

TAB 3
APPROVAL OF MINUTES
OF
DECEMBER 13, 2002 MEETING

MEETING SUMMARY

FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT COUNCIL

Meeting of December 13, 2002

Knott Building

The Capitol

Tallahassee, Florida

A meeting of the Florida Seaport Transportation and Economic Development (FSTED) Council was held on Friday, December 13, 2002, at 9:00 a.m., in Tallahassee, Florida. Chairman Towsley called the meeting to order and Assistant Secretary, Mike Rubin, called the roll. Members present were:

Chairman Chuck Towsley, Miami
Mac McLouth, Canaveral
Ken Krauter, Everglades
Val Schwec, Fernandina
Doug Anderson, Fort Pierce
Dave Kaufman for Rick Ferrin, Jacksonville
David McDonald, Manatee
Richard Wainio, Palm Beach
Wayne Stubbs, Panama City
Chuck Porter, Pensacola
Tommy Pitts, St. Joe
Michael Perez, St. Petersburg
Ram Kancharla, Tampa
Debra Corkhill, Governor's Office of Tourism, Trade and Economic Development
Lorenzo Alexander, Florida Department of Transportation
Sonny Timmerman, Florida Department of Community Affairs

A quorum was present. Also in attendance were:

John R. LaCapra	Diane Camacho	Chris Novack
Nancy Leikauf	Ken Scarbrough	David Anderton
Mike Rubin	Scott Campbell	Mary Meynarez
Toy Keller	Tanner Campbell	Lisa Derryberry
Jeff Brown	Carlos Valdes	Chris Delvecchio
Rose Santurri	Chris Kauffmann	Richard Lombroia
Dixie Sansom	Mike Poole	Bruce Grant
Jerry Simon	Ken Midkiff	Charlotte Hand
Rob Hebert	Ron Baker	David Lee
David Hebert	Stephen Doss	
Bert Francis	Robert Vickers	
Khalid Salahuddin	Jamieson Taylor	

Agenda Item 3, Approval of the Minutes, was taken up. The FSTED Council voted to approve the June 27, 2002, FSTED Council meeting minutes.

Lorenzo Alexander gave the first report under **Agenda Item 4**, Agency/Legislative Status Reports, introducing Charlotte Hand with the Department of Transportation. Ms. Hand gave a briefing on the Department's macroeconomic analysis of the economic impact of transportation investments. The analysis was not project-specific but was done at the program level. She stated that the analysis was mandated by the Florida Legislature in 2000 and the Department hired a consultant to look at models and studies that were already existing. According to Ms. Hand, the analysis concluded that highway, rail and transit have a benefit/cost ratio of 5.5. For every dollar spent, there is a 5.5 dollar benefit. She said regarding ports, the study looked at the benefit/cost ratios for non-Florida, individual projects, because information was not available at the program level. For specific projects studied, benefits ranged from 1.6 to 13.1. Program level models are not available for aviation either but on a project level, benefit cost ratios ranged from 1.4 to 5.3.

In addition, Ms. Hand stated that the DOT Work Program resulting investments in highway, rail and transit using the models that were available for that industry, showed a personal income increase of \$44 billion over a 25-year period and generated 88,000 jobs.

Mr. LaCapra reported that he had contacted the Maritime Administration in Washington, D.C. and they confirm adequate models to do a similar analysis of ports as those recognized for ground transportation do not exist at the federal level. In Florida's case, without being a part of FDOT's economic model which uses the benefit/cost ratio to prioritize Work Program funding, seaports are at a unfair disadvantage to initiate funding requests for important seaport economic projects. Mr. LaCapra suggested that those FSTED members who are members of the American Association of Port Authorities (AAPA) may want to apply influence at the national level to get the Federal Highway Administration to develop a national economic benefit model for seaports.

Chairman Towsley responded, asking Florida Ports Council staff to draft such a letter to the Federal Highway Administration and copy the AAPA in order to initiate those discussions. Mr. McDonald suggested this issue be presented to the AAPA during their spring conference.

Mr. Alexander reported that FDOT's Public Transportation Administrator, Marion Hart, recently had an opportunity to participate in a Latin American freight logistics study tour along with several federal DOT administrators. According to Mr. Hart, it was an enlightening experience that he would like to share with the Council at some time in the near future.

Next, Sonny Timmerman with the Department of Community Affairs (DCA) reported that Secretary Steve Seibert resigned as secretary of the Department and would be leaving January 7th. He indicated that the Governor is very interested in "true cost accounting" and that DCA is finishing such a study in cooperation with the Florida Department of Environmental Protection, a fiscal impact analysis model, to deal with the impacts of changes on local government tax revenues. He offered to brief the FSTED Council once the study was complete.

Nancy Leikauf reported that the Auditor General's office is doing a study of those entities created pursuant

to Chapter 163, Part I, Interlocal Cooperation, such as the Florida Ports Financing Commission and analyzing their accountability, authorities, and usefulness around the state. She stated that they had solicited our assistance based upon their previous experience with the Florida Ports Financing Commission and the FSTED Council. They indicated the ports provided the an excellent model for accountability, for following through with the intended purpose, for public disclosure, for maintaining public records and providing public information, for public meetings and openness. Chairman Towsley thanked and congratulated the FPC staff for their work in this regard.

Next, Mike Rubin reported on federal security legislation. Senate Bill 1214, the Graham Hollings bill, recently passed and was signed by President Bush. However, as Mr. Rubin pointed out, the bill has no provision for funding. He said that regulations will be developed through the rule-making process, and he will keep the Council informed. Chairman Towsley mentioned that one of the items to be considered during the regulation process is the issue of firearms on the port, which we have unsuccessfully tried to address on a legislative level in Florida over the past several years. Mr. LaCapra also noted that the reimbursement provision remained in the bill. He suggested the FSTED Council send a letter to Senator Bob Graham and Congresswoman Corrine Brown, thanking them for their leadership on this issue.

Following the federal legislative report, Debra Corkhill indicated that the Governor's Office of Tourism, Trade and Economic Development is very supportive of the ports' efforts in security. She said they recognize the economic importance of what the ports are doing, and they will work with them in any way possible.

Item 5, Discussion of Seaport Mission Plan/Competitive Issues Study was facilitated by Rob Hebert. Mr. Hebert explained that his firm, Wilbur Smith Associates, had been conducting research on Florida's competitors and what factors contribute to maintaining market share. The study is being done on behalf of the Office of Trade, Tourism, Economic Development and the Florida Legislature. The Legislature authorized \$75,000 for the study which began in August and is about 90 percent complete. Once complete, Mr. Hebert indicated the report would be distributed to the ports, the FSTED Council, the Trade and Transport Council, and other stakeholders for comment and subsequent revision. He said they hoped to have the final document completed and ready for distribution about mid-January and that it would be done concurrently with the Seaport Mission Plan. Mr. Hebert indicated that the key issues revealed during the survey and interview process were ad valorem taxation, permitting, inflexible incentive programs, emphasis on attracting "high-tech" rather than light manufacturing, lost business opportunities, lack of "cross-border" connections, worker's compensation and liability insurance and truckers' "hours of service." And finally, Mr. Hebert said they found that no one entity was looking out for the state as far as the trade and transport interests.

Item 6, Report from FSTED Council Security Committee and FSTED Council Security Consultant, began with a report by Jerry Simon, Chair, FSTED Council Security Committee. He stated that six bidders had responded to the Request for Qualifications (RFQ) by December 4th -- ADT, Radian, Siemens, Johnson Controls, Titan and Honeywell. The Security Committee had a subsequent teleconference to go over the bids and to short-list four companies for interviews. The four were Radian, Johnson Controls, Siemens and ADT. According to Mr. Simon, after four very good presentations, the results were a tie between Siemens and Radian. He recommended to the Council to have these two companies come back in February with an in-depth financing proposal. He requested that the Council select a review committee to review the financing proposals from the two finalists.

Mr. LaCapra clarified, stating that part of the RFQ requirements included information on the type of financing the private sector partner could offer the FSTED Council to build and construct the system needed to provide an all-inclusive access control system with a central IT data collection capability. The only issues are, how they intend to finance these improvements statewide, and what would be the pay back and how would it be paid back. In addition, part of the Security Committee's recommendation was that staff will act as a facilitator to provide a final proposal from both entities. Then staff would be in a position to recommend to the FSTED Council the final selection, based upon a written presentation by both.

A motion was made, seconded and passed to accept the security report and the recommendations based on the comments of Mr. LaCapra.

Mr. Simon then discussed a memorandum of understanding for reciprocal restricted access badges between the ports. A copy was not available during the meeting, but was to be sent by e-mail to all Council members. Mr. Simon stated that 12 ports are in agreement with the memorandum of understanding and two ports -- Port of Miami and Port Everglades -- use more stringent restrictions. Mr. Towsley clarified, stating that the Port of Miami-Dade must comply with a local ordinance which is more restrictive than section 311.12, Florida Statutes.

Next, Mr. Simon indicated that the Security Committee had recently heard a presentation by the Marine Intelligence Group (MIG) whose product deals with vessel intelligence. The Security Committee recommended to the FSTED Council that the Council request Florida Department of Law Enforcement (FDLE) consider the purchase of this type system for use by all the ports in the state, as well as use by sheriff and police departments.

Mr. Scott Campbell, President and CEO of MIG, explained that there is an annual licensing fee like a software package with a base price for the full state-wide system. If MIG negotiated with Florida for multiple years, multiple ports, and multiple agencies, the cost would be discounted accordingly. Mr. Campbell explained that MIG is currently providing this service on a classified basis for certain government agencies in the U.S. and U.K. They are now making the technology available on an unclassified but confidential basis for subscribers.

A lengthy discussion followed. Mr. Campbell summarized, stating that the system becomes a risk-management tool. Based on the risk assigned to an incoming ship, the Coast Guard could be notified or the port may only need to alter the way they manage the incoming ship or law enforcement may want to watch a ship and impose restrictions on its crew. He indicated that MIG had selected the Florida ports and New York/New Jersey Port Authority as its pre-market group because Florida wanted to be a national model. He said that the New York Governor's Office for Homeland Defense is currently participating and has been one of MIG's biggest supporters.

Mr. LaCapra asked Mr. Campbell if MIG would be willing to invest in the process, as the Council has asked its vendors seeking to provide the landside access credentialing. This would place the burden on MIG to recommend to the FPC a way to use Florida as a proof-of-concept. The Council could then facilitate a meeting with law enforcement agencies to educate them about the tool and its usefulness.

Mr. Campbell responded, stating that MIG would be agreeable to invest time and resources to help move this along. It was moved, seconded and approved by a vote of the FSTED Council to forward this information

to the FDLE with the qualification that the security committee continue to examine this issue as appropriate with law enforcement, including the level of priority and the source of funding. Mr. Simon closed his report stating that all of the ports were beginning the badge renewal process.

Mr. LaCapra stated that in the FSTED Council budget process with FDOT, \$75,000 had been allocated for a competitive commerce study but the fee had been negotiated down to a lesser amount. He suggested that the surplus be moved to supplement the \$175,000 credentialing item for security. Such a motion was made, seconded, and approved by a vote of the Council.

Next, Mr. LaCapra presented a report on risk assessments, stating that invoices would not be paid to SeaSecure until each port had received a copy of its risk assessment report.

Item 7, Report from FSTED Council Project Review Group, was given by Ms. Nancy Leikauf. Ms. Leikauf directed the members to a summary of the October 16th Project Review Group (PRG) meeting. There were four projects presented at the meeting by Fort Pierce, Fernandina, Manatee and St. Petersburg. The PRG voted to send these projects to the agencies for review. In addition, the Port of Miami-Dade and Port Everglades had requested a re-allocation of the proceeds of 99 intermodal bond funds to approved security projects. These actions were supported by the FDOT.

The FSTED Council voted to approve the reallocation of 99 bond funds from intermodal projects to security projects for the Miami projects discussed. The FSTED Council had previously approved the transfer of those funds for Port Everglades.

The PRG Report was accepted by a vote of the FSTED Council. The Council also voted to approve the PRG as the appropriate body for a final consistency determination on new projects presented if funding opportunities should become available.

Item 8, Agency Reports on Reviews of Security Measures and Infrastructure Projects, was next on the agenda. Nancy Leikauf distributed the FDLE priority list for state and federal funding which was developed based upon input from the ports and the minimum standards in section 311.12, Florida Statutes. The projects were ranked for state funding totaling \$6 million and for federal funds totaling \$52 million. The state list addresses the Tier II smaller ports, and the federal funding list addresses the Tier I larger ports. Mr. Wainio reminded the Council that Port of Palm Beach's projects had been resubmitted to FDLE as one combined project totaling approximately \$1.7 million and the Florida Ports Financing Commission (FPFC) endorsed this at its 12/12/03 meeting. The FDLE priority funding list was moved, seconded, and approved by a vote of the FSTED Council.

Mr. Timmerman reported for DCA on project applications recently reviewed from Fernandina, Manatee and St. Petersburg. He indicated that the Department found all three projects to be consistent with the comprehensive plans and with state law.

Mr. Alexander reported for FDOT on the project applications, stating that the Department found these projects to be consistent with Florida Statute and eligible for funding as requested.

Ms. Corkhill reported for the Office of Tourism Trade and Economics, stating her office conducted the

review for economic benefit and consistency with the Seaport Mission plan and found them to be both consistent and of economic benefit.

The Council voted to approve the agency reports as presented.

Item 9, Consideration of FY 03/04 FSTED Program Project Applications for Agency Review was presented by Mr. LaCapra. He encouraged the ports to continue working with FPC staff and the SeaCIP consultants to review project applications online. Mr. Alexander indicated that the FDOT sees this as a very useful tool and, in fact, was able to provide \$8,000 in additional funds to cover user requests for modifications to the system. Mr. LaCapra explained that a JPA would be issued on a 50/50 cost share basis. He said the FPFC had approved the match from its budgeted funds at its 12/12/03 meeting. The FSTED Council voted to approve the use of matching funds for this item.

A report was given by Lisa Derryberry from SunTrust Bank on **Item 10**, Report on the 320.20(3) Bond Program. She presented a summary of each port's construction fund activities in the 1996 bond program. The balances presented were through November 30th, and included accrued interest earned during the month. The report was approved by a vote of the FSTED Council.

Mr. Alexander reported that FDOT's funding for monitoring the 1996 bond projects had run out and thanked the FPFC for finding additional funds to continue the statutory requirements for monitoring. He further advocated to the Council for 1996 bond spend-down by next summer.

Mr. LaCapra reported that Port Everglades has approximately \$10.4 million in non-contracted 1996 bond funds. He said they have requested before the PRG, and it was approved, to fund security projects in the amount of \$2.9 million from these funds. The request now must be approved by the FSTED Council. In addition, the projects are consistent with the FDLE recommendations. The Council voted to approve \$2.9 million being applied to the Port Everglades security project.

Mr. Rob Hebert, Project Review Consultant, directed members to a report in their notebooks, stating that his firm had looked at the three major ports with outstanding balances in the 1996 bond issue. Everglades has a balance of approximately \$13,310,000, of which about \$10.4 million is non-contracted. Mr. Hebert's report was approved by a vote of the Council.

A report was given by Lisa Derryberry from SunTrust Bank on **Item 11**, Report on the 320.20(4) Intermodal Bond Program. She summarized the activity of all the ports who participate in the 1999 bond program, indicating that the report shows construction fund activity through November 30th and includes accrued interest earnings through that period. Ms. Derryberry's report was approved by a vote of the Council.

Next, Mr. John Wright, Project Monitor for the 1999 Intermodal Bond Program gave a report. Mr. Wright directed members to a copy of the report, indicating the status on each projects. He stated that projects were moving along smoothly, and there were no problems to address at this time. Mr. Wright's report was approved by a vote of the Council. Mr. Hebert directed members to the Project Consultant's report in their notebooks, addressing the status of projects in the 1999 bond program. Mr. Hebert's report was approved by a vote of the Council.

Next, Mr. LaCapra introduced the South Florida Regional Study, which emanated from the work of the South Florida Rail Committee, created by the FSTED Council two years ago. An interim report, sponsored by the FDOT and the Port of Palm Beach through FSTED Program funding, was distributed to Council members. Mr. LaCapra pointed out that initiation of the report had been approved at a previous meeting in Key West. He explained that the report ties to the Macroeconomic Analysis and the Strategic Intermodal System (SIS) study issues, because it involves a corridor to move freight and passengers. It will require major funding from local, state and federal government sources to accomplish. Mr. LaCapra pointed out that two million containers are represented by these three ports, as well as the vast majority of cruise passengers and a commerce corridor representing 6 million people. Mr. LaCapra indicated that in order to be successful with funding, freight must be seen as a major issue in Washington.

Chairman Towsley asked Mr. Carlos Valdes, President of the Trade and Transport Council (TTC), to address the Council regarding this report. Mr. Valdes stated that the TTC had been working hard to deliver the message to the state and that the private sector feels very frustrated. Mr. LaCapra suggested that the FSTED Council and the TTC try to establish a time frame for a meeting prior to the Legislative session, to bring all the private sector partners together to discuss this issue. The FSTED Council voted to accept the South Florida Regional Report with comments as provided.

Next, Colonel McDonough with the Governor's Office of Drug Control (ODC), addressed the Council as part of the **Item 8**, Agency Reports. Col. McDonough asked Chairman Towsley and Mr. LaCapra to briefly summarize Council issues which Mr. LaCapra had discussed with him previously. Mr. LaCapra obliged, saying that as a result of a good working relationships with Colonel McDonough's office and with the FDLE, a practical approach to some of the minimum security standards outlined in statute was being discussed. In addition, Mr. LaCapra said they discussed broadening the waiver process to consider security priorities relative to resources available. Mr. LaCapra explained that this is not an attempt to lower the standards but to apply greater technological capabilities where changing circumstances allow. The standards and waiver process then become a tool to accomplish the objectives of the ODC and the FDLE.

Colonel McDonough concurred with the summary and responded by saying that his original involvement in seaport security was motivated by a desire to reduce drugs in the state of Florida. That mission has expanded with the FDLE joining inspections because of post 9-11 security standards. He agreed that the major objective remains to keep commerce flowing, but acknowledged the need for being secure. He stated that with two exceptions, the ports are below standard and must become compliant. Col. McDonough recognized the ports' estimation of over \$100 million and FDLE's estimate of about \$60 million needed to secure the ports. He said there is a waiver process to allow for overall security objectives to be met. He said the state is looking to the ports, as leaders, to determine what is necessary to meet the intent of the law, given the resources available. Col. McDonough stated that it is his perception that the failings of the ports are not for infrastructure issues but they are process failings. According to the Colonel, the process is a leadership issue. He explained that he could be counted on for support if he sees the leadership is there.

Chairman Towsley thanked Col. McDonough and offered assurance that the ports will continue to work both on the operation and the procedure side. Mr. McDonald brought up an issue for discussion of a public street running through the port. He indicated that Manatee and perhaps some of the other ports may need some help from the Governor's Office to support their case for securing port parameters and not allowing unauthorized access. Michael Perez pointed out that a very delicate balance exists between funding port security improvements and funding capital improvements, which are needed to provide jobs and increase the economic development of the state.

Mr. LaCapra commented that the ODC was in the process of reviewing the security projects that needed approval and they will provide that at a later time. The Council voted to accept a preliminary approval of ODC's report.

David McDonald asked that the FSTED Council consider approving his letter of December 13, 2002, requesting that 97-1RP - Channel Dredging be moved from Schedule B to Schedule A in the 1999 FPFC Bond Program. He said the project was approved in 1996, and again in 1999, for 320.20(4) funding. It was also approved by the FPFC. Moving Port Manatee's Project was approved by a vote of the Council.

Item 12, Status Report on FY 00/01, FY01/02, and FY 02/03 FSTED Program Approved for Funding Projects, was taken up. Mr. LaCapra explained that the material distributed to Council members was a current report on how Chapter 311 grant monies were being used for FY 02/03. With a clarification from Ram Kancharla that the Port of Tampa, like others, was using monies for 02/03 security law enforcement reimbursement, the report was approved by a vote of the Council.

Item13, Review of Allocation of FSTED Program Chapter 311 Funds for FY 02/03 and FY 03/04, was next on the agenda. Mr. LaCapra reminded members of the FSTED Council of the criteria adopted by the Council for prioritization and allocation purposes for FSTED projects funding. The FPFC recommended adding a provision number 10, which would apply to security issues, both infrastructure and operating capital. Mr. LaCapra said the Administrator will draft a new set of criteria to include this item and present it at the next meeting. Revising the allocation criteria was approved by a vote of the Council.

Mr. LaCapra made a recommendation relative to three ports for FY 03/04 311 funding. He stated that Canaveral is willing to transfer \$600,000 to the FSTED Program from funds they received in FY 98. FDOT representative, Lorenzo Alexander, said these funds would be available in December of 2003 for the FY 03/04 funding process. Mr. LaCapra explained that Key West had requested additional security operational funds in the amount of \$128,000. If approved by the Council, \$128,000 would be transferred from Canaveral to Key West, as well as a \$472,000 allocation to Fort Pierce for a project recently approved by the Project Review Group relating to planning and engineering costs for development of port property. In addition, Port St. Joe has previously been allocation \$575,000, and they have agreed to forego the use of those funds in this year. Mr. LaCapra stated that St. Petersburg had requested the use of \$575,000 in this year, for repairing its wharf. He said they also have security needs and some dredging issues. The allocation of funds for fiscal years 03/04 and 04/05, as presented, was approved by a vote of the Council.

Agenda Item 14, Consideration of Report from FPFC on Project Funding Issues for 320.20(3) and 320.20(4) Bond Programs, was taken up. Mr. LaCapra gave a verbal report on the actions of the Financing Commission from the previous day's meeting, stating that under the instructions of the FSTED Council, they conducted a workshop on transportation and security projects. There was a review of the prioritization for policy issues and a prioritization of security projects. The first two priorities were the spend-down of the '96 bond program funds and the spend-down of the '99 bond program funds. The Trustees provided information relating to the current status of non-contracted bond fund balances by three major ports, Miami, Tampa and Port Everglades, for both bond programs. They also reported on excess interest earning balances currently in the '99 bond program. Mr. LaCapra distributed a worksheet reflecting this information. Mr. LaCapra's verbal report, as presented, was approved by a vote of the Council.

Next on the agenda, a worksheet was distributed regarding **Item 15**, Consideration of Reallocation of 320.20(3) Bond Program Funds. Mr. LaCapra explained that the worksheet reflected non-contracted balances for Miami, Tampa and Port Everglades as of December 1, 2002, for both bond program funds. In the 1996 bond fund, Port Everglades has approximately \$10.4 million, of which the Council approved \$2.9 million for Everglades security projects and \$5 million for Jacksonville. Mr. LaCapra reminded the Council of the FDLE's earlier recommendations for state priority security projects and for federal projects, neither of which included Jacksonville.

A discussion followed; Mr. Krauter stating that there is no guarantee that these funds are going to be spent any more quickly by other ports than by Port Everglades. Mr. LaCapra responded saying there is a public policy issue to spend down the '96 bonds, and there is a legal requirement, as well as, a tax requirement. Mr. Kaufman noted that the Financing Commission approved Jacksonville being able to allocate some of the funds for other approved projects. The recommended reallocation of 1996 bond program funds as presented, was approved by a majority vote of the Council, with one dissenting vote by Port Everglades.

Also approved by a vote of the Council was a request for a report from the FDOT Project Monitor to the third-party administrator on the status of spend-downs by the first part of February.

Mr. LaCapra next directed the Council members to a letter sent by the Port of Palm Beach, indicating they had approximately \$575,000 in savings they wished to apply to an approved project which has been "TEFRAed" by their local government. Such action was approved by a vote of the Council.

Agenda Item 16, Consideration of Reallocation of 320.20(4) Bond Program Funds, was discussed. Mr. LaCapra presented a report by the consultants on non-contracted balances in the accounts of Miami, Everglades and Tampa, as of December 1, 2002. The report was approved earlier in the meeting. Regarding re-allocations, Mr. Ram Kancharla explained that the Port of Tampa wished to reallocate a portion of their non-contracted balances for security projects. In an effort to spend down the '99 bond proceeds within the next 12 to 18 months, they requested a reallocation of approximately \$2.8 million from two projects Portwide Infrastructure Improvements (\$847,218) and Navigation Improvements - Spoil Island (\$2M) to security infrastructure improvements, which had been approved by the FDLE. Such action was approved by a vote of the Council.

Next on the agenda, **Item 17**, Consideration of Allocation of Excess Earning of 320.20(4) Intermodal Bond Program Funds, was discussed. Mr. LaCapra directed the Council members to a worksheet developed by the FPFC based upon the Trustee's report of excess earnings as of November 30, 2002. He said the excess earnings had been extrapolated out to 11/30/03, based on a discussion with each port of their anticipated spend-downs. Approval of the projected total, \$11,040,000, being placed with the Trustee on behalf of the FSTED Council, was passed by a vote of the Council based upon the spend down provisions of the '99 bond program.

Mr. LaCapra explained that the application of these funds, to either security or transportation projects, was reflective of the priority discussion with FDLE regarding the likelihood of some ports to receive federal funds for security. The FPFC recommendations for allocating excess interest earnings were based on consideration for ports who had security projects on the state priority list, but had no funds. Mr. LaCapra stated that the proposal before the Council recommended utilizing excess interest earnings in the '99 bond program funds for security infrastructure projects as follows:

Manatee:	\$ 640,000	Pensacola:	\$ 345,000
Fernandina:	\$ 335,000	Canaveral:	\$ 350,000
Palm Beach:	\$ 750,000	Tampa:	\$2,500,000
Panama City:	\$ 125,000		

Mr. Wayne Stubbs requested clarification; these figures are only for security projects and another worksheet describes recommended funding for transportation infrastructure projects. Mr. LaCapra pointed out that the \$2.5 million recommended for Tampa was an effort to achieve equity among the three major ports regarding spend-downs, and also meet the intent of the FDLE in trying to take care of minimum standards for our Tier II ports.

Approval of the proposal, as presented, was passed by a vote of the Council. Mr. Kancharla pointed out that the Port of Tampa was taking \$2.9 million from existing projects and reallocating it to security projects. He expressed appreciation for the \$2.5 million in excess interest, indicating that Tampa had over \$4 million in FDLE approved security infrastructure projects that are unfunded. He objected to infrastructure projects being funded prior to funding security infrastructure needs. Chairman Towsley responded, saying there are ports in a position similar to Tampa's who did not receive excess interest allocations. Mr. LaCapra stated that each port must determine how to manage its security issues which involves public policy considerations.

Next, Mr. LaCapra presented the FPFC's recommendations for transportation infrastructure projects.

Port Manatee:	\$3,000,000 for a dredging project at a 75/25 match
Panama City:	\$ 900,000 for a bulkhead project at a 75-25 match.
Pensacola:	\$ 200,000 for an intermodal project at a 50-50 match.
Canaveral:	\$1,150,000 for an intermodal project at a 75-25 match.

The total is \$5,250,000. Approval of the proposal as presented was passed by a vote of the Council, with one dissenting vote by Port of Tampa.

Mr. LaCapra summarized the actions of the Council, stating that from the \$11,040,000 in excess earnings from the 320.20(4) Intermodal Bond Program Funds projected for the next two fiscal years, \$5,250,000 and \$5,040,000 have gone into two separate areas, leaving \$750,000 on the table for additional consideration. He indicated that these amounts could change subject to matching requirements.

Mike Rubin explained that the Financing Commission adopted a 3-part motion at its December 12, 2002 meeting regarding matching funds. Their recommendation to the Council follows:

1. Seaports with operating revenues of less than \$5 million as of September 30, 2002, would be required to have a minimum match of 10 percent, coming from their local funds.
2. Seaports with operating revenues in excess of \$5 million as of September 30, 2002, would be required to have a minimum of 25 percent match with a minimum of 10 percent coming from local funds. The other 15 percent could come from federal funds or any other funds that were available.
3. Seaports with operating revenues in excess of \$5 million as of September 30, 2002, and

eligible for federal security funds, but not receiving federal security funds, could request that the FSTED Council authorize them to have a minimum match of 10 percent with the 10 percent coming from local funds.

Recognizing that the application of this new policy may reduce some of the allocations, a motion was made to approve the recommended match and to instruct the administrator to work with each port having security projects, to establish the final cost figures, and to advise the Trustee to apply these figures in accordance with the policy.

Approval of the recommendation as presented, was passed by a vote of the Council. Mr. Rubin agreed to distribute a memo to the ports with the new cost figures.

Chairman Towsley asked to step out of his role as FSTED Council Chair to point out that the Port of Miami-Dade has substantial security needs, and has not received any of the excess earnings for unfunded FDLE priority projects. He requested the remaining excess funds (\$750,000) be allocated to Miami for priority security projects.

Approval of the request as presented, was passed by a vote of the Council.

David Kaufman requested, in the interest of spending down these reallocated funds as expeditiously as possible, that the affected ports, the Trustee, and bond counsel be directed to take all actions necessary to transfer funds as quickly as possible.

Mr. LaCapra presented several letters from the Port of Palm Beach, stating that they have saved funds of approximately \$430,000 from '99 bond proceeds originally assigned to a rail study, \$120,000 from excess escrow funds and \$80,000 from TOP funds, for a total of \$630,000. They would like to redirect these funds to security projects. \$750,000 was approved by the FPFC, but Palm Beach's security needs actually total \$1,775,000. Mr. LaCapra pointed out that there will be some potential savings once the new match policy is applied but Palm Beach will have a shortfall of approximately \$350,000.

Wayne Stubbs asked for clarification regarding Panama City's security allocation, stating that his understanding of the previous day's FPFC recommended allocation was that Panama City retained the balance of \$265,000 from its excess earnings, plus received an additional \$120,000, in order to implement security projects meeting minimum standards, projected to be \$378,000.

After much discussion, and based on the newly adopted match policy, Mr. LaCapra summarized each port's 1999 bond fund security allocation, including projected excess interest earnings through 11/30/03 as follows:

Manatee:	\$ 640,000	Pensacola:	\$ 310,000
Fernandina:	\$ 300,000	Canaveral:	\$ 275,000
Palm Beach:	\$ 945,000	Tampa:	\$2,500,000
Panama City:	\$ 340,000		

The total is \$5,310,000, or \$270,000 more than the \$5,040,000 originally perceived to be needed for security projects from excess earnings in the 320.20(4) Intermodal Bond Program Funds. As a result, Mr. LaCapra advised the Council that the balance of \$750,000 reported and allocated to the Port of Miami-Dade earlier

in this meeting was, in reality, only \$480,000.

Chairman Towsley reiterated that the Port of Miami-Dade has over \$24 million in priority projects on the FDLE list that are unfunded, and voiced objection to having the \$750,000 reduced. A lengthy discussion followed. Mr. LaCapra asked Mr. Wright as the Project Monitor for the 99 Bond Program, to again review the spend-down features of the excess earning projections for the three largest ports in case the amounts had been underestimated. He also explained that the re-allocations taking place at this meeting represented a capped amount, and it was the recommendation of the Financing Commission that after November 30, 2003, any excess earnings on 1999 bond program funds would go to the ports without having to return to the FSTED Council for approval.

Diane Camacho reported that the Port of Miami-Dade requested reallocation of some funds to security projects which are under contract at this time. The balance, which they have asked to reallocate to traffic circulation enhancements, is also under contract and underway. With regards to money for dredging, Ms. Camacho indicated they anticipate having to fund an escrow of approximately \$10 million, by June of 2003.

Mr. LaCapra suggested funding the \$270,000 for Miami-Dade from the FY2004 Chapter 311 funding program or recalculate interest and see if it can be stretched out. Approval of \$270,000 from Chapter 311 funds in 2004 was passed by a vote of the Council.

Mr. LaCapra indicated that the Council would need to formally approve the recommended funding for the 1999 excess interest earnings for security projects, ensuring that the amounts reflect a 10 percent match or 25 percent match as required by the resolution. Approval of the following allocations, was passed by a vote of the Council:

Manatee:	\$ 640,000	Pensacola:	\$ 310,000
Fernandina:	\$ 300,000	Canaveral:	\$ 275,000
Palm Beach:	\$ 945,000	Tampa:	\$2,500,000
Panama City:	\$ 340,000		

\$480,000 remains with Miami-Dade.

Mr. LaCapra also asked for approval that these amounts be capped and transferred to the Trustee, and that the FSTED Council consider any future interest earned over and above these caps accrue to the ports. Such approval was passed by a vote of the Council.

Mr. David Kaufman proposed a motion that the ports with reallocated dollars and bond counsel and the Trustee take whatever actions necessary to expedite the transfers and that the money be spent as quickly as expeditiously as possible. The motion was passed by a vote of the Council.

Item 18, Consideration of Allocations of Chapter 311 Funds for FY 04/05 and FY05/06, was taken up. Mr. LaCapra presented the Chapter 311 allocations proposed by the FPFC, stating that Port St. Joe had given up funds in the '03-'04 year to St. Petersburg and those funds are recommended to be replaced in the '04-'05 year. He said that St. Petersburg needs an additional \$600,000 to finish its projects in the '04-'05 year. In addition, Ft. Pierce's Taylor Creek Project would be funded in the '04-'05 based upon their readiness to spend the funds. Mr. LaCapra also reminded the Council that based on a previous vote of the FSTED Council, \$270,000 was approved for the Port of Miami-Dade.

Approval of the allocation of the 04/05 Chapter 311 funds as presented, was passed by a vote of the Council.

Next, Mr. Ken Krauter requested \$5 million in 311 money from FY '04-'05 funds, reminding the Council that Port Everglades agreed to reallocate \$10 million to others in September of 2000 from the 1996 bond program. He said it included an agreement that those funds would be made up from 311 funds over a two-year period, which the Council subsequently amended to a three-year period. Mr. Krauter stated that the port has not received reimbursement on that \$10 million, and they are now are faced with another \$5 million being reallocated to other ports.

Mr. McDonald objected, challenging those ports that still have uncommitted excess funds to spend them down before they come back to this Council with additional requests.

Mr. Stubbs stated that a precedent exists whereby all ports have given up money which was never reimbursed, because they were unable to spend it in a timely way. He said it was because they know they cannot stand in the way of other ports who need to move more quickly. Mr. Stubbs indicated that he would support Everglades getting a multi-year reallocation such as \$1 million or \$1 ½ million over a two or three year period because that would not devastate the Chapter 311 program, but he would not support \$5 million.

Mr. Kaufman opined that after the sale of 1996 bonds, the ports learned that they needed to hold themselves accountable to spend-down provisions on the excess interest earned from the sale of 1999 bonds.

Mr. LaCapra was asked by Chairman Towsley to elaborate on a future bond issue. He expressed that it should be regional in nature, project-specific and approved by the Legislature, carry out the corridor issues being studied by the Council and others, and improve efficiencies in moving freight. Mr. LaCapra stated that the ports have developed good infrastructure, but the next level of development is the intrastate highway systems and rail systems that carry goods to populations centers. The ports also face major security issues.

An allocation of \$5 million to Port Everglades through funding in future years from Chapter 311 funds was proposed and amended to \$1 million per year over a three year period with the provision that Port Everglades may offer the money back if they are able to achieve funding through other efforts of the Council. The proposal failed by a vote of the Council.

Next, Mr. LaCapra asked for a vote of confidence to proceed with a new bond issue, with review and input by the Council. Such action was approved by a vote of the Council.

Finally, Mr. LaCapra presented an audit of the FSTED Council. Approval of the audit as presented was passed by a vote of the Council.

The FSTED Council meeting adjourned at 12:45 p.m.

TTK/NJL

Attachments

\\Mainserver\nancy\MyFiles\FSTED Council Meetings\FSTED Council Meetings\FSTED Council Meeting 2-25-03 Tallahassee\fsted12-13mtgsummary.wpd

**FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT PROGRAM
CHAPTER 311, F.S.
APPROVED ALLOCATIONS
FY03/04 AND FY04/05**

PORT	ALLOCATED FOR STATE-MANDATED SECURITY LAW ENFORCEMENT OPERATIONAL COSTS FY03/04	ALLOCATED FOR STATE-MANDATED SECURITY INFRASTRUCTURE CAPITAL IMPROVEMENT PROJECTS FY03/04	ALLOCATED FOR COMMERCE CAPITAL INFRASTRUCTURE PROJECTS FY03/04	TOTAL CHAPTER 311 ALLOCATION FY03/04	APPROVED ALLOCATIONS FOR COMMERCE CAPITAL INFRASTRUCTURE PROJECTS TO DATE FY04/05*
CANAVERAL	\$ 450,000			\$ 450,000	
EVERGLADES	\$ 1,550,000			\$ 1,550,000	
FERNANDINA			\$ 250,000	\$ 250,000	
FT. PIERCE			\$ 472,000	\$ 472,000	\$ 1,750,000
JACKSONVILLE	\$ 1,400,000			\$ 1,400,000	
KEY WEST		\$ 128,000	\$ 1,100,000	\$ 1,228,000	
MANATEE				\$ -	
MIAMI	\$ 1,750,000			\$ 1,750,000	\$ 270,000
PALM BEACH	\$ 300,000			\$ 300,000	
PANAMA CITY				\$ -	
PENSACOLA				\$ -	
PORT ST. JOE				\$ -	\$ 575,000
ST. PETERSBURG		\$ 65,000	\$ 510,000	\$ 575,000	\$ 600,000
TAMPA	\$ 2,300,000			\$ 2,300,000	
ALLOCATED	\$ 7,750,000	\$ 193,000	\$ 2,332,000	\$ 10,275,000	
ACQUISITION OF TRADE DATA INFORMATION				\$ 325,000	
TOTAL ALLOCATED				\$ 10,600,000	
Note: Assuming Canaveral FY98 funds of \$600,000 are forwarded into this FY and reallocated to Ft. Pierce and Key West.					*Authorization to use Chapter 311 funds for security to expire July 1, 2004.

/njl

Considered by the FSTED Council on June 27, 2002; reviewed by the FSTED Council Project Review Group on October 16, 2002 for any revisions to contract numbers; and approved by the FSTED Council on December 13, 2002.

**FLORIDA PORTS FINANCING COMMISSION
1996 BOND ISSUE ALLOCATIONS**

<u>PORT EVERGLADES:</u>	± \$10,400,000 Balance as of December 1, 2002
Allocated to Port Everglades:	\$2,900,000 (for approved security projects)
Allocated to Jaxport:	\$5,000,000 (for approved security projects/under contract projects) ± \$8,000,000
Balance to Port Everglades:	\$2,500,000 (for security enhancements or transportation projects previously approved by the FSTED Council)

/njl

Approved by the FPFC and FSTED Council on December 12, 2002 and December 13, 2002, respectively

\\Mainserver\nancy\MyFiles\FPFC Administration - FY02-03\1996 Bond reallocations - December 2002.wpd

FLORIDA PORTS FINANCING COMMISSION PROGRAM
Matching Requirements and Transfer Information
12/13/02

PORT	PROJECTED EXCESS INTEREST EARNINGS 11/30/03	1999 BOND PROGRAM EXCESS INTEREST EARNINGS ALLOCATIONS FOR SECURITY 12/13/02	PORT MATCH	AMOUNT	1999 BOND PROGRAM EXCESS INTEREST EARNINGS ALLOCATIONS FOR TRANSPORTATION 12/13/02	PORT MATCH	AMOUNT	PROJECT	TRANSFERS	TO OR FROM	BALANCE
CANAVERAL	\$ 1,500,000	\$ 275,000	10%	\$ 27,500	\$ 1,150,000	25%	\$ 287,500	Intermodal	\$ (75,000)	To Panama City	\$ -
EVERGLADES	\$ 1,350,000				\$ -				\$ (1,350,000)	To Manatee	\$ -
FERNANDINA	\$ 35,000	\$ 300,000	10%	\$ 30,000	\$ -				\$ 265,000	From Miami	\$ -
FT. PIERCE	N/A	N/A	0%	\$ -	\$ -						N/A
JACKSONVILLE	\$ -	N/A		\$ -	\$ -						N/A
KEY WEST	N/A	N/A	0%	\$ -	\$ -						N/A
MANATEE	\$ 640,000	\$ 640,000	25% At least 10% local funds	\$ 160,000	\$ 3,000,000	25%	\$ 750,000	Dredging	\$ 1,350,000	From Everglades	
									\$ 1,650,000	From Miami	
									\$ 3,000,000	TOTAL	\$ -
MIAMI	\$ 4,200,000	\$ 480,000	25% At least 10% local funds	\$ 120,000	\$ -				\$ (265,000)	To Fernandina	
									\$ (510,000)	To Pensacola	
									\$ (900,000)	To Panama City	
									\$ (395,000)	To Palm Beach	
									\$ (1,650,000)	To Manatee	
									\$ (3,720,000)	TOTAL	\$ -
PALM BEACH	\$ 550,000	\$ 945,000	10%	\$ 94,500	\$ -				\$ 395,000	From Miami	\$ -
PANAMA CITY	\$ 265,000	\$ 340,000	10%	\$ 34,000	\$ 900,000	25%	\$ 225,000	Bulkheading	\$ 75,000	From Canaveral	
									\$ 900,000	From Miami	
									\$ 975,000	TOTAL	\$ -
PENSACOLA	\$ -	\$ 310,000	10%	\$ 31,000	\$ 200,000	50%	\$ 100,000	Intermodal	\$ 510,000	From Miami	
PORT ST. JOE	N/A	N/A	0%	\$ -	\$ -						N/A
ST. PETERSBURG	N/A	N/A	0%	\$ -	\$ -						N/A
TAMPA	\$ 2,500,000	\$ 2,500,000	25% At least 10% local funds	\$ 625,000	\$ -						\$ -
TOTAL	\$ 11,040,000	\$ 5,790,000			\$ 5,250,000						

**FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT PROGRAM
SECURITY FUNDING**

PORT	FY01/02 TOP FUNDING SECURITY - (Infrastructure Capital Improvements)	AMOUNT OF FEDERAL FUNDS RECEIVED 93.3 M SECURITY GRANT JUNE 2002 (Infrastructure Capital Improvements)	ALLOCATION OF CHAPTER 311 FY01/02 FUNDS (FLORIDA NATIONAL GUARD)	ALLOCATION OF CHAPTER 311 FY02/03 FUNDS (Law Enforcement Operational Costs)	ALLOCATION OF CHAPTER 311 FY02/03 FUNDS (Security Infrastructure Capital Improvements) *	ALLOCATION OF CHAPTER 311 FY03/04 FUNDS (Law Enforcement Operational Costs)	ALLOCATION OF CHAPTER 311 FY03/04 FUNDS (Security Infrastructure Capital Improvements) 12/02	320.20(3) BOND PROGRAM FUNDS COMMITTED FOR SECURITY (Infrastructure Capital Improvements) 12/02	320.20(4) INTERMODAL BOND PROGRAM FUNDS AND INTEREST EARNINGS COMMITTED FOR SECURITY (Infrastructure Capital Improvements) 12/02
CANAVERAL	\$ 90,000	\$ 1,650,000		\$ 500,000		\$ 450,000		\$ 275,000	
EVERGLADES	\$ 1,600,000	\$ 6,844,800	\$ 1,200,000	\$ 2,675,000		\$ 1,550,000	\$ 2,900,000	\$ 16,000,000	
FERNANDINA	\$ -	\$ -		\$ 100,000				\$ 300,000	
FT. PIERCE	\$ -	\$ -		\$ -		\$ -	\$ -		
JACKSONVILLE	\$ 600,000	\$ 297,000		\$ 1,100,000		\$ 1,400,000	\$ 5,000,000		
KEY WEST	\$ -	\$ 510,500	\$ 1,100,000	\$ 195,469	\$ 54,531	\$ -	\$ 128,500		
MANATEE	\$ 100,000	\$ -		\$ -		\$ -		\$ 640,000	
MIAMI	\$ 1,600,000	\$ 6,370,801		\$ 1,993,000	\$ 100,000	\$ 1,750,000		\$ 9,580,000	
PALM BEACH	\$ 300,000	\$ -		\$ 175,000	\$ 200,000	\$ 300,000	\$ 120,000	\$ 1,375,000	
PANAMA CITY	\$ -	\$ -			\$ 200,000	\$ -		\$ 340,000	
PENSACOLA	\$ 63,094	\$ -		\$ -		\$ -		\$ 310,000	
PORT ST. JOE	\$ -	\$ -		\$ -		\$ -			
ST. PETERSBURG	\$ -	\$ -		\$ -	\$ 200,000	\$ -	\$ 65,000		
TAMPA	\$ 800,000	\$ 3,500,000		\$ 2,125,000		\$ 2,300,000		\$ 5,350,000	
TOTAL:	\$ 5,153,094	\$ 19,173,101	\$ 2,300,000	\$ 8,863,469	\$ 754,531	\$ 7,750,000	\$ 193,500	\$ 8,020,000	\$ 34,170,000
FSTED COUNCIL:									
BADGING AND RISK ASSESSMENTS	\$ 375,000								
SECURITY CREDENTIALING				\$ 175,000					
TSA ASSESSMENT				\$ 70,000					
TOTAL TO FSTED COUNCIL				\$ 245,000					
TOTAL TO PORTS	\$ 5,528,094			\$ 9,108,469					
TOTAL TO FDLE	\$ 1,471,906								
TOTAL TOP FUNDS	\$ 7,000,000								
Note: Stolen Auto Recovery System (STAR) Program funds of approximately \$3,240,000 are not included in these amounts, but are for security.					*Includes STAR funds transferred to security infrastructure. Funds include rolled forward FSTED Program funds.				

PRIORITY ORDER FOR FLORIDA PORTS' SECURITY FUNDING PROJECTS

Priority for Federal Funding

	Project	Total Amount
1	Tampa: Hookers Point Gate Complex	\$6,669,501
2	Miami: Cruise Provision Inspection Facilities	\$10,000,000
3	Miami: Cargo Gateway Complex	\$8,260,000
4	Miami: Cruise Terminal Access Control System	\$212,130
5	Tampa: Pendola Point Gate Complex	\$741,302
6	Tampa: Remote Gates Security System	\$2,709,222
7	Jacksonville: Blount Island Marine Terminal Project Components: Access control, tracking, vehicle and visitor control system	\$533,300
8	Jacksonville: Talleyrand Marine Terminal Project Components: Gates	\$2,143,200
9	CANAVERAL Entry Control - Various Buildings	\$300,000
10	Jacksonville: Talleyrand Marine Terminal Project Components: Access Control	\$597,930
11	Tampa: Fencing	\$1,977,523
12	Jacksonville: Blount Island Marine Terminal Project Components: Fencing	\$147,334
13	Jacksonville: Talleyrand Marine Terminal Project Components: Fencing	\$345,625
14	CANAVERAL Scallop Drive Fencing	\$85,000
15	Miami: Perimeter Fencing	\$2,366,800
16	Miami: Cruise Terminal Commercial Vehicle Pre-Inspection Program Stations	\$200,000
17	Everglades LAN and Infrastructure	\$1,663,291
18	Everglades Automated Access Control Systems -	\$443,983
19	Miami WOA Perimeter Barrier	\$120,000
20	Tampa: Security Lighting Improvements	\$2,206,563
21	Jacksonville: Blount Island Marine Terminal Project Components: Lighting	\$5,700,000
22	Jacksonville: Talleyrand Marine Terminal Project Components: Lighting	\$1,050,000
23	Miami: CCTV	\$919,359
24	Jacksonville: Talleyrand Marine Terminal Project Components: Video Surveillance	\$366,336
25	Tampa: CCTV	\$233,666
26	Jacksonville: Dames Point Marine Terminal Project Components: Access Control	\$360,900
27	Jacksonville: Dames Point Marine Terminal Project Components: Video Surveillance	\$107,089
28	Jacksonville: Dames Point Marine Terminal Project Components: Gates	\$1,532,160
29	Miami: Security Master Plan	\$525,000
Total cost to bring physical infrastructure at Florida's Tier One ports into substantial compliance		\$52,517,214

PRIORITY ORDER FOR FLORIDA PORTS' SECURITY FUNDING PROJECTS

Priority for State Funding		
	Project	Total Amount
1	Palm Beach: Main Gate and Site Improvements	\$1,286,059
2	Manatee: Perimeter Fencing Improvements	\$205,616
3	Fernandina Beach: Relocate Guard House	\$41,000
4	Panama City: Gates and Guard House renamed "Redesign of Entrance"	\$235,689
5	Pensacola: Automated Access Upgrades	\$226,743
6	Pensacola: Fiber Optic Devices	\$61,000
7	Fernandina Beach: Upgrade Fencing	\$58,820
8	Panama City: Fencing	\$142,712
9	Key West: Security Signage - Truman	\$3,000
10	Key West: Movable Barriers - Mallory	\$3,000
11	Key West: Security Signage - Mallory	\$3,000
12	Manatee: Access Control/Security Command and Control Improvements	\$49,812
13	Fernandina Beach: Designated Visitor Parking	\$130,000
14	Pensacola: Interior and Exterior Lighting Improvements	\$1,908,430
15	Palm Beach: Additional High Mast Lighting Installation	\$486,724
16	Fernandina Beach: Upgrade Lighting	\$100,425
17	Manatee: Additional High Mast Lighting Installation	\$996,520
18	St. Petersburg: Proximity Reader	\$42,000
19	St. Petersburg: Controlled Access Software	\$30,000
Total cost to bring physical infrastructure at Florida's Tier Two port into substantial compliance		\$6,010,550

ACTION ITEMS

FLORIDA PORTS COUNCIL

2655 LE JEUNE ROAD
SUITE 500
CORAL GABLES, FLORIDA 33134

TELEPHONE: (305) 569-9920
FAX: (305) 461-9600

PLEASE REPLY TO:

BARNETT BANK BUILDING
SUITE 712
315 S. CALHOUN STREET
TALLAHASSEE, FL 32301

P.O. BOX 10137
TALLAHASSEE, FL 32302

TELEPHONE: (904) 222-8028
FAX: (904) 222-7552

December 17, 2002

Ms. Charlotte Hand
Office of Policy Planning
Florida Department of Transportation
605 Suwannee Street
Tallahassee, Florida 32399-0450

Dear Ms. Hand:

Thank you for the opportunity to review the Florida Department of Transportation's Macroeconomic Analysis, Impact of Transportation Investments on Economic Performance, and we offer the following observations and comments.

The report applies performance measures to highways, rail and transit, and analyzes economic impacts utilizing an economic modeling framework (the Highway Economic Requirements System (HERS) and the Regional Economic Model, Inc. (REMI)). The FDOT does not have a model to similarly analyze the economic impacts of seaports and airports. However, one of the prevailing principles of the Department's mission to develop a macroeconomic analysis as outlined in s.334.046, Florida Statutes is to enhance Florida's economic competitiveness, ensuring that the state has a clear understanding of the economic consequences of transportation investments.

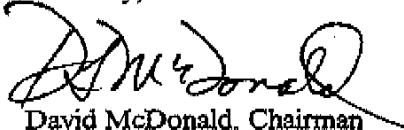
While the Florida Ports Council provided the Department with an abundance of economic data and analyses, seaports are not a part of your economic model. In fact, our discussions with principles at the Maritime Administration in Washington, D.C. confirm that adequate models to do a similar analysis of ports as those recognized for ground transportation do not exist at the federal level either. Without being a part of FDOT's economic model which solidifies the economic benefit/cost ratio used to prioritize Work Program funding, seaports are at a unfair disadvantage.

Our question is, how will the economic benefits derived by Florida's seaports (for which we have provided documentation) be assimilated by the FDOT as you set Work Program priorities? The report accurately recognizes that in spite of the small percent of the Work Program investments (1%) allocated to the seaports, it is clear that these facilities generate significant economic benefits.

Ms. Charlotte Hand
December 17, 2002
Page Two

If there is any way the Florida Ports Council can assist you with this conundrum, we stand ready. We appreciate being included and hope we have added value to your macroeconomic analysis process.

Sincerely,



David McDonald, Chairman
Florida Ports Council

c:\toy\myfiles\macolettertodot

2655 LE JEUNE ROAD
SUITE 500
CORAL GABLES, FLORIDA 33134

TELEPHONE: (305) 562-9920
FAX: (305) 535-0920

FLORIDA PORTS COUNCIL



BANK OF AMERICA PLAZA
315 SOUTH CALHOUN STREET
SUITE 712
TALLAHASSEE, FLORIDA 32301

P.O. BOX 10137
TALLAHASSEE, FLORIDA 32302

TELEPHONE: (850) 223-8028
FAX: (850) 223-7552

December 31, 2002

Mr. Agustin Diaz, Chairman of the Board
American Association of Port Authorities
1010 Duke Street
Alexandria, VA 22314

Dear Chairman Diaz:

The Florida Ports Council has encountered an issue we would like to share with you and members of the American Association of Port Authorities. Florida's Department of Transportation recently completed a Macroeconomic Analysis, Impact of Transportation Investments on Economic Performance. The analysis and subsequent report applies performance measures to highways, rail and transit, and analyzes economic impacts utilizing an economic modeling framework (the Highway Economic Requirements System (HERS) and the Regional Economic Model, Inc. (REMI)). However, what became clear during development of the Macroeconomic Analysis report, is that the FDOT does not have a model to similarly analyze the economic impacts of seaports.

While the Florida Ports Council provided the Department with an abundance of economic data and analyses, seaports are not a part of any standard economic model. In fact, our discussions with principals at the Maritime Administration in Washington, D.C. confirm that adequate models to do a similar analysis of ports as those recognized for ground transportation do not exist at the federal level.

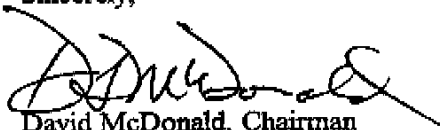
As our nation's ports struggle with the funding issues associated with connectivity, intermodal projects and the use of T-21 funds, perhaps we should seek to develop a national economic benefit model for seaports.

In Florida's case, without being a part of FDOT's economic model which solidifies the benefit/cost ratio used to prioritize Work Program funding, seaports are at a unfair disadvantage to initiate funding requests for important seaport economic projects. We suspect this may be the case in other states as well.

Chairman Agustin Diaz
December 31, 2002
Page 2

Toy Keller, staff to the Florida Ports Council, participated in the development of FDOT's Macroeconomic Analysis over the past several years and is familiar with this issue. If you are interested in a discussion, please contact her at 850-222-8028.

Sincerely,



David McDonald, Chairman
Florida Ports Council

cc: Kurt J. Nagle, President, AAPA
George Williamson, Vice Chairman, FPC

**Schedule A
Eligible Projects
(Approved for Funding)
Section 320.20 (4) Bond Program**

Port/Project #	Project Description	Total Project Costs*	Match %	Total Amount Approved for Section 320.20 (4) Funding	Loan Amount Allocated to Construction Fund as Approved by FSTED Council on 9/22/99	Estimated Interest Earnings at 5.680% as of 9/22/99	Estimated Total	Total
Manatee								
00-1	Intermodal access improvements (Hendry property)	\$ 6,000,000.00	50-50	\$ 2,000,000.00				
97-1RP	Access Channel Dredging (Phase II) **	\$ 32,000,000.00	75-25	\$ -				
97-2RP	Berth 12 (Phase 1 Dredging)*	\$ 2,800,000.00	75-25	\$ 1,100,000.00				
97-2RP	Berth 5 (Construction)	\$ 4,400,000.00	50-50	\$ 2,200,000.00				
97-2RP	Berth 5 (Dredging)	\$ 2,300,000.00	75-25	\$ 1,700,000.00				
01-03	Berth 8 Rehabilitation*	\$ 2,000,000.00	75-25	\$ 1,000,000.00				
		\$ 49,500,000.00		\$ 8,000,000.00	\$ 7,370,000.00	\$ 630,000.00	\$ 8,000,000.00	\$ 8,000,000.00
Revised below								
00-1	Intermodal access improvements (Hendry property)	\$ 6,000,000.00	50-50	\$ 1,493,975.75				
97-1RP	Access Channel Dredging (Phase II) **	\$ 32,000,000.00	75-25	\$ -				
97-2RP	Berth 12 (Phase 1 Dredging)*	\$ 2,800,000.00	75-25	\$ -				
97-2RP	Berth 5 (Construction)	\$ 4,400,000.00	50-50	\$ -				
97-2RP	Berth 5 (Dredging)	\$ 2,300,000.00	75-25	\$ 5,506,024.25				
01-03	Berth 8 Rehabilitation*	\$ 2,000,000.00	75-25	\$ 1,000,000.00				
		\$ 49,500,000.00		\$ 8,000,000.00				
*01-03 Berth 8 Rehabilitation was added to Schedule A on 8/30/01. Up to \$1 million was approved for this project and transferred from 97-2RP - Berth 12 (Phase I Dredging) at a 75/25 match. Manatee received approval to consolidate funds into 97-2RP Berth 5 Dredging.								
** 97-1RP Access Channel Dredging (Phase II) was moved from Schedule B to Schedule A by approval of the FPFC and the FSTED Council on 12/12/02 and 12/13/02, respectively. The project has already been previously approved by the FDOT for inclusion on Schedule A. Once transfers of excess interest earnings are completed, amount authorized for this project will be \$3M.								

**Schedule A
Eligible Projects
(Approved for Funding)
Section 320.20 (4) Bond Program**

Port/Project #	Project Description	Total Project Costs*	Match %	Total Amount Approved for Section 320.20 (4) Funding	Loan Amount Allocated to Construction Fund as Approved by FSTED Council on 9/22/99	Estimated Interest Earnings at 5.680% as of 9/22/99	Estimated Total	Total
Everglades								
00-15R	Intermodal container transfer facility		50-50					
00-14R	Eller Drive overpass		50-50					
97-3R	Channel widening and navigational improvements	\$ 4,000,000.00	75-25	\$ 3,000,000.00				
00-19R	New bridge over FPL Canal		50-50					
EVE -02-A	Security Infrastructure - Roadway Gating:		70-30					
	Spangler Boulevard	\$ 1,811,409.00		\$ 1,267,986.00				
	McIntosh Boulevard	\$ 1,811,409.00		\$ 1,267,986.00				
	Eller Drive overpass	\$ 1,811,409.00		\$ 882,986.00				
	Eisenhower Drive	\$ 724,597.00		\$ 507,218.00				
	Vehicular Gates and 14th Avenue Fit Out	\$ 3,622,649.00		\$ 1,415,854.00				
EVE -02-B	Smart Fence (part of 02-E)		70-30	\$ -				
EVE-02-D	LAN and Infrastructure	\$ 6,299,657.00	70-30	\$ 2,048,770.00				
EVE-02-E	Automated Access Control Systems and Smart Fence (part of 02-B)	\$ 8,705,500.00	70-30	\$ 5,394,700.00				
EVE-02-F	CCTV		70-30	\$ 3,211,000.00				
	Unallocated to a project			\$ 3,500.00				
		\$ 28,786,630.00		\$ 19,000,000.00	\$ 17,080,000.00	\$ 1,920,000.00	\$ 19,000,000.00	\$ 19,000,000.00
<p>In May 2002 and June 2002, the FPFC and FSTED Council approved the use of 00-15R (\$7.5M); 0014R (\$7.5M); and 00-19R (\$1M) totalling \$16 million to be used for security. FDOT approved the use of these funds for security. Port Everglades has apportioned costs on a 70-30 basis (not 75-25).</p>								

**Schedule A
Eligible Projects
(Approved for Funding)
Section 320.20 (4) Bond Program**

Port/Project #	Project Description	Total Project Costs*	Match %	Total Amount Approved for Section 320.20 (4) Funding	Loan Amount Allocated to Construction Fund as Approved by FSTED Council on 9/22/99	Estimated Interest Earnings at 5.680% as of 9/22/99	Estimated Total	Total
Miami								
00-6RP	Harbor dredging (Phase II)**	\$ 18,000,000.00	75-25	\$ 10,000,000.00				
00-3RP	Container storage facility enhancements*	\$ 6,000,000.00	50-50	\$ 3,000,000.00				
LAS-1	Off-port access road improvements	\$ 7,000,000.00	75-25					
00-7RP	Intermodal logistics transfer facility*	\$ 35,000,000.00	50-50					
00-8RP	Traffic Circulation Enhancements***	\$ 13,400,000.00	50-50	\$ 9,500,000.13				
	Security Infrastructure (for FDLE approved projects --specific project to be determined and must be approved by FDOT.		75-25	\$ 4,500,000.00				
	Security Infrastructure (for FDLE approved projects --specific project to be determined and must be approved by FDOT.		75-25	\$ 4,562,678.00				
		\$ 79,400,000.00		\$ 31,562,678.13	\$ 30,144,084.40	\$ 1,418,593.73	\$ 31,562,678.13	\$ 31,562,678.13
<p>*FSTED Council motion on 9/27/00 approved the reallocation of \$12 million from ICTF (01-7P) to Container Storage Facility (01-3RP) pending FDOT approval. FPFC did not approve motion on 10/26/00 or to date due to conflict with Intermodal Program Bond Documents -- need FSTED Council South Florida Rail Committee approval then others. In December 2002, approval was given to reallocate these funds as noted -- approximately \$7.4 M to 00-8RP Traffic Circulation Enhancements and approximately \$4.5 M to a to be determined security infrastructure project (must be FDLE approved project and needs approval of FDOT).</p> <p>**</p> <p>Also, FSTED Council approved transfer of \$200,000 from a Miami project of choice (00-6RP - Harbor Deepening) to Pensacola (00-5 - Bulkheading and Dredging) on 9/27/00 and FPFC approved on 10/26/00. Pensacola has decided not to accept funding at this time and is requesting the return of the \$200,000 to Miami. Total above reflects these funds remaining with Miami.</p>								
<p>*** Rail Improvements (00-8RP) modified and renamed: Traffic Circulation Enhancements June 2002. Approved by FDOT for funding as modified. LAS1 Off port access road was deleted and funds transferred to security infrastructure funding 12/02.</p>								

Criteria Adopted by Florida Seaport Transportation and Economic Development Council June 10, 1998 and Proposed Revision to Include Security Measures

During the period from November, 1997 to June, 1998, the Florida Seaport Transportation and Economic Development Council appointed the Florida Seaport Transportation and Economic Development Council Allocation Policy Committee to review policies and criteria used by the Council in allocating funds to member seaports.

In determining funding levels, the Committee recommended the following criteria which was adopted by the Florida Seaport Transportation Economic Development Council at its June 10, 1998 meeting:

1. Consistency reviews performed by the Departments of Transportation and Community Affairs and the Governor's Office of Tourism, Trade, and Economic Development (OTTED) and the economic benefit analysis performed by OTTED.
2. The goals and objectives of the Florida Seaport Mission Plan.
3. Competition for cargo or trade between an applicant port and port located outside the State of Florida.
4. Importance of a project to support or maintain existing cargo, trade or passenger movements at the applicant port.
5. Revenues or funds available at the applicant port to ensure that the port meets its matching fund requirement and to ensure that the project is initiated within the funding year in which the project is approved.
6. The overall 5-year capital improvement needs of each applicant port.
7. The ability of the port to finance port improvements through other sources.
8. Fairness in achieving balanced support for each port's priorities, objectives and goals in a 5-year capital improvement program.
9. Each port's recommendations concerning its funding needs.
10. The prioritized list of FDLE/ODC approved security infrastructure projects and sworn law enforcement operating levels required to meet the statewide minimum security standards established pursuant to Chapter 311.12, F.S., and the ability of the port to finance security measures through other sources.