

# ***FLORIDA HIGH SPEED RAIL AUTHORITY***

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*Donald Crisp*  
*FDOT Secretary, Ex Officio*



January 19, 2007

The Honorable Charlie Crist, Governor of the State of Florida  
The Honorable Ken Pruitt, President of the Florida Senate  
The Honorable Marco Rubio, Speaker of the Florida House of Representatives  
The Capitol,  
400 South Monroe Street  
Tallahassee, Florida  
32399

Dear Governor Crist, President Pruitt and Speaker Rubio:

The Florida High Speed Rail Authority respectfully submits to you its 2007 annual report as required under the Florida High Speed Rail Authority Act, Chapter 341.8201 to 341.841, Florida Statutes.

## **Background**

The Florida High Speed Rail Authority is a nine member board created under the Florida High Speed Rail Authority Act in 2001 with three members each appointed by the Governor, the Speaker of the House, and the President of the Senate. The Authority is charged with the implementation of high speed rail transportation systems in Florida.

Since its inception in 2001, the Authority has undertaken several activities as follows:

- Established a Vision Plan for a statewide High Speed Rail system;
- Developed recommendations concerning the format and content of a business plan;
- Identified preferred routes, stations and locomotive technologies;
- Identified changes that may be needed in state statutes to enhance opportunities for implementation of high speed rail in Florida;
- Developed methods to ensure compliance with applicable environmental standards and regulations;
- Conducted a detailed, planning level ridership study;

- Completed work on the Environmental Impact Statement (EIS) for the Orlando-Tampa project; and
- Solicited and received private sector proposals for a Design, Build, Operate, Maintain and Finance (DBOM&F) project between Tampa and Orlando.

In response to a request for proposals (RFP), the Authority received four proposals in February 2003. Two of the proposals, submitted by the Florida High Speed Rail Holdings Company (Fluor Bombardier) and the Global Rail Consortium, were found to be responsive to the RFP. Both proposals demonstrated strong private sector interest, by offering private equity contributions and included risk sharing associated with the system operations. Based on these proposals, the Authority successfully transitioned its Draft Environmental Impact Statement for the Orlando-Tampa project to final status and the final EIS document was approved by the Federal Railroad Administration (FRA) on July 19, 2005.

### **Authority Expenditures**

The Authority has operated with funds derived from appropriations by the State of Florida and specific earmarks provided by the U.S. Congress. In FY 2003/04, Congress earmarked \$4.0 million for use by the Authority. These funds have not been expended and remain available to the Authority. However, the Authority must enter into an agreement with the FRA before it is able to access these funds. It should be noted that Congress has been highly supportive of the Florida High Speed Rail Authority providing approximately 50% of its funding thus far.

### **High Speed Rail Cost Benefit Information**

High Speed Rail service has been a public issue in Florida for more than 25 years. During the tenure of this Authority much has been said and written regarding high speed rail and the key issues always surround cost and benefits. The Authority has made findings that high speed rail is very cost effective and provides enormous benefits to the citizens and visitors of Florida.

The Authority has endeavored to model its approach to high speed rail implementation in Florida after other successful transportation systems such as airports and seaports. Under such model, the government would build the capital intensive fixed infrastructure; the private industry would provide the movable infrastructure (planes, ships, trains) and operate the system; and the citizens and businesses of the State reap the benefits.

The cost of the initial Tampa-Orlando segment was projected at \$2.4 billion. The two private sector proposals previously mentioned contained significant private sector equity participation as well as substantial federal funding and support. The first ranked proposal contained a business plan that included a level state contribution, private sector financing with no recourse to the state, and an operating plan that would return all excess revenue to the State. Under this plan, it was projected that over the operating lifetime of the Tampa-Orlando segment, the state would recoup all of its original investment.

Furthermore, the robust maintenance plan associated with the project would assure that at the end of the financing period, the value of the asset would be substantially higher than the initial investment. Clearly, high speed rail can be constructed on very cost effective terms when the resources of the federal and State governments are combined with those of the private sector.

The benefits of high speed rail go well beyond those mentioned above. A study conducted in 2002 by the Center for Economic Forecasting and Analysis at Florida State University detailed the public benefits that would accrue as a result of implementation of high speed rail in Florida. The study concluded that investment in high speed rail will result in a 2.1 benefit to cost ratio. Florida economy would expect to reap at least five billion dollars in economic benefits as a result of just the Tampa-Orlando project. The study also estimated that the benefits of a statewide high speed rail program could range from \$39 to \$51 billion. A broad high speed rail program would also mean significant job creation, not only during the construction phase but throughout the long term operation of the system. Tens of thousands of permanent new jobs would be created.

Beyond these many benefits, there is still the issue of Florida's explosive growth. A statewide high speed rail system can be a stabilizing factor in creating a balanced multi-modal transportation network in Florida and in preventing gridlock and traffic jam situations in the future.

### **Findings and Recommendations**

Over the past five years, the Authority has made supportive findings and recommendations which are reiterated here:

- The Authority found that there is a continued need for high speed rail as part of a balanced statewide transportation plan that provides a reliable alternative to congested highways and airports.
- The Authority found that there is a strong and continuing interest in high speed rail by the private sector as evidenced by the private sector proposals and financial commitments for the Tampa-Orlando project.
- The Authority found that investments in high speed rail can produce significant economic and environmental benefits that are consistent with the State's sound growth management policies.
- The Authority recommended that the State continue the development of high speed rail consistent with the principles of the Florida High Speed Rail Authority Act.
- The Authority recommended that the State of Florida vigorously seek federal funding assistance for high speed rail and that it support federal legislation that provides such funding through direct grants, loans, bonds or other funding mechanisms.
- The Authority recommended legislative actions to amend current procurement laws to allow flexibility in surety bonding requirements for major transportation infrastructure projects so that commercially available surety bonds can be utilized.

*Next Steps*

When the Authority last met on June 17, 2005, it directed its staff to complete the Final Environmental Impact Statement (FEIS) for the Orlando-Tampa project. That task has been accomplished. However, since an FEIS is generally valid for a period of 36 months, the time has come to once again take up this work and move the process forward while the FEIS is valid.

The first step in this process will be to seek a Record of Decision (ROD) from the federal government for the Tampa-Orlando project. This will entail the development of several Memoranda of Understanding with the Florida Department of Transportation and the Greater Orlando Aviation Authority pinning down the exact location of the project in the I-4 corridor and on airport property. The Authority must also begin the preliminary engineering work as well as the development of a viable financing and deployment plan for the project. Additionally, the Authority must ultimately take up the work of extending the system to Miami and beyond. In accomplishing this work, the Authority will seek to minimize the level of State funding required as we have always done.

In concluding this sixth annual report issued by the Authority to the Governor and the Florida Legislature, let me assure you that the Authority stands ready to move forward to make high speed rail service in Florida a reality and we look forward to your support in this endeavor. For convenience, copies of the five previous Authority annual reports are enclosed. If you have any questions or need additional information, please contact Naz Haddad with the Florida Department of Transportation at (850) 414-4534.

Sincerely,

Lee Chira,  
Chairman

Cc: FHSRA Board members  
Nazih Haddad, Florida DOT  
Kathie Beck, Global Rail Consortium  
Mitch Lester, Fluor Bombardier