

MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY
GOVERNING BOARD MEETING
June 27, 2006

AGENDA ITEM REPORT

Consent Regular Public Hearing

APPROVAL OF FISCAL YEAR 2006-2007 BUDGET

REQUESTED ACTION:

Motion to approve Fiscal Year 2006-2007 Budget.

COMMITTEE HISTORY:

Endorsed by MDX Budget & Finance Committee on June 5, 2006.

SUMMARY EXPLANATION AND BACKGROUND:

Staff presented the preliminary Fiscal Year 2006-2007 Budget in April 2006 to the Budget & Finance Committee, as well as, distributing the detail Budget to all Board Members. The Budget Workshop was held on June 5, 2006.

MANNER IN WHICH REQUESTED ACTION ADVANCES MDX STRATEGIC GOALS:

The annual budget is a financial roadmap for the operations of MDX for the next fiscal year.

FISCAL IMPACT:

The total Fiscal Year 2006-2007 budget is composed of operating expenses of \$30.3 million, interest expenses of \$31.0 million, funding requirements which includes principal payments on debt, required deposits to the renewal and replacement fund of \$21.8 million and capital expenditures of \$207.7 million. Total Fiscal Year 2006-2007 Budget \$290.9 million.

EXHIBITS ATTACHED:

Budget Worksheets.

30.3 operating
31.0 interest

61.3
21.8 other funding

\$ 83.1m

MDX Fiscal Year 2006-2007 Budget Coverage Calculations

	Budget FY 06-07	Projected Actual FY 05-06
Revenues:		
Toll Revenues (WSA)	\$ 77,000,000	\$ 72,900,000
Hurricane Allowance Violations	(2,700,000)	-
Lease Revenues	3,000,000	2,800,000
Interest Income	175,000	125,000
Total Revenues	4,450,000	8,700,000
	81,925,000	84,525,000
Total Expenses:	30,292,585	25,721,913
Net Revenues	\$ 51,632,415	\$ 58,803,087

DEBT SERVICE COVERAGE:

Debt Service	\$ 33,345,000	\$ 32,179,085
Debt Service Coverage without Hurricane Allowance	1.63	N/A
Debt Service Coverage (Min 1.5 Fin Adv Recommended)	1.55	1.83

DEBT SERVICE, SIB & FUND PAYMENTS COVERAGE:

Debt Service	\$ 42,185,632	\$ 33,357,617
Deficiency in Debt Service Reserve	-	-
Renewal & Replacement Deposit	4,000,000	3,500,000
Contingency Reserve	2,000,000	-
Annual Repayment Requirements: Non-Contingent Portion	-	951,557
	\$ 48,185,632	\$ 37,809,174

Debt Service and Fund Payments Coverage without Hurricane Allowance & Contingency Reserve	1.18	N/A
Debt Service and Fund Payments Coverage (Min 1.0 Required)	1.07	1.55



MEMORANDUM

DATE: May 10, 2006

TO: Budget & Finance Committee

FROM: Marie Schafer, CPA
Director of Finance/Chief Financial Officer

SUBJECT: FISCAL YEAR (FY) 2006-2007 BUDGET

Attached is the FY 2006-2007 budget of approximately \$290.9 million (\$33.4 million or 13.0% higher than the FY 2005-2006 Projected Actual of \$257.5million). The overall budget is comprised of an operating expense budget of approximately \$30.3 million (\$4.6 million or 17.8% higher than the FY 2005-2006 Projected Actual of \$25.7 million), an interest expense budget of approximately \$31.0 million (\$5.6 million or 22.2% higher than the FY 2005-2006 Projected Actual of \$25.4 million), a funding requirements budget of approximately \$21.8 million (\$9.4 million or 75.7% higher than the FY 2005-2006 Projected Actual of \$12.4 million) and a capital budget of approximately \$207.7 million (\$13.8 million or 7.1% higher than the FY 2005-2006 Projected Actual of \$194.0 million).

TOLL OPERATIONS & MAINTENANCE:

Toll Operations and Maintenance Expenses are budgeted to increase to approximately \$11.6 million, approximately \$1.7 million or 16.7% above the FY 2005-2006 Projected Actual of \$9.9 million. This increase is primarily due to an increase of the toll system software maintenance of \$900,000; MDX Operation Maintenance Contractor (MOMC) of \$440,000, due to the escalation of the multi-year contract; and Florida Department of Transportation (FDOT) pass-thru charges for toll operations contract services of \$400,000.

ROADWAY/FACILITIES MAINTENANCE & OPERATIONS:

Roadway/Facilities Maintenance and Operations Expenses are budgeted to increase to approximately \$6.9 million, approximately \$900,000 or 15.4% above the FY 2005-2006 Projected Actual of \$6.0 million. This increase is primarily due to costs relating to the maintenance contractor's additional scope of services and upgrading pre-existing conditions, which were postponed in FY05-06, totaling \$725,000; an increase in property insurance of \$160,000; roadway lighting expenses of \$95,000; and two new ITS locate/maintenance contracts of \$70,000. These increases are partially offset by a reduction of the General Engineering Consultant (GEC) support services of \$110,000 due to the Facilities/Roadway Contract Administrator position being brought in-house.

SALARIES, TAXES & BENEFITS:

Salaries, Taxes and Benefits are budgeted to increase to approximately \$4.3 million, approximately \$800,000 or 23% above the FY 2005-2006 Projected Actual of \$3.5 million. This increase is due to the overlap of the Executive Director's position of \$200,000; merit and benefit cost increase of \$150,000; a full year's impact of positions partially filled or left vacant during the fiscal year such as the Human Resources Manager, Director of Communication, Controller, and Toll Equipment Maintenance personnel (7 personnel) of \$265,000; and FY 2006-2007 new hires consisting of Facilities/Roadway Contract Administrator and two additional Toll Equipment Maintenance personnel of \$185,000.

OFFICE ADMINISTRATION:

Office Administration Expenses are budgeted to increase to approximately \$1.4 million, approximately \$180,000 or 14.8% above the FY 2005-2005 Projected Actual of \$1.2 million. This increase is primarily due to increases in headquarters maintenance of \$20,000; court reporting/stenographer of \$10,000; vehicle expenses of \$35,000, due to the addition of field personnel; advertising & legal notices of \$13,000, due to the decision to advertise procurements in multiple circulations; insurance cost of \$12,000, due to the increase in premiums; travel/conferences of \$23,000, due to additional personnel; industry continuing education/training of \$26,000, due to toll equipment field personnel; software maintenance expenses of \$32,000, due to the expiration of the initial year warranty period; and internet access of \$15,000 to support video streaming of Board meetings. These increases are partially offset by decreases in office and field supplies of \$10,500 and digital data security expense of \$35,000, due to the completion of the bi-annual data security audit.

CONSULTANTS:

Consultants Expenses are budgeted to increase to approximately \$5.0 million, approximately \$1.0 million or 24.1% above the FY 2005-2006 Projected Actual of \$4.0 million. This increase is primarily due to an increase in the Financial Advisor fee of \$40,000, due to Public Private Partnership studies; General Engineering Consultants (GEC) for the support of Public Private Partnership studies and initiatives of \$225,000; Legal Services of \$24,000, due to title search, amendment of the Transfer Agreement and additional Procurement support; Legislative Representation of \$47,000; and SunPass Penetration Subsidy of \$570,000 for pass-thru from FDOT.

BOND ADMINISTRATION:

Bond Administration Expenses are budgeted to decrease slightly to approximately \$1.06 million, approximately \$5,000 or .5% below the FY 2005-2006 Projected Actual of \$1.07 million.

INTEREST EXPENSE:

Interest Expense is budgeted to increase to approximately \$31.0 million, approximately \$5.6 million or 22.2% above the FY 2005-2006 Projected Actual of \$25.4 million. This increase is primarily due to the Series 2005 Bonds interest expense of \$5.6 million.

FUNDING REQUIREMENTS:

Funding Requirements are budgeted to increase to approximately \$21.8 million, approximately \$9.4 million or 75.7% above the FY 2005-2006 Projected Actual of \$12.4 million. This increase is primarily due to principal payments for the State Infrastructure Bank (SIB) loans of \$7.5 million; the funding of the Contingency Reserve account of \$2.0 million; and the Renewal & Replacement funding recommended by the GEC of \$500,000, partially offset by a decrease in the Florida Department of Transportation (FDOT) annual repayment of \$1.0 million.

CAPITAL EXPENDITURES:

Capital Expenditures are budgeted to increase to approximately \$207.7 million, approximately \$13.8 million or 7.1% above the FY 2005-2006 Projected Actual of \$194.0 million, as outlined in the 5-Year Work Program endorsed by the Operations Committee in April 2006.

CONTINGENCIES:

The current FY 2005-2006 budget includes a \$500,000 contingency reserve in the General Fund which has not been used to date. The fiscal year 2006-2007 includes a \$500,000 contingency reserve which represents less than 2% of the total operating expense budget. This reserve will be available for use, in the Executive Director's judgment, for unanticipated operating expenses during the year, including the transfer of budgeted funds between categories. The use of the reserve is subject to Treasurer approval for amounts over \$50,000.

COVERAGE REQUIREMENTS:

Based on the proposed budget attached, MDX's Debt Service Coverage and Debt Service, SIB and Fund Payment Coverage are budgeted at 1.55 and 1.07 respectively, above the Trust Indenture requirements of 1.20 and 1.00. The Debt Service Coverage exceeds the Board's policy of a minimum of 1.40 and exceeds 1.50 which is the level recommended by our financial advisor and the bond rating agencies as one of the factors in maintaining a bond rating in the "A" category.

MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)
FISCAL YEAR 2006-07 BUDGET
 (July 1, 2006 - June 30, 2007)

	FY 05/06 PROJECTED ACTUAL	INCREASE/ (DECREASE)	FY 06/07 BUDGET	% CHANGE
OPERATING EXPENSES:				
TOLL OPERATIONS & MAINTENANCE				
Airport Expressway (SR112)	1,229,180	86,093	1,315,283	7.0%
East/West Expressway Mainline (SR836)	2,239,054	355,824	2,594,878	15.9%
South Dade Expressway (SR874)	2,201,393	334,221	2,535,614	15.2%
Gratigny Parkway (SR 924)	2,027,219	326,760	2,353,979	16.1%
Violations	1,995,565	527,711	2,523,276	26.4%
Consolidated	236,726	27,245	263,971	11.5%
Toll Operations & Maintenance Category Total	9,929,147	1,657,853	11,587,000	16.7%
ROADWAY/FACILITIES OPERATIONS & MAINTENANCE				
Airport Expressway (SR112)	999,668	118,701	1,118,369	11.9%
East/West Expressway (SR836)	2,186,457	388,556	2,575,013	17.8%
South Dade Expressway (SR874)	1,198,201	219,730	1,417,931	18.3%
Snapper Creek (SR 878)	673,228	55,944	729,172	8.3%
Gratigny Parkway (SR 924)	958,540	143,475	1,102,015	15.0%
Roadway Operations & Maintenance Category Total	6,016,094	926,406	6,942,500	15.4%
ADMINISTRATIVE				
SALARIES, TAXES & BENEFITS				
Employee Salaries, Taxes & Benefits	3,487,433	797,526	4,284,959	22.9%
Outside Personnel Services		50,000	50,000	N/A
Salaries, Taxes & Benefits Category Total	3,487,433	847,526	4,334,959	24.3%
OFFICE ADMINISTRATION				
HEADQUARTERS ADMINISTRATION				
HQ Utilities	52,908	7,291	60,200	13.8%
HQ Maintenance, Supplies & Storage	68,980	19,840	88,800	28.8%
Telephone Services	77,700	5,600	83,300	7.2%
Bank Fees	75,000	5,000	80,000	6.7%
Court Reporting/Stenographer	16,000	9,000	25,000	56.3%
Office & Field Supplies	57,209	(10,509)	46,700	-18.4%
Office Equipment Maintenance	13,700	3,300	17,000	24.1%
Postage, Courier & Printing/Graphic Services	24,150	2,850	27,000	11.8%
	385,628	42,372	428,000	11.0%
VEHICLE OPERATION & MAINTENANCE	36,000	34,500	70,500	95.8%
ADVERTISING & LEGAL NOTICES	89,900	13,100	103,000	14.6%
HUMAN RESOURCES	200	2,900	3,100	1450.0%
INSURANCE COSTS				
Master Policy - Liab/ Property/ Public Official Liab/ Auto/ Flood	140,650	11,350	152,000	8.1%
Claim Expense	100	900	1,000	900.0%
	140,750	12,250	153,000	8.7%

MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)

FISCAL YEAR 2006-07 BUDGET

(July 1, 2006 - June 30, 2007)

	FY 05/06 PROJECTED ACTUAL	INCREASE/ (DECREASE)	FY 06/07 BUDGET	% CHANGE
TRAVEL / CONFERENCES / REGISTRATIONS				
Travel	52,500	16,500	69,000	31.4%
Conference Registration Fees	26,000	4,000	30,000	15.4%
Annual Meeting & Open House	17,000	-	17,000	0.0%
Committee Meetings	11,000	2,000	13,000	18.2%
	<u>106,500</u>	<u>22,500</u>	<u>129,000</u>	<u>21.1%</u>
MEMBERSHIPS				
Executive Memberships (IBTTA)	35,800	(600)	35,000	-1.7%
Engineering Memberships	1,850	750	2,600	40.5%
HR / General Administration Memberships	250	250	500	100.0%
Information Technology	3,000	(400)	2,600	-13.3%
Finance Memberships	1,100	200	1,300	18.2%
Procurement Memberships	500	-	500	0.0%
Public Communications Memberships	-	500	500	N/A
	<u>42,300</u>	<u>700</u>	<u>43,000</u>	<u>1.7%</u>
INDUSTRY CONTINUING EDUCATION & TRAINING	14,000	26,000	40,000	185.7%
TUITION REIMBURSEMENT	25,000	1,000	26,000	4.0%
RIGHT- OF - WAY PROPERTY MAINTENANCE & EXPENSES	65,000	-	65,000	0.0%
INFORMATION TECHNOLOGY				
Hardware Maintenance and Support	96,000	14,000	110,000	14.6%
Digital Data Security	40,000	(35,000)	5,000	-87.5%
Financial Mgmt System Maintenance and Support	40,000	-	40,000	0.0%
Software Maintenance and Support	30,000	32,000	62,000	106.7%
Website Maintenance & Support	80,000	-	80,000	N/A
Internet Access	15,000	15,000	30,000	100.0%
Board Room AV Maintenance & Support	7,850	(2,150)	5,700	-27.4%
	<u>308,850</u>	<u>23,850</u>	<u>332,700</u>	<u>7.7%</u>
Office Administration Category Total	1,214,128	179,172	1,393,300	14.8%

CONSULTANTS

PROFESSIONAL SERVICE FEES				
Accounting Services	105,000	-	105,000	0.0%
CBE/ CSBE Outreach Assistance	40,000	-	40,000	0.0%
Financial Advisor	185,000	40,000	225,000	21.6%
Risk Management Services	22,500	27,500	50,000	122.2%
Legal Services - Executive	150,000	-	150,000	0.0%
Legal Services - Finance	26,500	3,500	30,000	13.2%
Legal Services - Procurement	190,000	10,000	200,000	5.3%
Legal Services - Toll Operations	5,000	(2,000)	3,000	-40.0%
Legal Services - Engineering	40,000	10,000	50,000	25.0%
Legal Services - Human Resources	-	5,000	5,000	N/A
Legal Services - Public Communications	10,000	(5,000)	5,000	-50.0%
Legal Services - Litigation	18,000	2,000	20,000	11.1%
Legislative Representation	173,000	47,000	220,000	27.2%
HR/Recruitment Services	90,000	(15,000)	75,000	N/A
Traffic and Revenue Studies	70,000	(20,000)	50,000	-28.6%
	<u>1,125,000</u>	<u>103,000</u>	<u>1,228,000</u>	<u>9.2%</u>
SUNPASS PENETRATION SUBSIDY	(77,213)	569,427	492,214	N/A
GENERAL ENGINEERING CONSULTANT	725,000	225,000	950,000	31.0%

MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)
FISCAL YEAR 2006-07 BUDGET
 (July 1, 2006 - June 30, 2007)

	FY 06/06 PROJECTED ACTUAL	INCREASE/ (DECREASE)	FY 06/07 BUDGET	% CHANGE
PUBLIC RELATIONS/PUBLIC AFFAIRS				
Advertising Development Services	300,000	-	300,000	0.0%
Annual Report	26,000	14,000	40,000	53.8%
New Letter Productions/Printing	20,000	-	20,000	N/A
MDX Display	18,100	1,900	20,000	10.5%
MDX Promotional Video	65,000	(65,000)	-	-100.0%
Media Buys	1,023,000	127,000	1,150,000	12.4%
Media Production	45,000	20,000	65,000	44.4%
Public Relations / Economic Study	325,000	(20,000)	305,000	-6.2%
Media Clipping Service	15,000	(10,000)	5,000	-66.7%
Community/Media/Business Leader/Educational Outreach	105,000	(5,000)	100,000	-4.8%
Special Events/Sponsorships	40,000	(20,000)	20,000	-50.0%
SunPass Direct	250,000	(175,000)	75,000	-70.0%
Public Communications Reserve	-	200,000	200,000	N/A
<i>Public Relations/Public Affairs Total</i>	<u>2,232,100</u>	<u>67,900</u>	<u>2,300,000</u>	<u>3.0%</u>
<i>Consultants Category Total</i>	<u>4,004,887</u>	<u>965,327</u>	<u>4,970,214</u>	<u>24.1%</u>
BOND ADMINISTRATION				
Series 2004 Auction Agent Fees	2,624	(112)	2,512	-4.3%
Series 2004 Broker/Dealer Fees	164,000	(7,000)	157,000	-4.3%
Series 2005 Auction Agent Fees	9,100	-	9,100	0.0%
Series 2005 Broker/Dealer Fees	603,500	-	603,500	0.0%
Administration Fees (BONY)	45,000	-	45,000	0.0%
Commercial Paper (CP) Program Fee	215,000	-	215,000	0.0%
Analytical Service (Fitch)	5,000	500	5,500	10.0%
Analytical Service (Moody's)	10,000	500	10,500	5.0%
Analytical Service (Standard & Poor's)	16,000	500	16,500	3.1%
<i>Bond Administration Total</i>	<u>1,070,224</u>	<u>(5,612)</u>	<u>1,064,612</u>	<u>-0.5%</u>
<i>Administrative Category Total</i>	<u>9,776,672</u>	<u>1,986,413</u>	<u>11,763,085</u>	<u>20.3%</u>
TOTAL OPERATING EXPENSES	<u>25,721,913</u>	<u>4,570,673</u>	<u>30,292,585</u>	<u>17.8%</u>
INTEREST EXPENSE:				
SENIOR & SUBORDINATE LONG-TERM DEBT INTEREST EXPENSE				
Series 1999 Interest	312,867	(32,834)	279,933	-10.5%
Series 2000 Interest	1,895,690	(154,250)	1,741,440	-8.1%
Series 2001 Interest	4,556,513	-	4,556,513	0.0%
Series 2002 Interest	1,465,496	(6,120)	1,459,376	-0.4%
Series 2004A Interest	3,516,000	(154,944)	3,361,056	-4.4%
Series 2004B Interest	8,767,138	160,865	8,928,003	1.8%
Series 2005 Interest	4,858,714	5,668,552	10,527,266	116.7%
Commercial Paper (CP) Program Interest	-	-	-	N/A
State Infrastructure Bank #4	10,449	162,100	172,549	1551.3%
<i>INTEREST EXPENSE TOTAL</i>	<u>25,382,867</u>	<u>5,643,269</u>	<u>31,026,136</u>	<u>22.2%</u>
TOTAL OPERATING & INTEREST EXPENSES	<u>51,104,780</u>	<u>10,213,942</u>	<u>61,318,721</u>	<u>20.0%</u>

MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)
FISCAL YEAR 2006-07 BUDGET
(July 1, 2006 - June 30, 2007)

	FY 05/06 PROJECTED ACTUAL	INCREASE/ (DECREASE)	FY 06/07 BUDGET	%
				CHANGE
FUNDING REQUIREMENTS:				
SENIOR & SUBORDINATE LONG-TERM DEBT PRINCIPAL				
Series 1999 Principal Payment	666,667	-	666,667	0.0%
Series 2000 Principal Payment	3,085,000	150,000	3,235,000	4.9%
Series 2002 Principal Payment	255,000	5,000	260,000	2.0%
Series 2004A Principal Payment	2,800,000	200,000	3,000,000	7.1%
TFRTF Principal Payment	168,083	-	168,083	0.0%
SIB # 1 Principal Payment	1,000,000	2,000,000	3,000,000	200.0%
SIB # 2 Principal Payment	-	5,500,000	5,500,000	N/A
	<u>7,974,750</u>	<u>7,855,000</u>	<u>15,829,750</u>	<u>98.5%</u>
FDOT LONG-TERM DEBT PRINCIPAL	951,557	(951,557)	-	-100.0%
CONTINGENCY RESERVE	-	2,000,000	2,000,000	N/A
TRUST INDENTURE FUNDING REQUIREMENTS				
Annual Deposit to R&R Fund	3,500,000	500,000	4,000,000	14.3%
	<u>12,426,307</u>	<u>9,403,443</u>	<u>21,829,750</u>	<u>75.7%</u>
FUNDING REQUIREMENTS TOTAL				
	<u>12,426,307</u>	<u>9,403,443</u>	<u>21,829,750</u>	<u>75.7%</u>
CAPITAL EXPENDITURES:				
CAPITAL PROGRAM				
TIP - MDX 5 YEAR WORK PROGRAM	189,590,129	7,876,871	197,467,000	4.2%
CIP - MDX 5 YEAR WORK PROGRAM	3,467,913	5,932,087	9,400,000	171.1%
	<u>193,058,042</u>	<u>13,808,958</u>	<u>206,867,000</u>	<u>7.2%</u>
OTHER CAPITAL EQUIPMENT				
HQ - Network Infrastructure	125,000	(100,000)	25,000	-80.0%
HQ - Computers	25,000	(15,000)	10,000	-60.0%
HQ - Improvements	-	5,000	5,000	N/A
HQ - Software	40,000	10,000	50,000	25.0%
Tolls - Network Infrastructure	544,500	38,500	583,000	7.1%
Tolls - Furniture & Equipment	-	-	-	N/A
Tolls - Computers	15,000	(9,000)	6,000	-60.0%
HQ - Office Equipment	-	20,000	20,000	N/A
Lease Property Improvements	-	100,000	100,000	N/A
HQ - Vehicle	147,000	(87,000)	60,000	-59.2%
	<u>896,500</u>	<u>(37,500)</u>	<u>859,000</u>	<u>-4.2%</u>
	<u>193,954,542</u>	<u>13,771,458</u>	<u>207,726,000</u>	<u>7.1%</u>
CAPITAL EXPENDITURES CATEGORY TOTAL				
	<u>193,954,542</u>	<u>13,771,458</u>	<u>207,726,000</u>	<u>7.1%</u>
TOTAL FISCAL YEAR 06/07 BUDGET				
	<u>257,485,629</u>	<u>33,388,843</u>	<u>290,874,471</u>	<u>13.0%</u>

