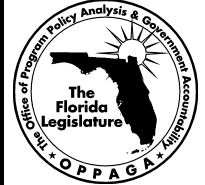




Office of Program Policy Analysis And Government Accountability

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Follow-Up Report on the Local Government Advance/Reimbursement Program Administered by the Florida Department of Transportation

Abstract

- The 1996 Legislature adopted our recommendation to re-authorized the Local Government Advance and Reimbursement Program.
- The 1996 Legislature also expanded project eligibility beyond the Florida Department of Transportation's Five-Year Work Program and placed a \$50 million cap on such projects.
- The Department has taken steps to increase Program awareness among its district managers, Metropolitan Planning Organizations, and city and county governments.

Purpose

In accordance with s. 11.45(7)(f), F.S., this follow-up report informs the Legislature of actions taken by the Florida Department of Transportation (FDOT) in response to Report No. 95-03, issued August 2, 1995. This report presents our assessment of the extent to which the Department has addressed our findings and recommendations.

Background

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 these projects. However, local

governments at times may place a higher priority on these 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 project implementation. 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. 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 resources needed to implement the project in fiscal year 1996-97. FDOT will then complete the project in that year and repay the money without interest to the local government beginning 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.

Prior Findings

The Program was not 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 state transportation projects worth \$19.9 million. This represents less than two-tenths of 1% (0.16%) of the \$12.7 billion Work Program over this period.

Although the Program was not widely used, we found it produced benefits to both local governments and the state. Cities and counties 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 received the benefit of earlier construction projects such as improved intersections or new through lanes.

FDOT saved money by avoiding inflation. By carrying out the projects at an earlier date, FDOT avoided the future price increases in planning, design, right-of-way acquisition, and construction costs. While these savings cannot be precisely determined, we estimated that FDOT saved approximately \$1.2 million in inflationary costs by advancing the 19 projects.

The Program's cost benefit to local governments was 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 was 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.

Current Status

As we recommended, the 1996 Legislature abrogated the repeal of ss. 339.12 and 339.121, F.S., by enacting Ch. 96-323, Laws of Florida. Also, FDOT has taken steps to increase Program awareness among FDOT district managers, Metropolitan Planning Organizations (MPO), and city and county governments. FDOT

increased Program awareness by incorporating language about the Program in their Work Program Instructions, emphasized the need for districts to promote the Program as part of the county and MPO coordinating effort, and published a short article about the Program in the Fall 1996 issue of the Transportation Policy Forum. This periodical is distributed to all MPOs and county and city governments throughout Florida.

In addition, the 1996 Legislature expanded project eligibility beyond FDOT's Work Program and placed a \$50 million cap on such projects by enacting Ch. 96-166, Laws of Florida. As of March 4, 1997, FDOT entered two joint participation agreements with the City of Tallahassee worth \$33.3 million to advance road expansion projects that were not in the Work Program.

One of these joint participation agreements advanced the construction phase, estimated at a cost of \$18.9 million for a project on State Road 61 (US 319) by at least six years. The other joint participation agreement advanced the purchase of \$6 million worth of right-of-way and the construction phase, estimated at a cost of \$8.4 million by at least six years.

The advancement of the above projects leaves \$16.7 million available for local governments to advance other high priority state transportation projects that are not in the Work Program. However, it will be several years before the first partial reimbursement payments are made on these joint participation agreements. Consequently, it will be several years before other projects in excess of \$16.7 million that are not in the Work Program can be advanced to remain within the \$50 million cap.

FDOT should closely monitor the Program to identify any adverse or unintended consequences regarding reimbursement to local governments for advanced projects not in the Work Program and report these conditions to the Legislature.

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302).

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