

Tampa-Hillsborough County Expressway Authority
Minutes of the May 6, 2024, Board Workshop
1104 E. Twiggs Street
Tampa, FL 33602

The Tampa-Hillsborough County Expressway Authority held a public meeting at 1:30 p.m. on May 6, 2024, at THEA Headquarters, 1104 E. Twiggs Street in Tampa Florida. The following were present:

BOARD:

Vincent Cassidy, Chairman
Bennett Barrow, Vice Chairman
FDOT District 7 Secretary David Gwynn, Member

STAFF:

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| Greg Slater | Emma Antolinez |
| Amy Lettelleir | Shannon Bush |
| Bob Frey | Toni Nhlapo |
| Brian Pickard | Gary Holland |
| Jeff Seward | Brian Ramirez |
| Keisha Boyd | Elizabeth Gray |
| Shari Callahan | Julie Aure |
| Charlene Varian | Szabina Szenassy |
| Chaketa Mister | Anna Quinones |

OTHERS:

Jim Drapp, HNTB
Christina Matthews, WSP
Scarlett Sharpe, WSP

Chairman Cassidy called the meeting to order at 1:30 pm.

Mr. Slater provided an overview of what the board can expect from the workshop. He thanked Mr. Seward and the Finance Team, as well as Mr. Frey and the Planning team for the work that was put into this workshop.

Mr. Slater reviewed the strategic model, noting that over the last few years, THEA has seen record growth on the system, while the operational growth and organizational growth have been more marginal and more strategic.

This budget focuses on ROI for every dollar, strategic growth, and moving to the organizational structure needed to deliver and support the large capital program over the next ten to fifteen years while serving the growing community

This budget will result in:

- The start of the South Selmon Capacity Project
- A full inventory of THEA assets in a modern GIS system
- New asset management and landscape contracts with a higher system performance standard
- A new OBOS and RTCS
- A new ERP system
- Outsourced payroll
- Fractional HR resources
- Business continuity plans
- Advanced cyber security systems and training programs
- New partnerships with Tax Collectors' Offices
- New video walls for tomorrow's operations
- Plans for US 301, our underpasses, and real estate assets

When we present the final budget in June, you will also see an organizational list of goals to accomplish. A year from now, when we present the FY26 budget, you will see a list of what we accomplished in FY2025 and a series of KPIs around organization performance and health – all of which are integrated with the new Strategic Blueprint and serves as a baseline for what we are going to do.

Work Plan

Mr. Frey presented the Draft FY25 Work Program starting with a summary, noting an FY25 Budget of \$129,937,000 which includes \$17,053,000 for Preservation and \$112,884,000 for Enhancements. He moved on to more detail about the Preservation Program and the Enhancement Program, highlighting major projects for each category. Mr. Frey presented the Work Program statistics, noting 105 projects with the South Selmon Capacity project accounting for the majority of the budget.

Mr. Frey highlighted 20 new projects totaling about \$106M and showed how they align with the goals of the Strategic Blueprint. Finally, he reviewed current grant pursuits.

Budget

Mr. Seward presented an overview of the FY25 budget development process followed by FY25 Revenue Projections. He pointed out net revenue growth is projected to be 9.93%, with miscellaneous revenue remaining flat and investment/interest earnings increasing.

He noted that THEA has applied the minimum 2.5% annual toll indexing, with the toll-by-plate differential remaining unchanged.

Chairman Cassidy asked if the goal is to move more users to SunPass, is the \$.36 differential enough of an incentive to get people to switch.

Mr. Slater noted that THEA's differential is the lowest in the region. He also pointed out that we will implement a marketing campaign in the coming year to encourage users to switch to SunPass.

The Chairman asked about the cost to collect and the SunPass/Toll-by-Plate user ratio of other agencies. Mr. Slater advised that both the cost to collect and the ratio are about the same region-wide.

Secretary Gwynn asked if it was possible to discern the number of users who use Toll-by-Plate who are not from the area. Mr. Slater noted that we could make that determination, adding that we have a lot of EZPass users and others who use the expressway, which all end up being toll-by-plate.

Mr. Seward moved on to a departmental expenditure overview, noting key drivers to changes.

Personnel

- 3% COLA
- 10% estimated increase in health care; 6% for dental and vision
- Addition of one new FTE and reclassification of one currently budgeted FTE
- Represents 32 FTEs and three interns
- Includes increases for pension expense/accrued leave expenses
- Anticipated capitalized salaries are higher due to the robust FY25 capital program

Toll Operations

- Florida Turnpike mandated expenses
- Toll collections
- Toll system maintenance and support
- Other toll operations

Operation and Maintenance

- Roadway & facilities maintenance
- Landscape/Hardscape Brandon Parkway and Meridian
- Intelligent Transportation System (ITS) and other expenses

Information Technology

- Continued consolidation and centralization of IT and ITS activities into the IT budget
- First full year of new department
- Increases in expenditures for cyber security management

Planning and Innovation

- Addition of Planning and Innovation into its own budget work center for FY25 moving from Professional Services to its own work unit
- Each FY budget will be based on a zero-based approach dependent on the next year's organizational priorities and goals

Chairman Cassidy asked Mr. Seward if he has considered allocating payroll expenses across the verticals to get a true cost. Mr. Seward noted that he would need a couple of years of the new baseline to get a feel for those non-personnel expenses – then the personnel costs could be rolled back into the units.

The Chairman noted that while looking at building KPIs, you would not have a holistic approach if you excluded payroll costs. Mr. Slater concurred.

Communications

- Newly developed communications/marketing plan objectives and KPIs

General Counsel, Human Resources, and Procurement

- Addition of General Counsel, Human Resources and Procurement/Contracts into its own budget work center
- Addition of two new budget line activities:
 - Cyber security and litigation legal support services
 - HR support and consulting services

Professional Services

- Estimated 30% increase in bridge, property, and anti-fraud insurance
- Estimated 10% increase in general liability, auto, worker's comp, and cyber security insurance

There was a brief discussion about diversifying coverage to cut costs. Mr. Slater did not recommend decreasing coverage.

Administrative

- \$1.3M of FY24 expenditures reallocation, moved, or consolidated into other work units for FY25

Finally, Mr. Seward summarized and noted the key takeaways, which included:

- Toll revenue increased by 3.13%; total revenue increased 9.93%
- Expenditures increased by 13.82%
- FY25 Capital Work Program is fully funded, including RTCS and OBOS projects, and FY25's South Selmon Capacity expenditures
- Estimated Debt Service ratio of 2.97 at the close of FY25
- FY25 is the last year before the start of THEA's annual repayment of FDOT debt; \$10.6M annually; total over 20 years of \$213,833,835

Chairman Cassidy asked for FY2024 forecasted debt service. Mr. Seward responded that it was 2.67 for FY2024.

Finally, Mr. Seward announced the final budget adoption will be on the June 24, 2024, Board agenda.

The Chairman asked if the only variable is the final number on insurance. Mr. Seward responded in the affirmative.

Mr. Slater mentioned that the T&R forecast now factors in for hurricane disruption and we are including that in the budget.

The Chairman asked if items we have received from the rating agencies have been addressed in the budget. Mr. Slater replied in the affirmative, adding that we have met every requirement.

Mr. Barrow asked about toll indexing/CPI and what it came in at. Mr. Slater noted 4% (five-year average).

Mr. Slater explained that last year, we stayed with the 2.5, but there will be a point that we will have to go beyond that, but we need to discuss a gradual increase with a long-term outlook.

Chairman Cassidy requested, at some time in the future, that staff benchmark the board on free cash flow against revenue and how that compares to our peers.

Mr. Barrow asked what percent of the Selmon West Extension is total revenue. Mr. Slater will get back to the board with that number.

Mr. Slater announced the May Board meeting is not needed and will be canceled.

With no further business, the meeting was adjourned at 2:34 p.m.

APPROVED:  ATTEST: 
Chairman: Vince Cassidy Secretary: Bennet Barrow

DATED THIS 24TH DAY OF JUNE 2024.