

Projected Miami-Dade Transit funding gap could mean higher gas taxes

By Risa Polansky

To pay down existing and future debt for near-term projects — only one of them a major expansion — Miami-Dade Transit faces a projected nearly \$59 million annual budget shortfall beginning in 2014, potentially requiring higher gas taxes or more county funds for the department.

It will be up to commissioners to decide how to fill the gap, Transit Director Harpal Kapoor said Monday.

Options, he said, include adding two cents to the three-cent local option gas tax, upping the county general fund outlay, cutting services or some combination of the three.

“So that is right now our take on this one, but the board [of commissioners] has about four or five years right now to decide,” Mr. Kapoor said.

The expected \$58.8 million shortfall would come as the result of debt service on outstanding and future bond issuances.

Most recently, the county issued about \$321.7 million last month and plans to sell almost \$1 billion more between 2010 and 2015 — none for brand new projects.

An ongoing Metrorail extension from the Earlington Heights station to the new Miami Intermodal Center is the only major system expansion included in the short-term capital program that's driving up debt service costs.

Other projects bonds are to cover will include new buses, Metrorail and Metromover cars, a central control system overhaul and track rehab.

“We're limiting our capital program to these needs,” Mr. Kapoor said. “Those are the only projects we're moving forward.”

Still, those projects and the debt needed to support them have transit officials preparing for budget gaps in the years ahead.

“This is action to be taken as we move on. We have time to adjust to these needs,” he said. But “we have to do these projects.”

There's a chance the impact won't be as rough, depending on fare collections and transportation surtax revenue.

“Maybe the revenue might change,” Mr. Kapoor said. “Maybe in 2014 the economy takes off, so the gap could be less.”

Over the long haul, the department will need to issue more debt for future projects and consider alternatives such as public-private partnerships.

Promised system expansions such as northern and east-west Metrorail extensions don't appear in the transit department's 10-year development plan, though they remain in the longer-term blueprint.

The department and commission have worked to recalibrate operations and capital plans since federal transit officials last year put the brakes on potential funding for the planned northern Metrorail extension, concerned the county wouldn't have the money to operate existing systems and the new line.

Projections at the time showed billions in deficits over coming decades.

The commission has since apologized for “over-promising” the voter-approved half-cent sales surtax meant to fund new transit projects.

They decided this year to mingle most surtax revenue with the general operating budget.

This gear shift led Fitch Ratings to revise its outlook from negative to stable on an outstanding bond issuance and contributed to an A+ rating on the most recent sale.