

MEMORANDUM

TO: Governing Board Members
FROM: Terrie Bates, Division Director, Water Resources 
DATE: July 1, 2011

SUBJECT: A Resolution of the Governing Board of the South Florida Water Management District to authorize staff to enter into negotiations with the respondents in ranked order (Attachment A) for the Dispersed Water Management Program Northern Everglades – Payment for Environmental Services solicitation for 10 year contracts designed to provide water retention or nutrient retention services with funding to be disbursed in increments following design, permitting, and construction and service payments commencing annually following construction certification over the remaining term of the 10 year contract subject to future budget approvals for fiscal years 2012 through 2022; providing an effective date (Solicitation No. 6000000418).

Background

Over the past century, public agencies and private land owners have transformed south Florida in order to facilitate urban and agricultural development. While contributing to economic progress in the region, extensive drainage and water control systems have degraded water quality and wildlife habitats.

Reversing these environmental changes in the Northern Everglades region--stretching from Orlando to Lake Okeechobee--East to St. Lucie Estuary--West to Caloosahatchee Estuary requires not only public works projects, but also a wide array of activities on private lands. Above and beyond regulatory requirements, water retention and nutrient retention services can be provided in an affordable and timely manner by paying cattle ranchers for documented environmental services.

Now an innovative approach to delivering environmental services has emerged from a collaborative partnership--The Florida Ranchlands Environmental Services Project (FRESP). Using market-like concepts, FRESP has demonstrated the potential of dispersed water management on ranchlands to contribute to the delivery of essential environmental services--while at the same time encouraging ranchers to maintain cattle production.

Since 2005, a coalition of non-governmental environmental organizations, state and federal agencies, ranchers, and researchers has been implementing a five-year pilot project to field-test a Payment-for-Environmental Services (PES) program. Now expanded in the Northern Everglades, this program will offer eligible cattle ranchers the opportunity to compete for contracts for water and nutrient retention.

The goal of the Northern Everglades – Payment for Environmental Services (NE-PES) is to establish relationships via contracts with private landowners modify operations or construct simple water management alternative facilities to obtain the services of water retention and nutrient retention to reduce flows and nutrient loads to Lake Okeechobee and the Estuaries from the watersheds.

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The Florida Legislature's intent for the Northern Everglades and Estuaries Protection Program (F.S. 373.4595) is to encourage and support the development of creative partnerships to facilitate the further restoration and protection of Lake Okeechobee and the Estuaries. The South Florida Water Management District (District) is responsible for administering this program in coordination with the Florida Department of Agriculture and Consumer Services (FDACS), Florida Department of Environmental Protection (FDEP), and the United State Department of Agriculture Natural Resources Conservation Service (NRCS). Respondents are encouraged to take advantage of the technical assistance being offered by FDACS and NRCS for this program. Program funding is currently available from State Appropriations and District ad valorem for water management alternative construction in Fiscal Years 2011 and 2012 for projects that provide water and nutrient retention services. Additional funding for the remainder of the first ten-year NE-PES program, including project post-construction service payments and operation and maintenance, will need to be budgeted and approved by the District's Governing Board for Fiscal Year 2012 and beyond. Construction and service payment funding for additional projects may become available for the Northern Everglades Payment for Environmental Services Program in the future under a separate solicitation

Funds will be distributed through a competitive selection process. Interested landowners responded and provided written submittals for water management services projects that retain water and nutrients above and beyond current permitted requirements to benefit Lake Okeechobee and the Estuaries. Submittals were reviewed by a Selection Committee and ranked using a pre-determined set of evaluation criteria. The Selection Committee is requesting the District's Governing Board approval to negotiate service payment funding requests in the order of ranked projects. Funding will be awarded to qualifying projects by rank order until available funds are exhausted or until projects no longer meet a minimum acceptable level.

How this helps meet the District's 10-year Strategic Plan:

The amendment will support the projects listed in the District's Annual Work Plan that are linked to the 10-Year Strategic Plan and is the most efficient utilization of resources to achieve program goals. To complement the State of Florida's ongoing Northern Everglades and Estuaries Protection Program (NEEPP) state agencies are expanding opportunities for Dispersed Water Management whereby private landowners manage water on parts of their property to provide two different water management services: water retention or nutrient (TP or TN) load reduction. Dispersed Water Management services complement the water management and nutrient load reduction achieved from NEEPP regional reservoirs and stormwater treatment areas (STAs). The dispersed water management program will:

- Reduce volume and rate of flow to Lake Okeechobee to help keep the Lake within a preferred stage envelope in both wet and dry years and reduce damaging discharges to the estuaries;
- Contribute to achievement of the Lake Okeechobee Total Maximum Daily Load (TMDL) for total phosphorus (TP) and meeting other water quality criteria;
- Reduce nutrients entering the estuaries;
- Provide for habitat enhancement for multiple species at a watershed scale; and
- Contribute to the financial viability of cattle ranching as a more extensive working agricultural land use.

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Funding Source: Save Our Everglades Trust Fund and Ad valorem

This Board item impacts what areas of the District, both resource areas and geography:

The Resource Areas impacted by the referenced amendment are Water Resources, Everglades Restoration, Operations and Regulation.

What concerns could this Board item raise?

Negotiations will focus on the service payment request portion of the proposals to ensure the most cost-effective utilization of public funds. Successfully negotiated contracts, depending on total contract value, will be brought back to the Governing Board for approval. Any future year funding is subject to Governing Board approval. Should this request not be approved, the ability to achieve Dispersed Water Management and Northern Everglades Program goals will be negatively impacted.

Why should the Governing Board approve this item?

The approval of the request to negotiate with respondents to the NE-PES solicitation is critical to obtaining the most cost beneficial collaborative projects to achieve the Northern Everglades water quality improvement and water storage/retention goals, which is critical to the health of the watersheds.

If you have any questions, please do not hesitate to call me at ext. 6952.

TB/bw