

MEMORANDUM

TO: Commissioner Kristin Jacobs, SFRTA Chair
FROM: Joe Giulietti, Executive Director
RE: Report on Meeting with FDOT Secretary Ananth Prasad
DATE: September 9, 2011

On August 31st, I met with Secretary Ananth Prasad in FDOT's Tallahassee offices.

Present at the meeting were FDOT Chief of Staff Francis Gibbs and SFRTA Legislative Affairs Manager Vicki Wooldridge. Present by teleconference were District IV Secretary James Wolfe and Gerry O'Reilly and District VI Secretary Gus Pego. SFRTA Deputy Executive Director Jack Stephens participated by telephone.

This meeting had been scheduled at the request of Secretary Prasad. The following is a summary of the issues discussed at this meeting.

1. Passenger Service on FEC Corridor

- a. FDOT acknowledged that it had held prior meetings with the FEC and Virgin Trains regarding this service.
- b. The State has no interest in purchasing the FEC corridor. FDOT has asked the FEC about expansion of commuter rail service on the FEC corridor and FEC has apparently said they were interested in actually operating the service.

2. Tri-Rail Service on South Florida Rail Corridor

- a. As stated to the SFRTA Board at its August 26, 2011 meeting, FDOT acknowledged that the FEC said it could operate Tri-Rail for \$10 million less than SFRTA.
- b. FDOT position is that the savings could be used as seed money for passenger service on the FEC corridor. Specifically, that the State is prepared to spend \$300 million on improvements to the FEC to make passenger rail possible and that the \$10 million per year savings over 30 years would offset the State's expenditure.

3. Tri-Rail's Staffing and Budget

- a. FDOT has taken the position that the \$10 million has to come from SFRTA's budget. If \$10 million can be trimmed from SFRTA's expenses that money could be used for expansion on the FEC corridor.
- b. I emphasized our willingness to achieve savings through efficiencies, including shared dispatching and excess liability insurance.

4. Privatization of Tri-Rail Oversight Functions

- a. FDOT is considering privatizing the regulatory oversight of the Tri-Rail Commuter Rail Service and eliminating the relevant SFRTA staff so that private operators would oversee their own operations.
- b. FDOT believes that SFRTA should continue to exist as a public agency, but it should have only planning functions.
- c. FDOT also believes that a consolidation of the train maintenance and operational functions will produce a cost savings (our analysis shows that the cost of our current split contracts is approximately the same as the present day cost of the prior contract where these services were consolidated).
- d. FDOT has drafted, and will be seeking approval of, legislation to permit the State to privatize public agencies.

5. Future Meetings Regarding the Future of Tri-Rail Service

- a. Although FDOT originally stated in this meeting that it would include SFRTA in any future meetings relating to Tri-Rail's future, it later stated that SFRTA will first have to meet with District IV representatives to review staff costs and reductions to achieve the \$10 million before it will include SFRTA in those discussions.
- b. FDOT's condition to SFRTA's participation in these discussions contradicts repeated assurances provided by the Governor's office that SFRTA would be included in all discussions relating to its service on the South Florida Rail corridor.

6. Tri-Rail's Participation in Future Regional Passenger Rail Service

- a. FDOT is under the impression that SFRTA is no longer interested in passenger service on the FEC based on misconstrued statements I made at a recent meeting (July 5, 2011) held with SFRTA senior staff and attorneys and Jim Wolfe and Francis Gibbs (they have coined the term “Tri-Rail – centric”).
- b. I affirmed SFRTA’s strong positive support of passenger service on the FEC corridor. Specifically, that Tri-Rail was the agency that initially raised the possibility of operating commuter rail on the FEC corridor, that expansion was included in our long-range plans, and that SFRTA was the original sponsor of the South Florida East Coast Corridor Study. Also cited were SFRTA plans to build a northern layover facility, which would be needed for expanded service to the north when a crossover was constructed between the South Florida Rail corridor and the FEC corridor.
- c. FDOT believes that SFRTA should take the lead in contacting local governments along the FEC corridor to solicit their financial support. It is their position that the counties, the FEC and the business community will all have to contribute funds for passenger rail on the FEC corridor to occur.
- d. Specifically, FDOT is proposing that SFRTA seek a referendum in the three counties to support the FEC initiative.

7. SFRTA Governing Board Composition

FDOT has drafted, and will be seeking approval of legislation, to amend the SFRTA Governing Board structure to better reflect what it perceives as the State’s 60% contribution to SFRTA’s Operating Budget (SFRTA research indicates that this percentage is much lower, based upon the analysis recently conducted by AECOM and presented to the SFRTA Governing Board at its August, 2011 meeting).

Please let me know if you have any questions regarding this summary.

Cc: SFRTA Governing Board Members
Teresa J. Moore, General Counsel