

Government Efficiency Task Force
117 Knott Building
October 13, 2011
3:00 p.m. – 4:00 p.m.

1. Work Group Discussion of Regional Expressway Authorities

SUMMARY OF OFFICE VISITS OF OOCEA AND FTE

This week I (Matthew Falconer) visited the offices of OOCEA (Orlando Orange County Expressway Authority) and FTE (Florida Turnpike Enterprise) and will be visiting THEA (Tampa Hillsboro Expressway Authority) on Friday. This summary is to inform fellow task force members on the results of these meetings.

OVERALL ASSESSMENT

When reviewing the functions of each agency and their organizational charts there is no question there are duplicative services. Each agency performs virtually the same function; building toll roads and collecting tolls. What is apparent upon closer analysis is these agencies perform the same tasks often on the same road.

The 417 in Orlando for example has FTE operating the north and south sections and OOCEA operating the center section. Across the State of Florida agencies perform work for each other. FTE does toll collection for THEA but not for OOCEA. Each agency has an accounting department, IT department, public affairs, procurement, legal, human resources, and toll operations.

There is no question consolidation of some functions will save money, the question is how to deliver the best transportation solutions to the taxpayers of Florida at the lowest possible cost.

BUSINESS PLAN

Each agency was asked about their long term business plan. At some point each agency will have built all of the roads needed in a region and the only cost will be the maintenance of those roads. It is the hope of taxpayers these agencies “sunset” and the tolls removed once the roads are paid for.

Both THEA and OOCEA have a “lease-purchase” with FDOT whereby FDOT will eventually be responsible for the maintenance of the roads. It is recommended each agency (or a consolidated agency) have a long term business plan. The plan should call for the retirement of debt, a fund for ongoing maintenance, and the removal of tolls once the roads are paid for.

Some agencies are leverage to the point where most of the toll revenue goes to pay interest on bonds and operational expenses. OOCEA for example spends 76% of toll revenue on interest and operations. Only 24% goes to new roads and retirement of debt. FTE has a much lower level of leverage and therefore more revenue goes to road construction. A consistent business plan will ensure toll revenue goes to road improvements.

FTE has oversight from the Florida legislature and the Governor while the regional agencies have oversight from local elected officials. The numbers indicate the smaller the agency the more risk and leverage exists. Some state oversight on the business plan is recommended.

AGENCY SUGGESTIONS

Each agency was asked for suggestions on better efficiency. OOCEA suggested consolidation of back office operations. OOCEA suggest there is a possible saving of \$23 million by combining the EPASS system and the SUN PASS system. OOCEA claimed they process payments for less (11 cents) versus FTE at 14.5 cents (FTE explained the difference is due in part to the fact FTE processes OOCEA transactions without reimbursement).

FTE suggested there will be a considerable savings by consolidating EPASS and SUN PASS. Given there are millions more SUN PASS transponders throughout Florida they suggested SUN PASS become the toll collection system.

OOCEA suggested a “Toll Consolidation Commission” to explore ways to share services. FTE suggest an independent consultant prepare a report to analysis potential savings. The FTE director was involved in the merger of the New Jersey Turnpike and the Garden State Parkway where Hay Group did such a study. The New Jersey consolidation appears to have been a big success.

OPTIONS

The task force has three options; total consolidation, partial consolidation, and no consolidation. Clearly the current duplication of services calls for some type of consolidation of services.

What appears to be the most obvious consolidation is toll collections. If one agency collected all of the tolls there would only be one software system, one IT department, and one set of subcontractors (for toll both personnel, cameras, and enforcement).

Currently FTE collects tolls for THEA and the Mid-Bay Bridge but not OOCEA.