,000
Broward County	The construction phase was advanced to expand State Road 820 from University Drive to 64th Avenue.	7,242,000
Citrus County	The construction phase was advanced to expand State Road 44 from County Road 486 to Loop Road.	2,843,000
Seminole County	The design and right-of-way phases were advanced to improve traffic operations at State Road 426 and Hall/Howell Branch.	1,518,000
Tampa/Hillsborough County Expressway Authority (Hillsborough County)	The construction phase was advanced to resurface the Crosstown Expressway from US 301 to Faulkenburg Road.	240,000
<b>TOTAL</b>		<b>\$19,950,000</b>

<sup>1</sup> Amounts rounded to nearest thousands of dollars.

Source: Florida Department of Transportation.

■ **FDOT Constraints.** Finally, the Federal Highway Administration discourages the FDOT from advancing certain types of federally funded projects. Also, the FDOT will not advance projects unless they are already scheduled on the Work Program. Further, it is not practical to advance some projects. For example, construction cannot be advanced if all right-of-way has not yet been acquired.

***The Program Should Be Re-Authorized.*** The Program is scheduled for repeal effective October 1, 1996, unless re-authorized by the Legislature. Legislative staff reported the Program was scheduled for repeal due to concerns that it could adversely affect the FDOT Work Program. Specifically, local governments could use the Program to advance a significant portion of the Work Program. As a result, FDOT's ability to carry out new projects could be limited because its funds would be needed to reimburse cities and counties for past projects.

This concern appears to be unfounded. Only 19 projects and \$19.9 million have been advanced over the past eight years. This represents less than two-tenths of 1% (0.16%) of the \$12.7 billion Work Program over this period. Given local government funding limits and priorities, the Program's use is unlikely to significantly increase in the future to a level that would materially effect the Work Program.

The Program has produced benefits to both local governments and the state. Cities and counties have used the Program to obtain 19 transportation projects an average of two years earlier than they would have otherwise. In 11 of these cases, citizens have received the benefit of earlier construction projects such as improved intersections or new through-lanes.

FDOT has saved money by avoiding inflation. By carrying out the projects at an earlier date, FDOT can avoid the future price increases in planning, design, right-of-way acquisition, and construction costs. While these savings cannot be precisely

determined, we estimate that FDOT saved approximately \$1.2 million in inflationary costs by advancing the 19 projects.

The Program's cost benefit to local governments is less clear. Cities and counties that advance money to FDOT lose potential interest earnings because the Department does not pay interest on the advanced funds. However, local officials said that interest payments would not alter their use of the Program, which is primarily affected by local spending priorities.

Given these Program advantages to both the participating local governments and the state, we concluded that the Program should be continued.

## CONCLUSIONS AND RECOMMENDATIONS

- The Legislature should re-authorize the Local Government Advance and Reimbursement Program.
- FDOT should inform local governments of the Program, such as by periodically sending notices to all Metropolitan Planning Organizations and county and city commissioners.
- To help ensure that this Program does not adversely impact the Work Program, the Legislature could limit the amount of funds advanced by a set percentage (e.g., 5%) of the Work Program.

## AGENCY RESPONSE

The Secretary of the Department of Transportation agreed that the Program should be reauthorized and that the Department should better inform local governments of the Program. The Secretary did not believe that it was necessary for the Legislature to set a limit on the amount of funds advanced through the Program.

This review was conducted in accordance with generally accepted government auditing standards and included appropriate performance auditing and evaluation methods. Copies of this report in alternate accessible format may be obtained by contacting Report Production at (904) 488-0021 or FAX (904) 487-3804.

Review Supervised by: Gary R. VanLandingham

Review Conducted by: Mark T. Frederick

## FLORIDA DEPARTMENT OF TRANSPORTATION

July 24, 1995

Mr. Jim Carpenter, Interim Director  
Office of Program Policy Analysis  
and Government Accountability  
111 West Madison Street, Room 312  
Tallahassee, Florida 32302

Dear Mr. Carpenter:

We are pleased to respond to the preliminary and tentative audit findings, and recommendations concerning the review of the Local Government Advance/Reimbursement Program. We have attached our response to the preliminary report in accordance with Section 11.45(7)(d), Florida Statutes.

As recommended by the review, we agree that the Program should be re-authorized by the Legislature.

We appreciate the efforts of you and your staff in assisting to improve our operations. If you have any questions please contact Cecil Bragg, our Inspector General, at 488-2501.

Sincerely,

Ben G. Watts, P.E.  
Secretary

BGW/nm

Attachment

FLORIDA DEPARTMENT OF TRANSPORTATION

Response to the Office of Program Policy Analysis  
and Government Accountability's  
Preliminary and Tentative Audit Findings

Review of the Local Government Advance/Reimbursement Program

Finding:

The program has not been widely used. In the eight years between July 1, 1987 (when the reimbursement provision was first established), and June 30, 1995, FDOT entered 19 joint participation agreements with local governments to advance transportation projects. Ten of these were advanced during fiscal years 19@)3-94 and 1994-95.

Recommendation:

FDOT should inform local governments of the Program, such as by periodically sending notices to all Metropolitan Planning Organizations and county and city commissioners.

Management's Response:

The Department concurs with the recommendation. Program Development will increase efforts to improve program awareness through work program instructions, announcements at program development workshops and general information distribution. Program Development will also emphasize to districts the need to promote the program.

Finding:

The Program should be re-authorized. The Program is scheduled for repeal effective October 1, 1996, unless re-authorized by the Legislature.

Recommendation:

The Legislature should re-authorize the Local Government Advance and Reimbursement Program.

Management's Response:

The Department concurs with the recommendation.

Finding:

Legislative staff reported the Program was scheduled for repeal due to concerns that it could adversely affect the FDOT Work Program. Specifically, local governments could use the Program to advance a significant portion of the Work Program. As a result, FDOT's ability to carry out new projects could be limited because its funds would be needed to reimburse cities and counties for past projects.

Recommendation:

To help ensure that this Program does not adversely impact the Work Program, the Legislature could limit the amount of funds advanced by a set percentage (e.g., 5%) of the Work Program.

Management's Response:

The Department does not believe this is necessary. As noted in the report, only 19 projects and \$19.9 million have been advanced over the past eight years. This represents less than two-tenths of 1% (0.16%) of the \$12.7 billion Work Program over this period. A 5% limit would raise the program ceiling to \$63.5 million. Also, as noted in the report on Page 2, local government priorities and scarce resources and certain Federal Highway Administration restrictions tend to constrain the program from an impact at the 5% level.