



Strategic Regional Transit Plan

December 2008

Chapter 1: ***Existing Institutional Roles and Funding***

EXISTING INSTITUTIONAL ROLES AND FUNDING

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1.0 INTRODUCTION

The three South Florida counties of Palm Beach, Broward, and Miami-Dade are served by four major transit operators and a range of smaller specialized providers. An overview of the major operators is given in Section 2, which details each operator's jurisdiction, services, and governance. Brief descriptions of the smaller providers are also presented. Section 3 then presents the funding sources for each of the agencies, describes the special dedicated programs which support the agencies, and assesses the funding outlook in south Florida.

2.0 CURRENT TRANSIT OPERATORS IN SOUTH FLORIDA

2.1 MIAMI-DADE TRANSIT (MDT)

Miami-Dade Transit (MDT) is the largest transit agency in the State of Florida and was the twelfth largest public transit system in the U.S. in FY2004 (measured by total unlinked passenger trips). MDT is a department of the Miami-Dade County government and offers services across the entire county.

MDT has four major modal components:

- **Bus:** MDT operates over 100 Metrobus routes with a fleet of 743 directly-operated 40-foot buses, 64 directly-operated 60-foot buses, and 187 minibuses. Average weekday boardings in FY05 were 239,311 and total annual bus ridership was over 76 million. The FY06 operating budget for Metrobus is \$158.4 million, and budgeted operating revenues are \$79.6 million. MDT also operates the South Miami-Dade Busway parallel to (and separate from) Route 1. Initially opened in 1997 and extended in 2005, the Florida Department of Transportation (FDOT) built the \$21-million roadway on an abandoned Florida East Coast Railroad right-of-way. Express buses travel the exclusive lanes between SW 264th Street and the Dadeland South rail station. A additional extension south to 344th Street in Florida City is scheduled to open in July 2007.
- **Rail:** MDT also operates Metrorail, an electrically-powered, elevated, rapid-transit system stretching from Kendall to Medley. Metrorail opened in 1984 and operates with a fleet of 136 cars over 22.4 miles of right-of-way, serving 22 stations throughout Miami-Dade County. Total boardings for FY05 were approximately 17 million. The FY06 operating budget for Metrorail is \$41.3 million and budgeted operating revenue is \$17.1 million.
- **Automated people mover:** The fully-automated Metromover system operates in downtown Miami with extensions to Omni and Brickell. The original 1.9 mile elevated downtown loop opened in 1986, and the 1.4 mile Omni extension and 1.1 mile Brickell extension opened in 1994. The entire system has 21 stations serving government, business, and cultural destinations with peak hour frequencies of 90 seconds. Total ridership in FY05 was 8.7 million. The Metromover is free of charge, and its budgeted FY06 operating expenses are \$8.3 million.

- **Paratransit:** Special Transportation Service (STS) is MDT's complimentary paratransit service which is available to anyone a physician certifies as unable to use regular public transit. Privately contracted sedans, vans, and vans equipped with lifts provide door-to-door service for eligible customers, and service is offered with no restrictions on trip purpose. Average boardings in FY05 were 4,000 per day. The FY06 operating budget for STS is \$43.3 million, and budgeted revenues are \$5.8 million.

2.2 BROWARD COUNTY TRANSIT

Broward County Transit (BCT) is a service of the Broward County Mass Transit Division, a unit of the Broward County government, and it provides bus service to approximately one-third of Broward County's 1200 square miles. In addition to serving major employment, retail, and recreation destinations, BCT buses also connect to the Miami-Dade, Palm Beach, and Tri-Rail transit systems. BCT has 284 fixed-route buses which operate over 40 routes, as well as 75 community buses providing paratransit services. Average daily boardings for BCT in FY05 were 123,511, and annual passenger trips totaled 37.5 million. Total operating expenses for BCT in FY04 were approximately \$110 million, and fare revenues were approximately \$20.0 million.

2.3 PALM TRAN

Palm Beach County initiated Palm Tran in 1973 to provide fixed route and paratransit bus services within the county. As with the other south Florida counties, Palm Tran is a direct unit of the county government. In FY04, Palm Tran was operating 113 vehicles (in maximum service) on its 36 bus routes. These routes are generally located in the eastern parts of the county near the Atlantic and serve the major cities of West Palm Beach and Boca Raton, as well as smaller cities and some unincorporated parts of the county. Connections to Tri-Rail and Broward County Transit are available. Total unlinked trips on Palm Tran in FY04 were approximately 8.2 million. Total operating expenses for FY04 were \$47.5 million, and total passenger revenues were \$6.4 million.

2.4 SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY/TRI-RAIL

The Tri-County Commuter Rail Authority (Tri-Rail) was created by the Florida Department of Transportation (FDOT) to provide commuter rail service along the south Florida coast in Miami-Dade, Broward, and Palm Beach Counties. The service is provided to 21 stations along 72 miles in the South Florida Rail Corridor, which was purchased by FDOT from CSX in 1988 (both CSX and Amtrak trains continue to operate in the corridor). Tri-Rail began operating in 1989 and was initially envisioned as only a temporary service which would provide extra capacity while Interstate 95, which runs parallel to the rail corridor, was being widened. However, Tri-Rail is now a permanent fixture in the south Florida transportation landscape. Following a period of depressed ridership due to poor reliability while major double-tracking work was being performed, Tri-Rail ridership has recently rebounded and averaged approximately 10,300 per weekday during July 2006. In FY04, Tri-Rail's operating expenses totaled \$25.4 million while fare revenues totaled \$6.4 million.

In 2003, the Florida Legislature transformed the original Tri-Rail Commuter Rail Authority into the South Florida Regional Transportation Authority (SFRTA), although Tri-Rail was maintained as the operating name for the commuter rail service. According to SFRTA, its vision is “to provide greater mobility in South Florida, thereby improving the economic viability and quality of life of the community, region and state,” while its mission is “to coordinate, develop and implement a viable regional transportation system in South Florida that endeavors to meet the desires and needs for the movement of people, goods and services.” The SFRTA has a nine-member governing board, with two appointees each from Miami-Dade, Broward, and Palm Beach Counties, along with two appointees by the Governor and one representative from FDOT.

2.5 SMALLER TRANSIT PROVIDERS

A number of cities in south Florida provide limited, specialized transit services in order to supplement existing routes offered by the county-level providers and to increase the accessibility of their downtown areas. While these services are usually modest compared to those offered by the counties, they do serve important niche markets. These small providers include:

- *TMAX Park-and-Ride*: This peak-hour park-and-ride service is offered by the Downtown Ft. Lauderdale Transportation Management Association in order to provide access to City Hall, the Broward County Government Center, and the Broward County Courthouse.
- *City of Coral Gables Trolley Service*: Averaging over 4000 riders per day, this free trolley service runs along Ponce de Leon Boulevard and offers a connection to MDT’s Douglas Metrorail Station.
- *Hialeah Transit System*: HTS provides service along two bus routes (the Flamingo and the Marlin) within the City of Hialeah and offers reduced price transfers to Miami-Dade Transit bus routes.
- *NOMI Express*: The City of North Miami offers free weekday bus service along four routes within the community in order to increase the number of destinations reachable by public transit.
- *West Palm Beach Trolley*: The West Palm Beach Downtown Development Authority offers a free trolley service within the Clematis Street District and the CityPlace district.

3.0 CURRENT AND PLANNED TRANSIT FUNDING IN SOUTH FLORIDA

3.1 OVERVIEW OF CURRENT FUNDING

The FY04 funding sources for the four major south Florida transit agencies are presented in **Table 1**.

Table 1 – FY04 Funding Sources for South Florida Transit Agencies

| | Miami-Dade Transit | | Broward County Transit | | Palm Tran | | SFRTA | |
|------------------------|----------------------|-------------|------------------------|-------------|---------------------|-------------|----------------------|-------------|
| Operating Funds | | | | | | | | |
| Fare Revenues | \$71,309,543 | 19% | \$19,958,151 | 18% | \$6,429,310 | 13% | \$6,408,061 | 21% |
| Local | \$269,544,440 | 73% | \$65,536,065 | 60% | \$27,745,945 | 58% | \$6,067,246 | 20% |
| State | \$22,552,403 | 6% | \$16,525,851 | 15% | \$7,721,433 | 16% | \$7,993,513 | 26% |
| Federal | \$171,385 | 0% | \$6,231,200 | 6% | \$4,658,203 | 10% | \$9,419,723 | 31% |
| Other | \$4,012,354 | 1% | \$1,839,653 | 2% | \$1,131,392 | 2% | \$381,168 | 1% |
| TOTAL | \$367,590,125 | 100% | \$110,090,920 | 100% | \$47,686,283 | 100% | \$30,269,711 | 100% |
| Capital Funds | | | | | | | | |
| Local | \$0 | 0% | \$0 | 0% | \$0 | 0% | \$0 | 0% |
| State | \$12,338,965 | 14% | \$5,135 | 0% | \$0 | 0% | \$51,868,674 | 36% |
| Federal | \$77,930,825 | 86% | \$9,665,332 | 100% | \$2,572,316 | 100% | \$90,307,762 | 64% |
| Other | \$0 | 0% | \$0 | 0% | \$0 | 0% | \$0 | 0% |
| TOTAL | \$90,269,790 | 100% | \$9,670,467 | 100% | \$2,572,316 | 100% | \$142,176,436 | 100% |

Source: Federal Transit Administration, National Transit Database, FY2004.

A review of this funding summary reveals a number of similarities across the four agencies as well as some significant differences:

- The farebox recovery ratios (i.e., the percentage of operating expenses covered by fare revenue) are similar across the four agencies, ranging from 13% at Palm Tran to 21% at SFRTA. These are relatively low ratios and reflect both a policy choice to keep fares low and the reality of transit service in lower density, suburban areas such as south Florida.¹
- The state of Florida has only a modest role in funding the county-level transit agencies. Miami-Dade Transit (MDT), for example, received only 6% of its operating funding from the state in FY04. Broward County Transit (BCT) and Palm Tran, which are smaller, did receive proportionally larger amounts of state operating funding (15% and 16%, respectively), but they also received no state funding for capital expenditures. MDT did obtain \$12 million in state capital funding in FY04, representing 14% of that year's capital funding. SFRTA, by contrast, has always had (and continues to have) significant state-level funding support. Almost one-quarter of its FY04 operating funds came from the state, as did one-third of its capital funds.
- Conversely, the county-level transit agencies depend heavily on local sources of funding, while SFRTA has only moderate local support. 73% of MDT's operating funds come from local sources, and BCT and Palm Tran both received approximately 60% local support for operations, while SFRTA had only 20% local operating support. However, none of the four agencies used any of their local funding for capital expenditures in FY04.

¹ Figures are the latest available from the FTA's National Transit Database. However, MDT did implement a modest fare increase in 2005 which increased fare revenue and raised the farebox recovery ratio.

- Federal funding in south Florida also varies across the agencies. As smaller, bus-only agencies, BCT and Palm Tran were able to use modest amounts of federal funding for operations, while MDT had no federal operating funding in FY04. SFRTA, by contrast, funded over 30% of its operations from federal sources. All of the agencies received significant federal funding for capital, however. BCT and Palm Tran, in fact, funded their entire FY04 capital programs with federal funds.

3.2 DEDICATED FUNDING PROGRAMS

As with many other transit agencies across the country, the majority of funding for the south Florida transit agencies is not simply allocated out of state or local general revenues on an annual basis. Instead, there are a number of special dedicated funding programs which support public transportation.

3.2.1 State Transportation Trust Fund (STTF)

The two major contributors to the STTF are state fuel sales tax revenue (of which 90 percent goes to the STTF), and the State Comprehensive Enhanced Transportation System (SCETS) tax. Other sources include the fuel use tax, aviation fuel tax, vehicle licensing fees, initial auto registration fees, and rental car surcharges. In accordance with Florida law, a minimum of 15% of all revenues distributed by the STTF are to be dedicated annually by FDOT for public transit and capital rail projects. From the STTF, block grants are issued to the state's public transit. Block grant funds may be used for the eligible capital and operating costs of public transit providers. Funds may also be used for transit service development and transit corridor projects. Projects must be consistent with applicable approved local government comprehensive plans, and state participation is limited to 50 percent of the non-federal share of the capital projects.

3.2.2 Local Option Fuel Taxes

Local governments in Florida are authorized to levy up to 12 cents of local option fuel taxes in the form of three separate levies:

- *1 to 6 Cents Local Option Fuel Tax:* Local governments are authorized to levy a tax of 1 to 6 cents on every net gallon of motor and diesel fuel sold in a county. This tax may be authorized by an ordinance adopted by a majority vote of the governing body or voter approval in a county-wide referendum. Tax proceeds may only be used for transportation expenditures, including public transportation operations and maintenance. All three south Florida counties currently levy the maximum 6 cent per gallon tax.
- *1 to 5 Cents Local Option Fuel Tax:* County governments are also authorized to levy a tax of 1 to 5 cents on every net gallon of motor fuel sold within a county. This tax is levied by an ordinance adopted by a majority plus one vote of the membership of the governing body or voter approval in a countywide referendum. The tax proceeds may be used for transportation expenditures needed to meet the requirements of the capital improvements element of an adopted local government comprehensive plan, including those improvements for the public transportation system. Currently, Palm

Beach and Broward Counties levy the maximum 5 cents per gallon, while Miami-Dade County levies 3 cents per gallon.

- *Ninth-Cent Fuel Tax*: The Ninth-Cent Fuel Tax is a tax of 1 cent on every net gallon of motor fuel and diesel fuel sold within a county. The tax may be authorized by an ordinance adopted by an extraordinary vote of the governing board or voter referendum. County and municipal governments may use the tax proceeds for transportation expenditures, including, but not limited to public transportation operations and maintenance. All three south Florida counties currently levy the Ninth-Cent Fuel Tax,

3.2.3 Transportation Regional Incentive Program (TRIP)

The Transportation Regional Incentive Program (TRIP) was created as part of a package of growth management legislation enacted by the Florida legislature in 2005. The purpose of TRIP is to encourage regional planning by providing state matching funds for improvements to regionally significant transportation facilities identified and prioritized by regional partners. Eligible groups for TRIP include:

- Two or more contiguous MPOs,
- One or more MPOs and one or more contiguous counties that are not members of an MPO,
- A multi-county regional transportation authority created by or pursuant to law,
- Two or more contiguous counties that are not members of an MPO, and
- MPOs comprised of three or more counties.

These partners must form a regional transportation area, pursuant to an interlocal agreement, and develop a regional transportation plan that identifies and prioritizes regionally significant facilities.

TRIP is not a grant program, but instead is a matching program designed to leverage investments in regionally-significant road and public transportation projects. Regional partners will submit to their FDOT District a prioritized list of projects identified in a regional transportation plan. The FDOT District will then select projects for inclusion in the 5-year work program. TRIP funds will be used to match local or regional funds on a 50/50 basis or to match up to 50% of the total project costs for public transportation projects. TRIP is funded through General Revenue Funds made available through the 2005 growth management legislation. \$880 million has been allocated to the TRIP program statewide between FY 2006 and FY 2010, and the TRIP funds will be distributed to the FDOT Districts based on a statutory formula which equally weights population and fuel tax collections.

3.2.4 People's Transportation Plan (PTP) in Miami-Dade County

The Charter County Transit System Surtax was first authorized in 1976 as a means to help fund the Dade Area Rapid Transit (DART) system. It is a discretionary sales surtax which may be levied at a rate of up to 1% of the taxable transaction by any charter county which adopted its charter prior to January 1, 1984. Surtax proceeds were originally restricted to the costs directly associated with a fixed guideway rapid transit system; however, a later modification to law broadened the uses to include the cost of a countywide bus system which services the fixed guideway system. The 1987 Legislature also enacted two significant revisions to the tax. First, any county whose government is consolidated with that of one or more municipalities is now also eligible to impose the tax. Second, the proceeds of the tax levied by any eligible county can, at the county's discretion, be transferred to an expressway or transportation authority to be used to finance the operation and maintenance of a bus system or to construct and maintain roads or service the debt on bonds issued for that purpose.

In July 2002, the Miami-Dade Board of County Commissioners approved Ordinance 02-116, imposing a one-half percent Charter County Transit System surtax, and Ordinance 02-117, creating the Citizens' Independent Transportation Trust (CITT), contingent on the outcome of the November 5, 2002 referendum. The success of that referendum has resulted in the generation of approximately \$180 million in annual dedicated revenue in FY2006, and that revenue source is projected to grow at greater than a 5% annual rate through the year 2035.² Ordinance 02-116 defines how the tax revenues are to be spent and included a set of transit and road projects known as the **People's Transportation Plan**, which is a specific list of major roadway, bus, rapid transit, and neighborhood improvements. Ordinance 02-117 then created the Citizens' Independent Transportation Trust (CITT) with oversight power over the use and expenditure of the tax proceeds. The PTP requires that 20 percent of the tax proceeds be distributed to municipalities based on population. Each municipality must use at least 20 percent of their share of the tax on transit-related improvements.

3.3 ASSESSMENT OF FUTURE FUNDING CAPABILITY

South Florida is in the midst of a potentially historic shift in surface transportation investment. After decades of heavy investment in highways and other road infrastructure, plans are now underway for significant investments to increase the availability and the quality of public transportation. However, these ambitious plans are being promoted at a time when public sector budgets are facing many other critical needs (including health care, education, and security) and when many of the highways and bridges that were constructed years ago are in desperate need of rehabilitation and replacement. Therefore, the current funding structures may not be sufficient to cover all the proposed investments.

² Source: Miami-Dade County 2005 People's Transportation Plan Pro Forma Update

3.3.1 Miami-Dade County

The adoption of the half-cent sales tax and the PTP in 2002 was a major success for transit supporters in Miami-Dade. For the time being, therefore, Miami-Dade is in a relatively strong financial position with respect to transit. In January 2006, County Manager George Burgess reported the following:

As we present this third annual [2005] update to the People's Transportation Plan (PTP) Pro Forma, I am pleased to report that we continue on track with the implementation of the Major Highway, Road and Neighborhood Improvements, Bus Service Improvements and Rapid Transit Improvements included in the Plan. ... [W]e have improved existing bus routes while adding 24 new routes and an additional 11 million annual revenue miles of bus service for a total of 105 routes; Metrorail trains now arrive more frequently; and the Metromover is free.

Based on the current projection of the revenues and expenditures, the updated financial forecast projects that expected revenues will be sufficient to cover expected expenses for delivering existing and enhanced transit services during the 30 years of the Pro Forma.

Source: Miami-Dade County 2005 People's Transportation Plan Pro Forma Update

3.3.2 Broward County

Broward County is planning for significant improvements in transit service within the county. In addition to continuing to support Tri-Rail and community bus services, BCT is attempting to make its bus services more competitive with the automobile by improving both frequency and travel time. Bus rapid transit (BRT) plays a major role in BCT's future plans. However, the currently available funding is unlikely to support the expansions that Broward County desires. In its FY2005-2009 Transit Development Plan (TDP), for example, projected operating costs in FY2009 come to \$136.8 million, while total projected operating revenues (including all subsidy sources) are only \$96.4 million, resulting in a single-year deficit of approximately \$40 million. The Broward TDP concludes the following:

Based on historic experience, it is unlikely that BCT will be able to effectively expand its services to meet future needs without significant additional dedicated funding. The most logical source of such funding would be the introduction of a one-half or full cent discretionary county sales tax. Depending on the final formula for allocation, it is not unreasonable to suggest that a minimum of \$60 million or more in 2005 and beyond could be allocated to public transportation needs. This could be allocated to current operation improvements as well as provide matching funds to utilize Section 5309 New Starts grants. While passage of such tax would require public approval in the form of a referendum, the recent success of Miami-Dade's campaign for a one-half cent tax demonstrates that effective communication and community collaboration provides reason for optimism for success in Broward County.

Source: Broward County Transit Development Plan (2005)

In August 2006, Broward County commissioners approved the language for a ballot proposal which will go before the voters in November 2006. This proposal, if approved, will raise the county sales tax by one cent to fund major improvements in transit, passenger rail, traffic light synchronization, and other traffic management initiatives, although a final plan for spending the funds has yet to be approved. If adopted, the Broward County tax is projected to generate approximately \$218 million per year (in 2006 dollars) beginning in 2007.

3.3.3 Palm Beach County

Palm Tran recently took advantage of the TRIP program to fund the purchase of ten new buses, which will be put into service in the fall of 2007. (Palm Tran also recently received federal funding for three additional new buses to service Tri-Rail rail stations.) However, Palm Beach County also lacks a dedicated source of transit funding, and the outlook is similar to that in Broward. For example, the 2004-2008 Palm Beach County Transit Development Plan identified total cumulative capital and operating expenses for Palm Tran in FY2004-08 of \$442.8 million, but only \$381.5 of total available revenues, for a cumulative deficit over the period of approximately \$61 million:

[T]he existing and anticipated operating and capital transit revenue sources are not adequate to support the plan's recommendations. This will require the prioritization of projects, examination of mechanisms to control operating expenses, and identification of additional funding sources.

Source: Palm Tran Transit Development Plan (2004, pg. 225)

4.0 CONCLUSION

South Florida is at a critical juncture with respect to investment in public transportation. A convergence of socioeconomic and demographic factors – including sustained high gas prices, increasing roadway congestion, an aging population, and environmental concerns – has raised ridership on existing transit systems and encouraged elected officials and the general public to press for significant future investments. Both the short range and long range plans in all three south Florida counties, as well as SFRTA, anticipate major increases in the quality, frequency, and coverage of public transportation.

The critical constraint facing these expansion plans, however, is funding. Significant increases in either federal or state funding are unlikely, and many agencies are hesitant (especially in light of recent ridership growth) to institute large fare increases. Thus local funding is likely to be the source for the planned increases in operating expenditures and capital investments. Through its People's Transportation Plan, Miami-Dade County has already taken a lead in identifying and dedicating this type of funding, and Broward County voters will face a similar ballot proposition in November 2006. Palm Tran and SFRTA are likely to face increasing pressure for dedicated funding in the upcoming years.