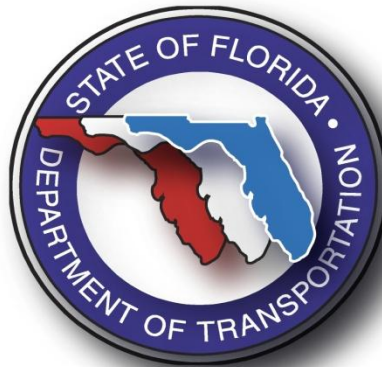


FINANCE 101



July 2011
Florida Department of Transportation
Office of Financial Development



Today's Presentation

- FDOT Priorities
- Funding Sources
- Projecting Revenue
- Finance Plan/Cash Forecast
- Cash Flow vs. Commitment
- Financing Tools



FDOT Priorities

1. Safety

2. System Preservation

3. Capacity

Section 334.046(4), Florida Statutes

Department mission, goals, and objectives.

(a) **Preservation.**--Protecting the state's transportation infrastructure investment. Preservation includes:

1. Ensuring that 80 percent of the pavement on the State Highway System meets department standards;
2. Ensuring that 90 percent of department-maintained bridges meet department standards; and
3. Ensuring that the department achieves 100 percent of the acceptable maintenance standard on the state highway system.



Economic Benefits

- Every \$1 billion spent on highways supports 28,000 jobs and 1/3 of those are in construction-oriented employment
- Every dollar invested in transportation results in a return of approximately \$5.00 in economic benefits to businesses and residents of Florida



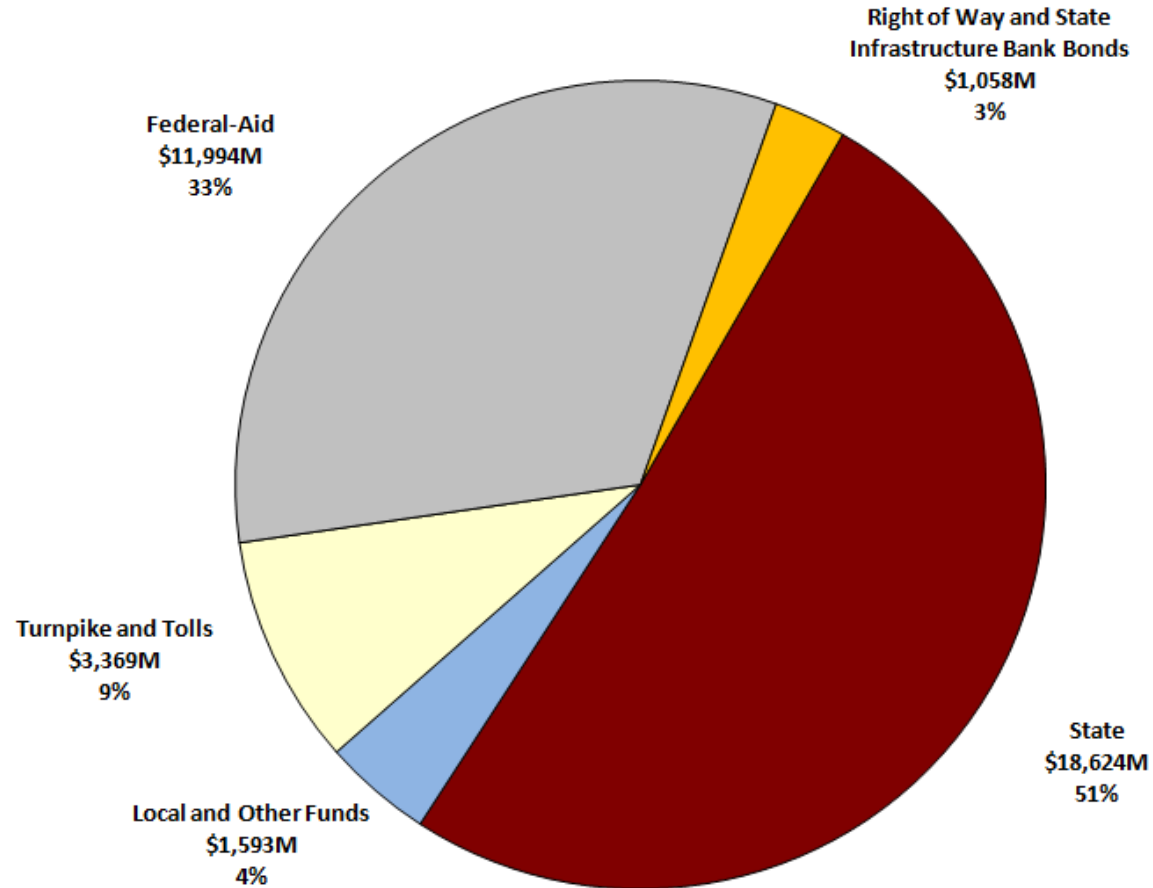
Funding Sources

- State Funds (51%)
 - Fuel Tax (Gasoline, Diesel, Aviation Fuel)
 - Fees (Initial registration, tag, title, rental car surcharge)
 - Documentary Stamp Revenue
- Federal Funds (33%)
 - Highways - Federal Gas Tax – distributed to states by formula
 - Transit – Federal Funds distributed via competitive selection process – full-funding grant agreement
 - Economic Stimulus
- Other Funds (16%)
 - Turnpike and Tolls (9%)
 - Right of Way and State Infrastructure Bank Bonds (3%)
 - Local and other funds (4%)



Five Year Work Program FY 2012-2016

Funding Sources for Commitments:

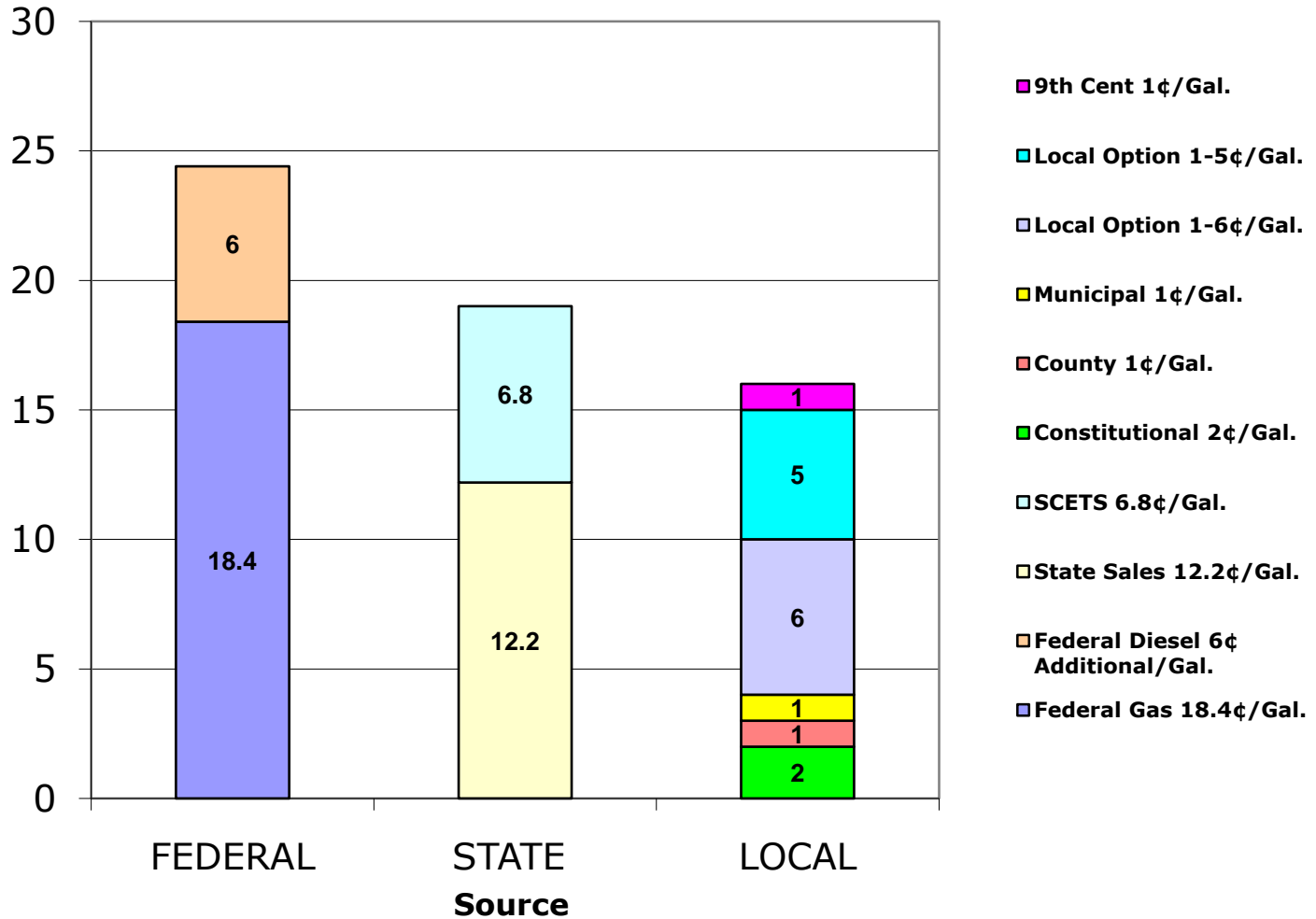


Average Annual Funding \$7.3 Billion

July 1, 2011 Adopted Work Program (12Adopt1)

Calendar Year 2011 Fuel Tax Rates

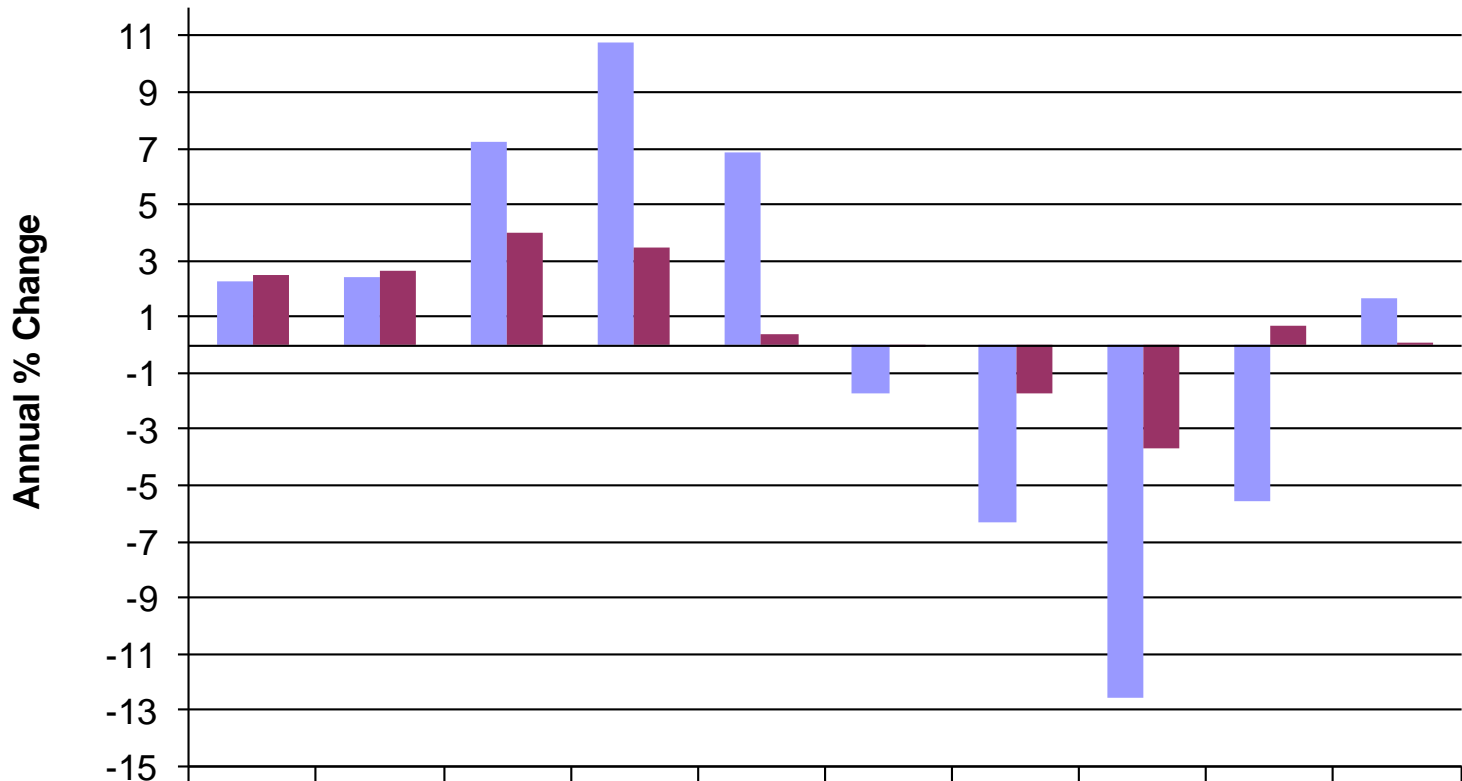
(¢ per Gallon)



Note: Tax rates are per gallon and are not based on the price of a gallon of gas.



Fuel Consumption History



	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
Diesel	2.275	2.382	7.200	10.772	6.817	-1.699	-6.330	-12.540	-5.591	1.666
Motor Fuel	2.517	2.667	3.962	3.471	0.395	-0.024	-1.734	-3.664	0.654	0.004

Year-to-Date (JUNE)



Revenue Estimating Resources

- State of Florida consensus revenue estimating conferences (REC) are made up of members from various state agencies/commissions who meet at least twice annually to estimate/update 10 year state revenue forecasts (with some local revenue)
- FDOT forecast of federal aid based on official US treasury and USDOT estimates
- Independent experts are used to estimate 10 year annual toll revenue forecasts



Cash and the Use of Transportation Funds

- FDOT anticipates that future revenues will be available to finance current projects in much the same way that a family anticipates future earnings to pay for a mortgage.
- The Finance Plan is monitored to determine if cash will be available to pay for estimated expenditures based on solid assumptions utilizing historical trends and future predictions:
 - Contracting schedules
 - Cash payout rates
 - Participation by other partners
 - Federal obligating authority
 - Special cash flow assumptions (e.g., PPPs)



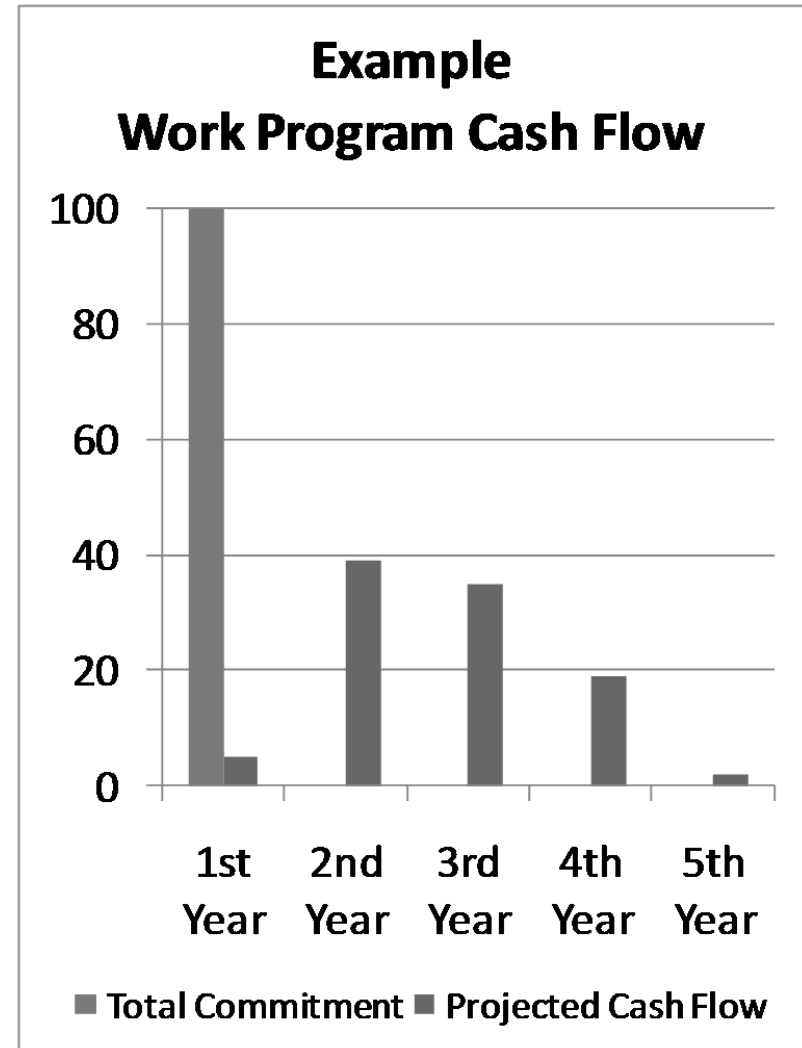
Finance Plan/Cash Forecast

- Prepare independent plans
 - Long-range annual 5-year Finance Plan
 - Short-range monthly 3-year Cash Forecast
 - Provides cross-check and good solid results
 - Provides confidence and comfort to industry that FDOT is financed with cash available to settle obligations
- Covers all funds and projects for FDOT



Cash Flow vs. Commitment

- FDOT is the **only** state agency operating on a “cash flow” basis
- Other agencies require the entire contract amount be on hand the year work begins
- Major project phases begin before the total amount of cash is available to fund the project phase
- Project commitments within the Work Program are converted to cash flow projections over multiple years



Average Cash Payout Rates

(subject to change - Example as of January 2011)

Program Area	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	6 th Year	Total
In-House Support	100%	0%	0%	0%	0%	0%	100%
Consultant Support	19.1%	41.0%	30.8%	9.0%	0.1%	0%	100%
Construction	9.7%	51.0%	28.2%	10.0%	1.1%	0%	100%
Public Transportation	15.2%	44.1%	25.9%	11.9%	2.9%	0%	100%
Right of Way	11.4%	21.0%	21.0%	21.0%	18.2%	7.4%	100%

Work Program FY 2012 (dollars in millions)							
↓ COMMITMENT	Construction Project Cash Flow →						
	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	6 th Year	Total
\$100	\$9.7	\$51.0	\$28.2	\$10.0	\$1.1	\$0.0	\$100



Cash Flow of Commitments

- Statutorily directed revenues are forecasted to finance current commitments as actual expenditures occur
- The Finance Plan and Cash Forecast model and reconcile cash flows independently through solid assumptions using historical trends and future predictions
- FDOT utilizes various cash management techniques to manage variability in revenues and expenditures



Financing Tools

- Reasonable Level of Bonding
 - Turnpike & Toll Revenue Bonds
 - Right of Way and Bridge Bonds
 - Grant Anticipation Revenue (GARVEE) Bonds
- State Infrastructure Bank (SIB)
- Transportation Infrastructure Finance and Innovation Act (TIFIA) Loans
- Public-Private Partnerships (P3)



Summary of FDOT Structure

- Unique state agency
- Has a business plan
- Uses financial models & cash forecasting to support production
- Uses private sector expertise
- Produces tangible products



