



SIERRA CLUB

FLORIDA CHAPTER

August 20, 2020

Dear Taxpayers:

1000 Friends of Florida and Sierra Club have partnered on *M-CORES: A Detour Around Accountability*, focusing on financial and procedural issues associated with the M-CORES toll roads. It draws attention to the lack of ongoing gubernatorial and legislative oversight for a project that could cost upwards of \$26.4 billion over the next decade, without any preliminary determination of need or financial feasibility.

Major findings include:

- Various segments of M-CORES have been planned since the early 2000s, only to be **shot down by Govs. Charlie Crist and Rick Scott and the Florida Department of Transportation** due to lack of financial feasibility.
- The M-CORES legislation was skillfully crafted to incorporate the project into FDOT's five-year work program. This means **it is virtually impossible for the Legislature or Gov. DeSantis to halt M-CORES** without specific legislation to that effect.
- The project bypassed the Florida Department of Transportation (FDOT) Corridor Planning Process, meaning that the project is barreling forward **without any preliminary determination of need or financial feasibility**.
- The entire project could cost **\$26.4 billion or more over the next 10 years**, based on numbers developed by the independent Florida TaxWatch and costs for Florida's Wekiva Parkway.
- In the last (2019-20) and current (2020-21) fiscal years, **\$142.5 million has already been allocated** for the M-CORES toll roads, again without any determination of need or feasibility.
- **Motorized vehicle owners** across Florida are subsidizing M-CORES, to the tune of **\$57.7 million** this year alone.
- **Florida toll road users** from across the state are also significantly subsidizing M-CORES, including **\$50 million** this year alone being reallocated from turnpike tolls to M-CORES, taking money from needed repairs and improvements to toll roads in other parts of the state.
- Due to the impacts of COVID-19, state economists have slashed \$5.4 billion from expected state revenue over the next two years, and an additional **\$1.49 billion (about 5.7%) decrease in funds** going into the State Transportation Trust Fund over the next five years, which is a primary source of M-CORES funding.

- Because M-CORES funding is channeled through FDOT's five-year work program, if the project proceeds as intended, it will **siphon money away from much-needed transportation projects from across the state** also included in the work program.

For these reasons, 1000 Friends of Florida and the Sierra Club are calling on Gov. DeSantis and the Florida Legislature to take action during the upcoming Special Session or during the 2021 Florida Legislative Session to cease funding Florida M-CORES to allow our state to address much more pressing needs.

Attached are both an Executive Summary as well as the full background paper for those who wish to delve deeper into the details. We hope you will join us in advocating for legislative action to cease funding for M-CORES.

Sincerely,



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Executive Summary

M-CORES: A DETOUR AROUND ACCOUNTABILITY

August 20, 2020

In 2019, the Florida Legislature overwhelmingly passed and Gov. DeSantis signed into law SB 7068 authorizing a series of three tolled road systems known collectively as M-CORES (Multi-Use Corridors of Regional Economic Significance) extending through rural and agricultural lands from the Florida Panhandle to the western Everglades. The legislation was spearheaded by Senate President Bill Galvano — representing Manatee and part of Hillsborough counties — who made this his top priority for the 2019 legislative session.

The legislation includes an ironclad requirement that the roads be under construction by the end of 2022 and open to traffic by the end of 2030. **This is an extremely ambitious timeline for the largest transportation project in Florida since the construction of the interstate system in the 1950s.**

Efforts have been underway to build segments of this road since the early 2000s, only to be scuttled by Govs. Charlie Crist and Rick Scott amidst repeated findings of financial infeasibility. The Heartland Parkway, intended to connect Lee County north to Polk/Osceola County, was killed by then-Gov. Crist with a 2007 study by the Florida Turnpike Enterprise finding the proposed road not financially feasible and posing major environmental challenges. A few years later a smaller segment known as the Central Polk Parkway was launched, with FDOT's analysis also finding it not financially feasible. Nonetheless, it was included in the state budget in 2016, only to be vetoed by Gov. Scott. In 2018, funding for a study to develop a proposal to extend the Suncoast Parkway to the Georgia border to facilitate hurricane evacuation passed the Legislature but again was vetoed by Gov. Scott.

Likely mindful of earlier vetoes and setbacks, the M-CORES legislation was skillfully crafted to minimize if not eliminate similar obstacles in the future. M-CORES funding is incorporated into FDOT's five-year work program by statute instead of the normal process of collaborative development with affected communities, **giving FDOT unchecked authority over such a large project and making it impossible for the Governor or Legislature to line-item veto future funding allocations for the project.**

M-CORES also bypasses Florida's corridor planning process adopted under Gov. Jeb Bush and reaffirmed by Gov. Rick Scott. The first step of corridor planning is to determine need, ensure that the project is consistent with statewide, regional and local policies related to growth, identify environmental resources that could be impacted, and develop a plan for moving forward. **The M-CORES legislation allows millions of dollars to be spent** without the typical preliminary corridor planning analysis to determine the need for the system from a transportation perspective or the financial feasibility of the roads. This corridor

planning analysis is supposed to be undertaken prior to the more detailed analyses conducted during later FDOT Project Development and Environmental (PD & E) and Florida Turnpike Enterprise bonding processes. If the corridor planning process had been undertaken, based on earlier studies showing segments NOT to be financially feasible, it is probable that M-CORES would have been halted before getting to the current stage.

While FDOT has not released a cost estimate for planning and building the 330-mile M-CORES road system, construction costs for the Wekiva Parkway, which has been touted as a model for the roads, come in at \$80 million a mile, adjusting for inflation by 2022. Applying this inflation adjusted cost per mile of the Wekiva Parkway to the 330 miles for **the three proposed M-CORES expressways yields a staggering estimated \$26.4 billion price tag, not accounting for inflation beyond 2022.**

In terms of current costs, planning, design, and other preliminary work for M-CORES roads received \$25.5 million in the 2019-2020 fiscal year, and \$117 million in the current 2020-2021 fiscal year. Plus, \$32.5 million was allocated to other M-CORES related programs in each of those years. See APPENDIX A for a more detailed breakdown of the projected revenue and expenses for past, current and future years.

Florida motorized vehicle owners are subsidizing the M-CORES toll road system and related programs, including \$100 million this year alone (2020-2021): \$90 million from the annual license tax Floridians pay for their trucks, trailers, buses, and commercial vehicles, and \$10 million from what we believe to be an advance from the State Transportation Trust Fund. The funding from the annual motor vehicle license fee, formerly sent to general revenue, is retained in the State Transportation Trust Fund and redirected to M-CORES, instead of being allocated to other needs facing Florida at present, or for that matter, returned to vehicle owners who have been paying an extra 35% on their motor vehicle license fees since 2009. If the status quo is maintained, a significant portion of motorized vehicle tax revenue will continue to be allocated toward M-CORES in future years, meaning vehicle owners will continue to subsidize M-CORES whether they ever use the roads or not. FDOT also has the authority to sweep funds from other pools.

Florida toll road users from across the state will also significantly subsidize M-CORES, including \$50 million this year alone (2020-2021) being reallocated to M-CORES from Turnpike Tolls from the rest of the Turnpike system. This subsidy is likely to grow in future years. In a recent study, Florida TaxWatch found that the current Suncoast Parkway (part of the Suncoast Corridor) had initially estimated \$150 million annually in toll collection by 2014, with actual collections turning out to be \$22 million that year and growing to only \$29 million by 2019. Because of this dramatic shortfall in revenue, revenue from other segments of Florida's Turnpike System underwrites this segment, meaning critical improvements in South Florida and other parts of the state cannot be undertaken. Extending this highway further would amplify this negative impact. Florida TaxWatch concluded, "... **the Suncoast Connector is a risky project with what is sure to be a large price tag and little demonstrated transportation need.**"

Even if appropriate financial feasibility analysis had been undertaken, due to the significant financial ramifications of COVID-19, it would be time for re-evaluation. When M-CORES was approved, Florida was growing at a rate of close to 1,000 new residents a day; the current estimate is 750 new residents a day. As Florida TaxWatch noted in its study, due to the decrease in driving, the state is generating less in gas taxes, rental car surcharges, and tolls. In August 2020, state economists slashed \$5.4 billion from expected state revenue over the next two fiscal years due to the impacts of the pandemic. This includes an estimated decrease of \$1.49 billion of revenue (about 5.7%) flowing into the State Transportation Trust

fund over the next five years “related to the effects of the Coronavirus outbreak and associated lower economic expectations going forward.”

The long-term implications of COVID-19 on tourism and the overall economy are unclear. What is clear is that the tens of millions of dollars committed to M-CORES planning this year alone, and the billions that would be invested in the project in future years, could go a long way to address more pressing needs facing Florida.

For these reasons it is recommended that funding be suspended for M-CORES. The project did not follow the state’s corridor planning process; no determination of need or financial feasibility has been made; earlier studies found segments of the corridor to not be financially feasible; and a significant portion of the funding is diverted from general revenue, making it unavailable to address more pressing needs at this time, including those related to the COVID-19 pandemic.

To cease funding M-CORES, **legislative action will be necessary. Possible actions include:**

- **Amend or repeal some or all M-CORES legislation.** An example could be amending 320.08 to reduce all the increased license fees by the amount they were raised in 2009. This would have the effect of voiding the increase to the STTF caused by the amendment to 320.08 and would thereby eliminate some of the funding for M-CORES;
- **Require all M-CORES projects included in aggregated line items in the budget to be expressly included in proviso language** so they would be susceptible to amendment in the Legislature and to line item veto(s) by the Governor; or
- **Impose restrictions on FDOT regarding the use of Turnpike toll revenues** for projects that have not gone through the usual process to be included in the 5-year work program.

This list is not exhaustive but is a starting point.



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BACKGROUND REPORT

M-CORES: A DETOUR AROUND ACCOUNTABILITY

**A Joint Paper of
1000 Friends of Florida
and
Sierra Club Florida Chapter**

M-CORES: A DETOUR AROUND ACCOUNTABILITY

August 20, 2020

In the 2019 Session, the Florida Legislature passed, and Gov. DeSantis signed into law SB 7068 authorizing the construction of three Multi-Use Corridors of Regional Economic Significance, or M-CORES. **These tolled expressways are planned to extend 330 miles through predominantly rural and agricultural lands from the Florida Panhandle to the western Everglades** along the following three corridors:

- **Suncoast Connector** extending from Jefferson to Citrus County
- **Northern Turnpike Connector** extending from the Suncoast Connector to the northern terminus of the Florida Turnpike
- **Southwest-Central Florida Connector** extending from Polk to Collier County; a previous highway planned for the route was called the Heartland Parkway

When SB 7068 was crafted to authorize M-CORES, instead of starting with the broad question of what are the best ways to address the legitimate critical issues facing rural communities along these corridors— including economic development, broadband connectivity, transportation needs, and other priorities— M-CORES identified toll road construction as the comprehensive solution without any analysis. Billions of dollars could be committed without any demonstration that this is the best— or even financially feasible— approach.

A ROAD SYSTEM WITH MANY LIVES

The idea behind M-CORES has arisen repeatedly over the last 15 years. The June 28, 2016 article by Jason Garcia in *Florida Trend*, [Florida road project has nine lives: Each time it seems to die, a road project in Polk County rises again](#), provides an excellent overview, including backstory on some of the large landowners destined to benefit from the massive project and the powerful legislators who pushed the project on their behalf.

The Heartland Parkway – The article outlines how, in about 2005, some large landowners and land-use attorneys met to discuss new options for the agricultural lands of central Florida, including a new toll road intended to link Orlando with southwest Florida, called the Heartland Parkway. This proposed 150-mile road would open lands to develop more intensely while putting some aside in conservation easements. But in late 2006, new Gov. Charlie Crist ordered planning on the road to cease.

A May 2007 paper by the Florida Turnpike Enterprise (FTE), *Heartland Parkway: Preliminary Planning and Feasibility Analysis*, provides valuable insights. FTE evaluated the feasibility of toll funding for a new toll corridor from eastern Lee County to the Polk/Osceola County region, a step not taken for the M-CORES program. The 2007 paper notes “... a study corridor was established, project cost estimates were completed, traffic and toll revenues were estimated, an environmental overview was performed, and initial coordination was accomplished among governments, stakeholders, and interested parties in and along the corridor.” None of this was undertaken prior to launching M-CORES.

The *Heartland Parkway* paper also described obstacles to the proposal: “The environmental overview revealed that, while the environmental issues associated with the project would not be out of the ordinary

for a highway project, they would be on a much grander scale than ever encountered in any previous Florida project. Some critics of the project maintain that a new transportation corridor through the Heartland would open up the mostly-agricultural rural area to urban sprawl.”

And finally, “The financial evaluation concluded that the project would not be feasible as a Turnpike project, based on statutory requirements. The substantial costs required to implement the corridor would not be sufficiently covered by the predicted toll revenue earnings of the project.” **The M-CORES legislation does an end run around those same statutory requirements, which are designed to protect taxpayers from boondoggles.**

The Central Polk Parkway – In 2011, the Florida Department of Transportation resurrected part of the plan with a study evaluating a segment then known as the “Central Polk Parkway.” The department found the segment not to be financially feasible, as its tolls were projected to generate less than \$300 million in bonding capacity, or about 16% of the \$1.8 billion cost. The following year, however, FDOT commissioned \$34 million to work on a 40-mile segment of the Central Polk Parkway independent of the rest of the project. But in 2015, after spending more than \$20 million, FDOT cancelled the project due to its lack of financial feasibility, allocating the \$14 million balance to other local roads.

The road was resurrected again in 2016, when House and Senate leaders put a provision into the state budget to allow FDOT to continue working on the road. While it passed, Gov. Rick Scott vetoed the funding. Shortly thereafter, FDOT announced it was once again studying the Central Polk Parkway.

The Suncoast Parkway Extension – Fast forward a few years to spring 2018. Proviso language in line item 1866 in the FY 2018-2019 budget was adopted by the Legislature to allocate \$1.5 million to FDOT to “develop a proposal to extend the Suncoast Parkway north to the Georgia state line to serve the state as a major hurricane evacuation route.” This item was vetoed by Gov. Scott.

The report was to be presented to the President of the Senate and Speaker of the House by January 1, 2019 and include a timeline covering “a project development and environmental study, preliminary engineering, and construction.” The report also was to include “a map indicating the recommended alignment, an estimate of costs, and identification of all potential funding sources.” This information was also to be included in FDOT’s five-year Work Program, to be adopted July 1, 2019. There is no reason to believe an alternative study was undertaken by FDOT to assist with the 2019 SB 7068 legislation that authorized M-CORES. No such information was included in the legislative staff analyses for the bill in either chamber.

M-CORES – The M-CORES provisions introduced during the 2019 session were skillfully crafted. As noted, M-CORES would link the former Heartland Parkway, Central Polk Parkway, Suncoast Parkway and an extension of Florida’s Turnpike as a 330-mile tolled corridor, with the ostensible purpose of hurricane evacuation and economic development. Likely mindful of the series of past project halts and vetoes by Govs. Charlie Crist and Rick Scott, M-CORES was designed to be incorporated into FDOT’s five-year work program, making it essentially bulletproof to vetoes or public interference, as discussed later in this paper.

M-CORES would be the largest road project in Florida since the planning and construction of the interstate system in the 1950s and 1960s. If and when constructed, M-CORES will bring major, permanent change to vast swaths of Florida’s remaining rural and agricultural lands, with significant impacts to vital environmentally sensitive lands and waters and the quality of life in rural communities.

REVENUE & EXPENSES

Cutting to the chase, how much will planning, designing and constructing the proposed M-CORES toll roads cost, where is the money coming from, and where will the money go? See APPENDIX A for a more detailed estimate of both revenue and expenses for past, current and future years.

BILLIONS OF PUBLIC DOLLARS TO CONSTRUCT THE ROADS

Environmental and social costs aside, FDOT has not released an estimate on the total cost of planning and constructing the M-CORES toll road system. However, it has regularly held up the Wekiva Parkway, a 25-mile state highway designed to protect sensitive natural resources in Central Florida, as a model for M-CORES.

According to information released by FDOT, the Wekiva Parkway will have a total cost of \$1.74 billion, which is \$69.6 million per mile. However, the Wekiva Parkway has been in planning and under construction for years; it was authorized by the Legislature in 2004, its Project Development and Environment (PD&E) Study began in 2005, construction began in 2015, and it is not scheduled to open fully until 2023. The FDOT total cost of \$1.74 billion is not adjusted for inflation.

However, using inflation factors published by FDOT, Florida TaxWatch estimates the total inflation adjusted cost for the Wekiva Parkway at \$2 billion, or \$80 million per mile, by 2022, the same year that construction is scheduled to begin on M-CORES. **Applying this inflation adjusted cost per mile of the Wekiva Parkway to the 330 miles for the three proposed M-CORES expressways yields a staggering \$26.4 billion. However, even this figure could understate the total cost for the three highways, because it doesn't account for inflation in the future.**

If the three M-CORES expressways take 15 years to build — the eight-year construction timeframe for 330 miles of toll roads, including bridges, interchanges, and other features is unrealistic, especially given how long it has taken (or is still taking) to complete much shorter roads — the mid-point would come in 2028. Using FDOT's own annual inflation factors, which range from 2.6% to 3.3% over the next decade, an \$80 million per mile cost for construction in mid-2022 would increase to \$95 million per mile by mid-2028. **Applying that average to the 330 miles proposed for M-CORES yields an eye-popping total of \$31.35 billion.**

FUNDING TO DATE

In fiscal year 2019-2020, \$12.5 million was allocated in SB 7068 (2019) to spend on M-CORES planning and related costs and an additional \$32.5 million was allocated to provide \$10 million each to the Small County Outreach Program (SCOP), the Small County Road Assistance Program (SCRAP), and Transportation Disadvantaged (TD), and \$2.5 million for workforce development for a total of \$45 million. These programs: SCOP, SCRAP, TD, and Workforce Development were included in the original legislation as “sweeteners” for the rural counties the toll roads will cut through. Funding for SCOP, SCRAP, and TD will remain at \$10 million/year each for the foreseeable future, but Workforce Development funding will

only get \$2.5 million for three years. The FDOT Adopted Work Program for 2019-20 shows an additional \$13 million of funding for M-CORES planning and related costs.

This fiscal year alone (2020-2021) at least \$117 million has been allocated for M-CORES in FDOT's adopted 5-year work program. This includes \$57.5 million from the State Transportation Trust Fund (STTF) for planning the system, \$50 million from Turnpike tolls (from the rest of the Turnpike system), and \$10 million that is likely carried forward from the 19-20 fiscal year or is an advance from the STTF. (The provenance of that \$10 million is still being investigated.)

WHERE M-CORES FUNDING COMES FROM

The FDOT Adopted Work Program shows that M-CORES funding is currently provided by two main sources: turnpike tolls and vehicle licensing fees. In SB 7068, s. 338.2278(4)(b) also gives sweeping authority to the Florida Department of Transportation to obtain additional funding needed to complete construction. These sources include turnpike revenue bonds; right-of-way and bridge construction bonds; Florida Department of Transportation Financing Corporation bonds; advances from the STTF (which should be repaid by toll revenue "to the extent legally available"); funds obtained by the creation of public-private partnerships; and donations of land.

The legislation specifies that project construction is not eligible for funding until reports from state task forces appointed to evaluate each M-CORES expressway have been completed and 30% of the design phase has been completed, "except for in project phases that are under construction or for which project alignment has been determined."

Turnpike Toll Revenue— In the 2020-21 fiscal year, the Adopted Work Program actually allocates \$50 million of Turnpike tolls to M-CORES projects despite the Florida TaxWatch study reporting that \$35 million of existing turnpike revenue is allocated annually for M-CORES corridor access and connectivity. This means that Florida toll road users from across the state are already significantly subsidizing M-CORES.

This is only likely to grow. According to the Florida TaxWatch study, the current Suncoast Parkway (part of the Suncoast Corridor) had initially estimated \$150 million annually in toll collection by 2014, with actual collections turning out to be \$22 million that year and growing to only \$29 million by 2019. Because of this dramatic shortfall in revenue, revenue from other segments of Florida's Turnpike System underwrite this segment already, meaning critical improvements in South Florida and other parts of the state cannot be undertaken.

The use of Turnpike tolls is relatively straightforward. It is authorized in 338.2278(4)(b) F.S., advances from the STTF, which must be reimbursed by tolls not otherwise obligated; in subsection (3) of 338.223 F.S., authorizing reimbursement for proposed Turnpike projects out of Turnpike revenues; and in subsection (2) of 338.2275 F.S., authorizing the use of Turnpike revenues for approved Turnpike projects.

The use of Turnpike tolls is also obliquely authorized in Section 4 of SB 7068 (2019). Section 4 of the bill creates a new section of law, 339.1373 F.S., which directs FDOT to "allocate sufficient funds" to implement M-CORES, to amend M-CORES into the work program (bypassing need, conformity with local

comprehensive plans, and FDOT district input and to submit a budget amendment requesting budget authority necessary to implement M-CORES.

Vehicle Licensing Fees—Funding from vehicle licensing fees is more complicated. According to the 2019 M-CORES legislation, funding shall come from “increased revenues to the State Transportation Trust Fund derived from the amendments to s. 320.08 made by this act and deposited into the fund.” S. 320.08, Florida Statutes, pertains to the “annual license taxes for the operation of motor vehicles, mopeds, motorized bicycles,” as well as tri-vehicles and mobile homes, and the amendment to it made in SB 7068 was to strike all the language sending ~35% of the licensing fees to general revenue. The money retained in the STTF is a source of funding for both the M-CORES and the SCOP, SCRAP, TD, and Workforce Development programs. M-CORES also receives funding from Turnpike tolls and is eligible for numerous other sources.

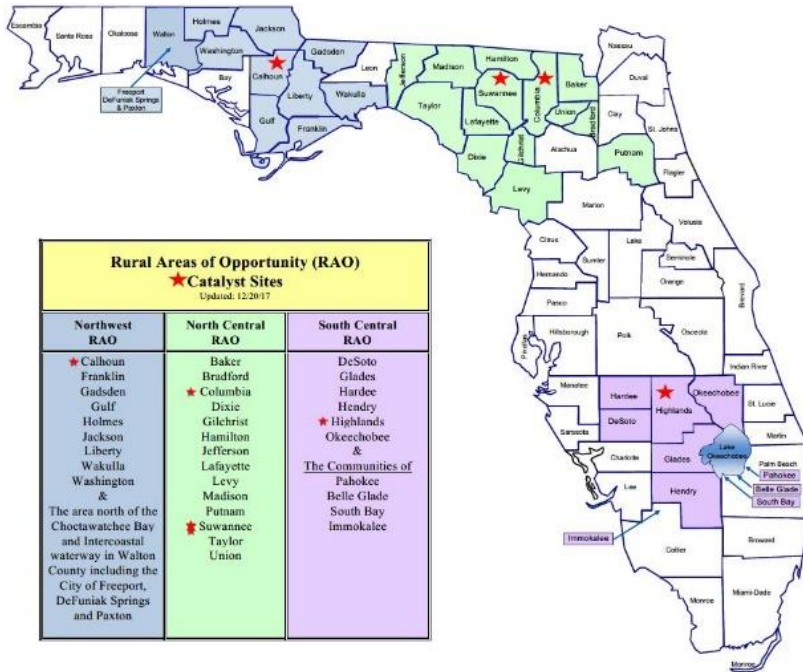
As background, in 2009, the Legislature was faced with a budget shortfall because of the “great recession.” Legislators imposed a 35% increase in vehicle licensing fees for trucks, trailers, and other commercial vehicles which was deposited in the state transportation trust fund (STTF). That 35% of new money (at the time a bit over \$100 million) was then sent from the STTF to general revenue for other expense categories, including schools and health care. When the recession was over the fee was not reduced and the extra money it generated continued to be sent to general revenue every year for expenses having nothing to do with roads or vehicles.

When the M-CORES bill (SB 7068) was passed in 2019, the licensing fee money being sent to general revenue was instead retained in the STTF to be redirected to M-CORES in progressively larger amounts over three years. The inflated fee currently generates roughly \$132.5 million and in 19-20 \$45 million of it was retained by the STTF with the balance going to general revenue. In 20-21 the STTF will retain \$90 million, and in 21-22 and thereafter the STTF will retain all of the extra money generated by the higher vehicle licensing fees. No further funding from vehicle licenses will go to general revenue despite the severe economic impacts of and hardships associated with COVID-19. In short, in addition to all turnpike drivers, commercial vehicle and trailer owners are also subsidizing M-CORES toll roads.

Title fees - Since 2013, funds from the STTF generated by motor vehicle title fees have been allocated to the Florida Turnpike Enterprise for use for turnpike “feeder roads, structures, interchanges, appurtenances, and other rights to create or facilitate access to the existing turnpike system.” **Starting in 2022-23, the M-CORES legislation diverts this funding to be used specifically for the M-CORES related feeder roads, etc. (339.0801(2)(b) F.S.), thus taking critical funding from other portions of the state turnpike system.** Current statute provides that monies generated by these title fees in excess of \$200 million per year shall go to general revenue. (319.32(5)(a) F.S.).

Surplus from other state programs - Under the M-CORES legislation, the program is able to siphon unused funds from the programs intended to pave and repair rural roads and bridges, assist the transportation disadvantaged, and provide workforce training to veterans and others. In addition to the license taxes discussed above, s. 338.2278(8)(g), F.S., specifies that funding for these programs not committed by the end of each fiscal year shall be used to fund M-CORES projects, and “the adopted work program may be amended to transfer funds between appropriations categories or to increase an appropriation category” to implement the provisions of the section. In other words, additional revenue each year can come from unused funds associated with a series of programs including surplus funds from the:

- **Small County Road Assistance Program (SCRAP)**, a program to assist small county governments (generally 75,000 or less in population in 1990) in resurfacing and reconstructing county roads. In FY 2020-21, the statutory \$10 million is allocated to SCRAP. But it is unclear if some of these funds will be rolled into M-CORES at a later date.



Small County Outreach Program (SCOP) funds are intended for designated Rural Areas of Opportunity

- **Small County Outreach Program (SCOP)**, a program directed towards Florida's designated Rural Areas of Economic Opportunity, is intended to assist small county governments (Small counties for SCOP purposes are $\leq 200,000$ in population. (Per 339.2218(2), F.S.) Funding is for repairing or rehabilitating county bridges, paving unpaved roads, addressing road-related drainage improvements, resurfacing or reconstructing county roads, or constructing capacity safety improvements on county roads. Created in 2014, SCOP was allocated \$10 million in FY 2020-21.

- **Transportation Disadvantaged Trust Fund**, established under s. 320.03 (9), F.S., is derived from a nonrefundable fee of \$1.50 charged on the initial and renewal registration of each automobile for private use, and on the initial and renewal registration of each truck having a net weight of 5,000 pounds or less. Priority is given to the transportation needs of those who, because of age or physical and mental disability, are unable to transport themselves and are dependent upon others to obtain access to health care, employment, education, shopping, or other life-sustaining activities.
- **Workforce Development Programs** appears to encompass 18 programs directed to assist veterans, trade workers, migrant and seasonal farmworkers, people seeking reemployment, and others in need of assistance to re-enter or remain in the workforce. In FY 2020-21, \$2.5 million was allocated for these programs. From initial review, it is not clear whether this funding has been disbursed for M-CORES workforce development as it is neither in the work program or the General Appropriations Act.

Note that the SCOP, SCRAP, TD, and Workforce Development programs are not included in the 5-year work program and their M-CORES-related share cannot be identified in the General Appropriations Act (the state budget), so there doesn't appear to be a way to know if they received the funding provided in the underlying legislation, 2019's SB 7068. It's unlikely the State is withholding that funding since the programs were included as inducements to rural communities to support the M-CORES program in their jurisdictions. But once bonds have been

sold and the state is no longer able to back out of the commitment to build the toll roads, it may be a different story.

Bonding -- As noted earlier, much of the funding for planning, design and initial construction will come from monies diverted from general revenue to the STTF and redirected to M-CORES. But additionally, FDOT is authorized to borrow billions of additional dollars to complete construction. Subsection (1) of section 338.2275, F.S. reads:

(1) Legislative approval of the department's tentative work program that contains the turnpike project constitutes approval to issue bonds as required by s. 11(f), Art. VII of the State Constitution. No more than \$10 billion of bonds may be outstanding to fund approved turnpike projects.

The Tentative Work Program is adjusted immediately after the legislative session ends to incorporate relevant provisions of the General Appropriations Act and to conform the work program to those changes. When the Tentative Work Program is signed by the Secretary of FDOT, it becomes the Adopted Work Program, and per the language of 338.2275(1) F.S., any needed bonding is thereby authorized.

It is clear from the cost estimates derived from similar road projects that current tolls will be insufficient to cover construction costs. It is also clear that in order to achieve the extremely short timeframe SB 7068 allows for construction of all 330 miles of toll road, borrowing by issuing bonds will be necessary. Construction must "to the maximum extent feasible" start by Dec. 31, 2022 and the roads must be open to traffic by Dec. 31, 2030. Contractors will have to be paid; equipment will have to be leased; material will have to be purchased; and workers will have to be paid. All of that will take a lot of money and while bonding increases the cost of a project, it also allows the repayment to be spread out many years. The [Florida TaxWatch examination of the Suncoast Connector](#) points out that on a per-mile basis, using the mid-range cost estimate, tolls on the Suncoast Connector would have to bring in 10% more than the Turnpike average. TaxWatch also points out that traffic in the Suncoast corridor is only 1/8th of the Turnpike as a whole.

WHAT M-CORES FUNDING IS USED FOR

At this point the work program for the current fiscal year shows \$50 million in toll money used for preliminary engineering consulting, right-of-way land acquisition, right-of-way support, and transportation planning support for all three corridors, with only \$1,000 for highway construction.

The \$67.5 million from the STTF in this fiscal year's work program is being spent on the same categories plus funding for the program at the state level (not associated with any specific corridor).

PROCEDURAL ISSUES

In addition to the substantial price tag, there are a number of procedural issues that raise serious concerns about the M-CORES planning process.

UNCHECKED AUTHORITY FOR FDOT, BYPASSING MEANINGFUL OVERSIGHT BY THE GOVERNOR AND LEGISLATURE

Most of FDOT's funding is tied up in its 5-year Work Program. The 5-year structure is to accommodate the very large sums and the lengthy time-spans needed for road building and also to comport with the share that is federal funding which uses a similar system.

FDOT first drafts a Tentative Work Program which is subject to public hearings. The Tentative Work Program is then sent to Florida's metropolitan planning organizations and each county for review. The final version is presented to the Governor and Legislature two weeks prior to the start of the annual Legislative Session. On July 1 it is approved by the Secretary of Transportation and becomes the new Adopted Work Program.

Funding for the current year's Work Program expenditures is included in the annual budget, but the components of the different projects in the work program are aggregated into separate line items. For example, transportation planning funding for all projects across Florida is lumped together in one line item. So is funding for engineering, right-of-way acquisition, etc. This means the Governor is not able to veto a project in the budget without vetoing all other projects sharing line-item lump sum amounts.

Because M-CORES' allocations are included in the FDOT 5-year work program and lumped together with other work program projects into aggregated line items in the General Appropriations Act, funding for the three toll roads essentially bypasses review and approval by the Governor and Legislature. Since M-CORES funding is aggregated with other programs in the state budget, and the adopted work program includes amounts not clearly specified in law, it is nearly impossible to determine the total funds allocated for the program on an annual basis.

The M-CORES legislation gives FDOT unchecked authority to move forward with the planning and construction of such a major road system without meaningful legislative or gubernatorial oversight. Any future reductions to or elimination of M-CORES funding will require legislative action. Possible actions include: amendment or repeal of some or all of the M-CORES statutes, or requiring some or all M-CORES projects to be specified in the General Appropriations Act which would give both legislators and the Governor a means of adjusting the program during the budget process.

NO INITIAL DEMONSTRATION OF NEED

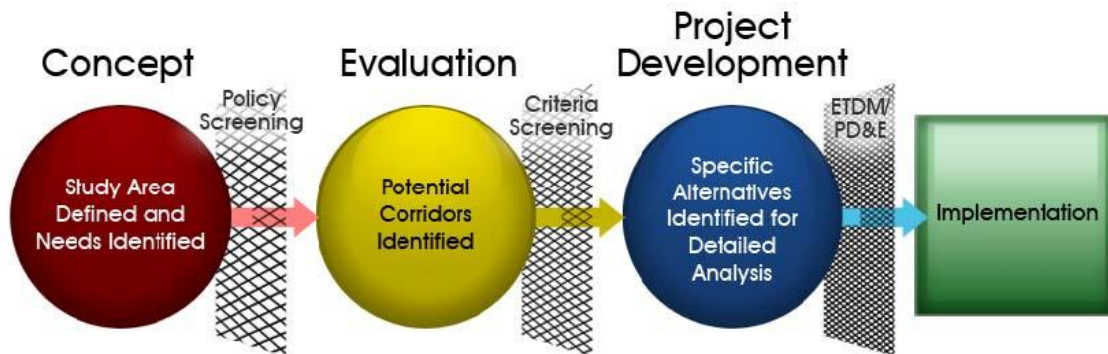
Transportation in Florida is supposed to be guided by a long-range plan, supplemented by 5-year work plans, with new road systems guided by the corridor planning process. M-CORES circumvents all of this. According to FDOT, the [Florida Corridor Planning process](#) includes the following phases:

1. In the concept phase, define a study area and identify "statewide connectivity and mobility" needs, determine whether significant transportation investment "is consistent with statewide

policies and available regional and community visions and plans for growth,” identify community and environmental issues, and develop a framework for moving forward.

2. In the evaluation phase, identify potential corridors and alternatives, build consensus, and move forward on an action plan for viable corridors.

3. In the project development phase, use FDOT’s Efficient Transportation Decision-Making and Project Development and Environment (PD & E) processes to conduct a more detailed analysis and move forward into implementation.



Source: [Florida Department of Transportation Future Corridor Planning Process](#)

The first step of corridor planning, adopted under Gov. Jeb Bush and reaffirmed by Gov. Rick Scott, is to determine need, ensure that the project is consistent with statewide, regional and local policies related to growth, identify environmental resources and develop a plan for moving forward. **But with M-CORES there is no transportation planning process to determine whether the three expressways meet these initial requirements and provide the best transportation solution for 21st-century Florida.**

The [Miami Herald](#) reports Senate President Galvano defended the tight timelines for creating more than 300 miles of toll roads (construction starting by 2022 and completing by 2030), saying the Department of Transportation’s usual process is “not realistic” because it’s too slow. Galvano noted, “The days of relying on a five-year plan are ... not realistic in modern Florida, a Florida that’s the 14th largest economy on the planet.” M-CORES’ 330-mile length would increase total Turnpike miles by 66.2% at a cost of tens of billions of dollars. This makes it especially critical that statutory requirements for evaluating need and financial feasibility be followed, not skirted.

NO INITIAL DETERMINATION OF FINANCIAL FEASIBILITY

An underlying principle of new toll road construction in Florida is that it must be deemed “economically feasible.” According to subsection (8) of section 338.221, F.S., “economically feasible” means:

(a) For a proposed turnpike project, that, as determined by the department before the issuance of revenue bonds for the project, the estimated net revenues of the proposed turnpike project, excluding feeder roads and turnpike improvements, will be sufficient to pay at least 50 percent of the annual debt service on the bonds associated with the project by the end of the 12th year of operation and to pay at least 100 percent of the debt service on the bonds by the end of the 30th year of operation. In

implementing this paragraph, up to 50 percent of the adopted work program costs of the project may be funded from turnpike revenues.

(b) For turnpike projects, except for feeder roads and turnpike improvements, financed from revenues of the turnpike system, such project, or such group of projects, originally financed from revenues of the turnpike system, that the project is expected to generate sufficient revenues to amortize project costs within 15 years of opening to traffic.

Normally, a preliminary determination of need and feasibility are undertaken during the first step of Florida's corridor planning process prior to launching a major new road project such as M-CORES. This type of process was detailed in the \$1.5 million study for the Suncoast corridor that was included as a line item in the FY 2018-2019 budget but subsequently vetoed by Gov. Scott.

Bypassing the more direct approach that was vetoed, in the 2019-2020 fiscal year, the M-CORES legislation was skillfully crafted to circumvent any detailed analysis of the need for such a road system, or determination of whether there is sufficient bonding capacity through the Florida Turnpike System to actually pay for the roads' construction and maintenance. So henceforth, a minimum of \$100 million a year is being allocated to pay for planning and construction of a road system that has not yet been vetted for need or financial feasibility. And in fact, the Adopted Work Program shows that significantly more than \$100 million is being and will be spent. **The fundamental corridor planning analysis of need and financial feasibility of M-CORES should have been completed before spending hundreds of millions of dollars to plan and design the road system.**

FLORIDA TAXWATCH ANALYSIS

A recent study by taxpayer watchdog group Florida TaxWatch, [*The Suncoast Connector: What We Still Need to Know*](#), was released on July 16, 2020 and focuses on "...the potential costs and long-term financial challenges and obligations of constructing the Suncoast Connector portion of the M-CORES program. Essentially, this analysis focuses on the need for, cost of, and revenue potential from the Suncoast Connector toll road as an expansion of Florida's Turnpike System."

While the TaxWatch report focuses on the Suncoast Connector, it provides valuable insights for the M-CORES corridors in general. As noted in the report, "the M-CORES law was passed before an analysis of the need for, or the impacts of, these new roads was completed. These projects were not in FDOT work programs or under study, and there is no requirement, or even a designated opportunity, for the Legislature to approve the projects after they are approved and developed by FDOT." (As noted earlier, 338.2275 (1) F.S. establishes a requirement that the Legislature approve bonding issues when the tentative work program is adopted, but there is no hard and set time and place for this event.)

Major findings of the report include:

- M-CORES will receive as much as \$100 million annually from funding sources that originally went to general revenue.
- Additionally, \$35 million of revenue from title fees now placed in the STTF for corridor access and connectivity for the entire turnpike will be limited to being used for the same purposes for M-CORES.

- This funding will likely not be enough to complete the project on its own.
- The new roads must be tolled facilities, so toll revenue and bonds will be used (subject to an economic feasibility test).
- Based on other state highway projects, TaxWatch estimates the Suncoast Corridor has a range of cost from \$4.0 billion to \$10.5 billion, making it doubtful that using bonds alone to pay for the construction portion of total costs would be feasible.
- At the midpoint cost estimate, the Suncoast Connector would need to produce \$2.37 million per mile in toll revenue to pay off the bonds to fund 70 percent of total costs—including design and right of way—which would be 10% more than the average revenue per mile of the whole Turnpike system.
- At the high point cost estimate, the Suncoast Connector would have to produce \$3.43 million per mile, 60% higher than the average for the Turnpike, or 83% of the top per-mile revenue-producing segment of the Turnpike; however, the Turnpike has an average daily vehicle miles travelled (DVMT) per lane mile that is more than eight times that of U.S. 19, the main road in the Suncoast Corridor.
- If toll revenues are not sufficient to meet debt service requirements, the rest of the Turnpike will have to subsidize it.
- The new toll road may also require funding from the State Transportation Trust Fund, diverting money from needed transportation projects.

Florida TaxWatch notes that this analysis finds that “... **the Suncoast Connector is a risky project with what is sure to be a large price tag and little demonstrated transportation need.** Complicating the process is that this project is moving forward while COVID-19 has the state facing major reductions to government revenue—including gas taxes and tolls.”

CONCLUSION

While M-CORES’ financial feasibility has never been demonstrated, it is now even more in question with the outbreak of COVID-19 and the associated economic impacts on Florida, the nation and the world. **On August 20, [Florida economists slashed \\$5.4 billion from expected state revenue](#) for FY 2020-21 and 2021-22 due to the impacts of the pandemic.**

As a precursor to this, on April 2, 2020, FDOT released a *Voluntary Notice Regarding Potential Effects of COVID-19 Pandemic*. Among other things, it noted, “For the time period from February 29, 2020, to March 27, 2020, the Turnpike System has experienced a 19.4% decrease in traffic count year-over-year; with daily traffic volume declines reaching 51% as of Friday, March 27.”

On August 7, 2020, Florida’s [Revenue Estimating Conference](#) met to reevaluate anticipated State Transportation Trust Fund revenue. For the FDOT Adopted Five-Year Work Program period from the current fiscal year (2020-21) to FY 2025-26, it **estimated a decrease of \$1.49 billion of revenue (about 5.7%) flowing into the STFF primarily “related to the effects of the Coronavirus outbreak and the associated lower economic expectations going forward.”** This included decreases in revenues from a host of fuel taxes, the \$2 Rental Car Surcharge, motor vehicle license and registration-related fees, and other transportation-related revenue sources. If M-CORES planning and construction is to proceed as intended,

this will significantly impact the ability to fund other much-needed transportation projects across the state.

For the reasons outlined in this paper, it is recommended that funding be suspended for M-CORES. The project did not follow the state's corridor planning process; no determination of need or financial feasibility has been made; earlier studies found segments of the corridor to not be financially feasible; a significant portion of the funding is diverted from general revenue, which could be far better allocated to more pressing needs at this time of COVID 19.

To cease funding M-CORES, **legislative action will be necessary. Possible actions include:**

- Amend or repeal some or all M-CORES legislation. An example could be amending 320.08 to reduce all the increased license fees by the amount they were raised in 2009. This would have the effect of voiding the increase to the STTF caused by the amendment to 320.08 and would thereby eliminate some of the funding for M-CORES;
- Give legislators and the Governor an opportunity to exercise their oversight responsibilities by requiring all M-CORES projects included in aggregated line items in the budget to be expressly included in proviso language so they would be susceptible to amendment in the Legislature and to line item veto(s) by the Governor; or
- Impose restrictions on FDOT regarding the use of Turnpike toll revenues for projects that have not gone through the usual process to be included in the 5-year work program.

This list is not exhaustive, but is a starting point.

APPENDIX A

**FY 2019-2020
M-CORES FUNDING BY GENERAL/CORRIDOR and PURPOSE**

| CORRIDOR | PURPOSE | 2019-2020 FUNDING |
|--|---|--------------------------|
| M-CORES GENERAL | | |
| | INTRASTATE HIGHWAY CONSTR - CONST CONTRACT | 0 |
| | RIGHT-OF-WAY SUPPORT - ROW CONSULTANT | 2,750,000 |
| | TRANSP PLANNING CONSULT - PLANNING CONSULTANT | 2,250,000 |
| M-CORES GENERAL TOTAL | | 5,000,000 |
| SOUTHWEST-CENTRAL CONNECTOR | | |
| | PRELIMINARY ENGR CONSULT - PD&E CONSULTANT | 2,000,000 |
| | TRANSP PLANNING CONSULT - PLANNING CONSULTANT | 6,000,000 |
| SOUTHWEST-CENTRAL CONNECTOR TOTAL | | 8,000,000 |
| SUNCOAST CONNECTOR | | |
| | PRELIMINARY ENGR CONSULT - PD&E CONSULTANT | 2,000,000 |
| | TRANSP PLANNING CONSULT - PLANNING CONSULTANT | 6,000,000 |
| | PRELIMINARY ENGR CONSULT - PD&E CONSULTANT | 2,000,000 |
| | TRANSP PLANNING CONSULT - PLANNING CONSULTANT | 2,500,000 |
| SUNCOAST CONNECTOR TOTAL | | 12,500,000 |
| M-CORES 2019-2020 FUNDING TOTAL | | 25,500,000 |

Source FDOT 2019 ADOPTED 5-YEAR WORK PROGRAM AWP_07_01

**FY 2019-20 AND 2020-21
M-CORES FUNDING BY GENERAL AND CORRIDOR**

| FUNDING BY PURPOSE BY GENERAL AND CORRIDOR USE | | |
|---|-----------------------------------|--------------------|
| FUNDING PURPOSE | GENERAL M-CORES / CORRIDOR | FUNDING |
| INTRASTATE HIGHWAY CONSTR | M-CORES | 1,000 |
| PRELIMINARY ENGR CONSULT | M-CORES | 2,000,000 |
| PRELIMINARY ENGR CONSULT | SOUTHWEST-CENTRAL CONNECTOR | 30,000,000 |
| PRELIMINARY ENGR CONSULT | SUNCOAST CONNECTOR | 30,000,000 |
| PRELIMINARY ENGR CONSULT | TURNPIKE CONNECTOR | 26,000,000 |
| RIGHT-OF-WAY SUPPORT | M-CORES | 4,850,000 |
| RIGHT-OF-WAY SUPPORT | SOUTHWEST-CENTRAL CONNECTOR | 6,000,000 |
| RIGHT-OF-WAY SUPPORT | SUNCOAST CONNECTOR | 6,000,000 |
| RIGHT-OF-WAY SUPPORT | TURNPIKE CONNECTOR | 6,000,000 |
| TRANSP PLANNING CONSULT | M-CORES | 3,754,210 |
| TRANSP PLANNING CONSULT | SOUTHWEST-CENTRAL CONNECTOR | 12,000,000 |
| TRANSP PLANNING CONSULT | SUNCOAST CONNECTOR | 12,000,000 |
| TRANSP PLANNING CONSULT | TURNPIKE CONNECTOR | 4,500,000 |
| 2019-2020 AND 2020-21 TOTAL | | 143,105,210 |

Source FDOT 2019 AND 2020 ADOPTED 5-YEAR WORK PROGRAM AWP_07_01 AND 2020AWP_07_01

FY 2020-21 TO 2024-25
M-CORES FUNDING BY GENERAL/CORRIDOR and PURPOSE

| M-CORES GENERAL FUNDING (Not restricted to one corridor) | | | | |
|---|------------------------|-------------------------------------|----------------------------|-------------------------------------|
| Funding Purpose | 2020-21 Funding | | 2020 - 2025 Funding | |
| INTRASTATE HIGHWAY CONSTR - CONST CONTRACT | 1,000 | | 294,249,394 | |
| PRELIMINARY ENGR CONSULT - PE CONSULTANT | 2,000,000 | | 10,500,000 | |
| RIGHT-OF-WAY SUPPORT - ROW CONSULTANT | 2,100,000 | | 7,980,000 | |
| TRANSP PLANNING CONSULT - PLANNING CONSULTANT | 1,504,210 | | 5,104,210 | |
| GENERAL FUNDING TOTALS | 5,605,210 | | 317,833,604 | |
| SOUTHWEST-CENTRAL CONNECTOR | | | | |
| Funding Purpose | 2020-21 Totals | 2020-2021 Category Subtotals | 2020 - 2025 Totals | 2020-2025 Category Subtotals |
| PRELIMINARY ENGR CONSULT - ENVIRO OTHER AGENCY | 2,000,000 | | 12,000,000 | |
| PRELIMINARY ENGR CONSULT - PD&E CONSULTANT | 17,000,000 | | 43,000,000 | |
| PRELIMINARY ENGR CONSULT - PE CONSULTANT | 9,000,000 | 28,000,000 | 69,000,000 | 124,000,000 |
| RIGHT-OF-WAY SUPPORT - ROW CONSULTANT | 4,000,000 | | 8,000,000 | |
| RIGHT-OF-WAY LAND ACQ - ROW PURCHASE | 2,000,000 | | 10,100,000 | |
| RIGHT-OF-WAY LAND ACQ - ROW RELOCATE | 0 | 6,000,000 | 2,000,000 | 20,100,000 |
| TRANSP PLANNING CONSULT - PLANNING CONSULTANT | 6,000,000 | 6,000,000 | 18,000,000 | 18,000,000 |
| SOUTHWEST-CENTRAL CONNECTOR TOTALS | 40,000,000 | | 162,100,000 | |
| SUNCOAST CONNECTOR | | | | |
| Funding Purpose | 2020-21 Totals | 2020-2021 Category Subtotals | 2020 - 2025 Totals | 2020-2025 Category Subtotals |
| PRELIMINARY ENGR CONSULT - ENVIRO OTHER AGENCY | 2,000,000 | | 12,000,000 | |

| | | | | |
|--|-----------------------|-------------------------------------|---------------------------|-------------------------------------|
| PRELIMINARY ENGR CONSULT - PD&E CONSULTANT | 17,000,000 | | 43,000,000 | |
| PRELIMINARY ENGR CONSULT - PE CONSULTANT | 9,000,000 | 28,000,000 | 69,000,000 | 124,000,000 |
| RIGHT-OF-WAY SUPPORT - ROW CONSULTANT | 4,000,000 | | 8,000,000 | |
| RIGHT-OF-WAY LAND ACQ - ROW PURCHASE | 2,000,000 | | 12,000,000 | |
| RIGHT-OF-WAY LAND ACQ - ROW RELOCATE | 0 | 6,000,000 | 2,000,000 | 22,000,000 |
| TRANSP PLANNING CONSULT - PLANNING CONSULTANT | 6,000,000 | 6,000,000 | 18,000,000 | 18,000,000 |
| SUNCOAST CONNECTOR TOTALS | 40,000,000 | | 164,000,000 | |
| TURNPIKE CONNECTOR | | | | |
| Funding Purpose | 2020-21 Totals | 2020-2021 Category Subtotals | 2020 - 2025 Totals | 2020-2025 Category Subtotals |
| PRELIMINARY ENGR CONSULT - ENVIRO OTHER AGENCY | 2,000,000 | | 12,000,000 | |
| PRELIMINARY ENGR CONSULT - PD&E CONSULTANT | 14,000,000 | | 27,500,000 | |
| PRELIMINARY ENGR CONSULT - PE CONSULTANT | 8,000,000 | 24,000,000 | 33,500,000 | 73,000,000 |
| RIGHT-OF-WAY SUPPORT - ROW CONSULTANT | 4,000,000 | | 6,500,000 | |
| RIGHT-OF-WAY LAND ACQ - ROW PURCHASE | 2,000,000 | | 12,000,000 | |
| RIGHT-OF-WAY LAND ACQ - ROW RELOCATE | 0 | 6,000,000 | 2,000,000 | 20,500,000 |
| TRANSP PLANNING CONSULT - PLANNING CONSULTANT | 2,000,000 | 2,000,000 | 12,000,000 | 12,000,000 |
| TURNPIKE CONNECTOR TOTALS | 32,000,000 | | 105,500,000 | |
| M-CORES TOTAL FUNDING IN ADOPTED WORK PROGRAM FOR 2020-21 AND 2020-2025 | | | | |
| Funding Purpose | 2020-21 Totals | | 2020 - 2025 Totals | |
| GENERAL FUNDING TOTALS | 5,605,210 | | 317,833,604 | |
| SOUTHWEST-CENTRAL CONNECTOR TOTALS | 40,000,000 | | 162,100,000 | |
| SUNCOAST CONNECTOR TOTALS | 40,000,000 | | 164,000,000 | |
| TURNPIKE CONNECTOR TOTALS | 32,000,000 | | 105,500,000 | |
| TOTAL | 117,605,210 | | 749,433,604 | |

Source FDOT 2020-21 Adopted 5-year work program AWP2020_07_01