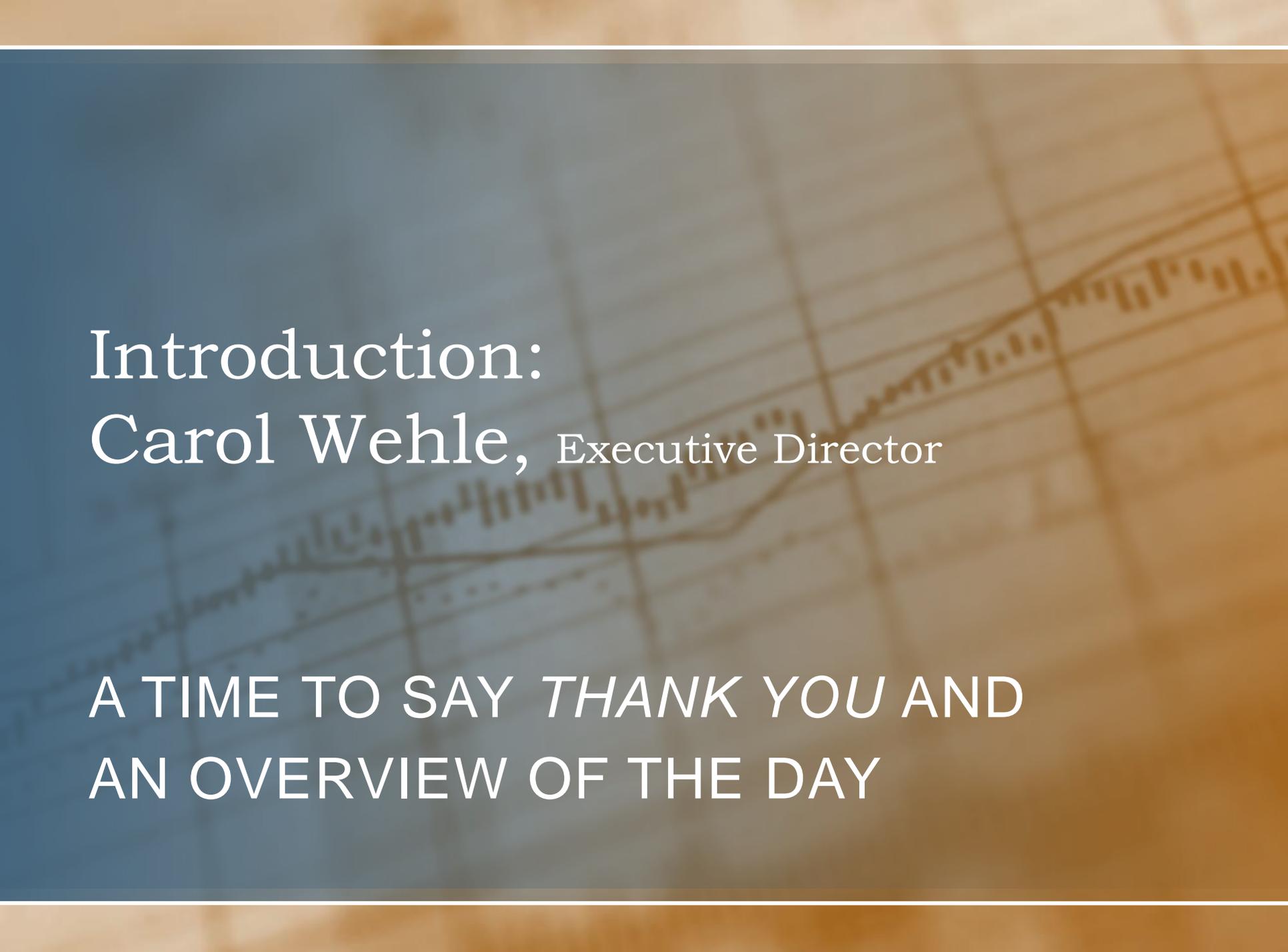


South Florida Water Management District FY10 - 11 Budget

DOING WHAT NEEDS TO BE DONE...



Introduction:
Carol Wehle, Executive Director

A TIME TO SAY *THANK YOU* AND
AN OVERVIEW OF THE DAY

Thank You to:

- **Legislature**
- **Governing Board**
- **Staff**

FY11 Budget Themes

- Cut expenses to match a 12% \$63M loss in ad valorem revenues
- Extremely limited enhancements, primarily to respond or improve services to the public
 - E-permitting
 - Dispersed storage
 - Replacement laboratory to respond to water quality demands
 - \$4M for Compartments B & C operations and maintenance costs and monitoring costs for B, C, Picayune Strand and C-111

FY11 Budget Themes

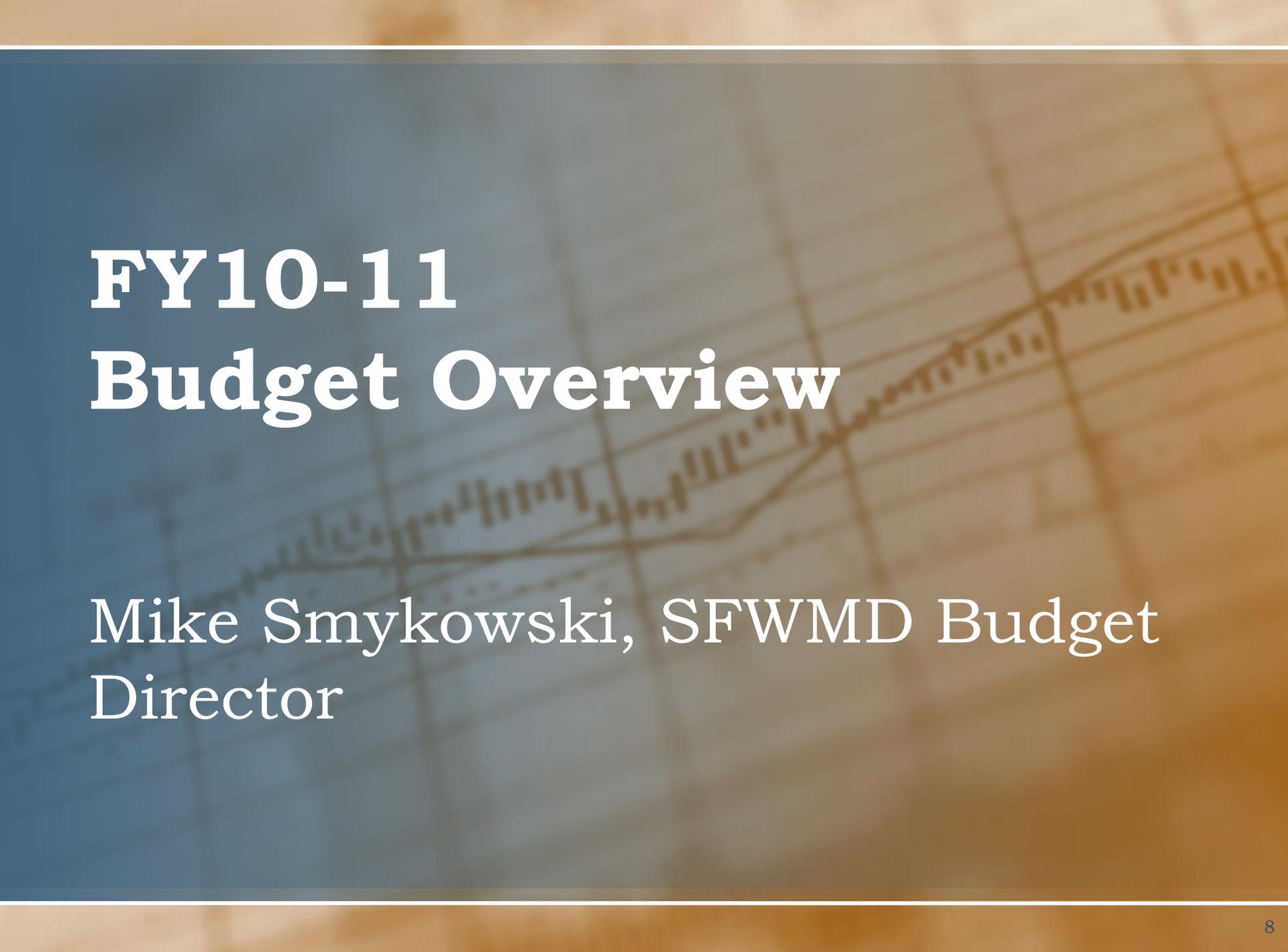
- Ensure flood control operations
- Ensure capital investment in the C & SF system
- Set aside everything possible for a capital reserve for future land and project needs
- Set aside funds for inverse condemnation cases
- Continuation construction and no new starts
- Prioritize PIRs and PPAs for projects that will be included in near term Water Resources Development Act (WRDA)

Challenges to be Addressed

- Federal court orders
- State Water Quality Requirements
- Federal Cost Share (CERP) match
- Inverse condemnation cases
- Predicted active hurricane season
- Herbert Hoover Dike
- Sea level rise
- Levee Rehabilitation Costs
- State Revenues
- Continued erosion of District tax base

How's the Day Going to Work?

- Budget Overview by Mike Smykowski
- Key budget issues by each resource area Deputy Executive Director
- Policy questions and discussion with the Governing Board and Staff – facilitated by Tom Olliff



FY10-11 Budget Overview

Mike Smykowski, SFWMD Budget
Director

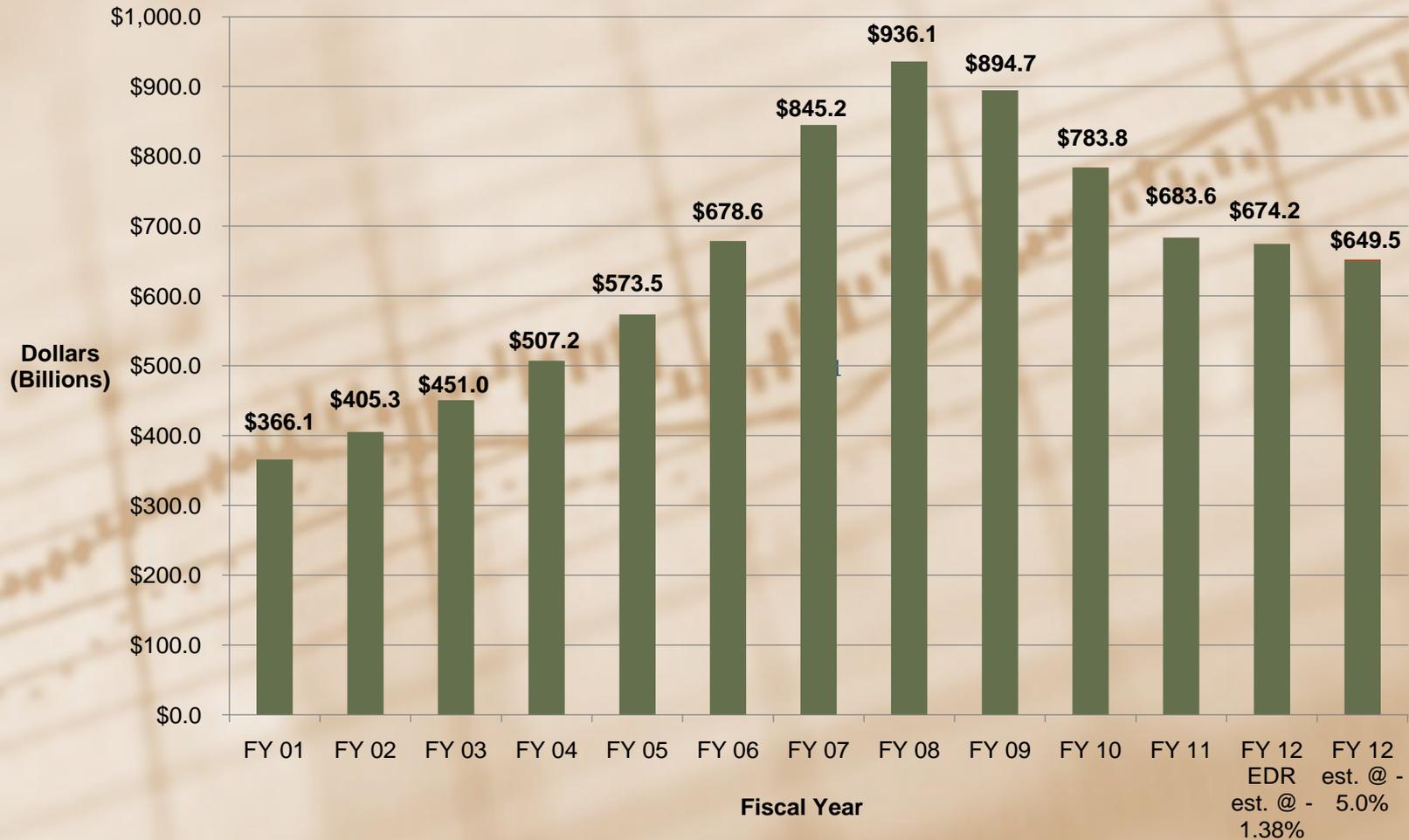
Goals for Today's FY11 Budget Preview

- Understand the Timetable for Required Policy Decisions
- Understand the Local & State Revenue Picture
- Understand what is and what is not included in the staff recommended budget

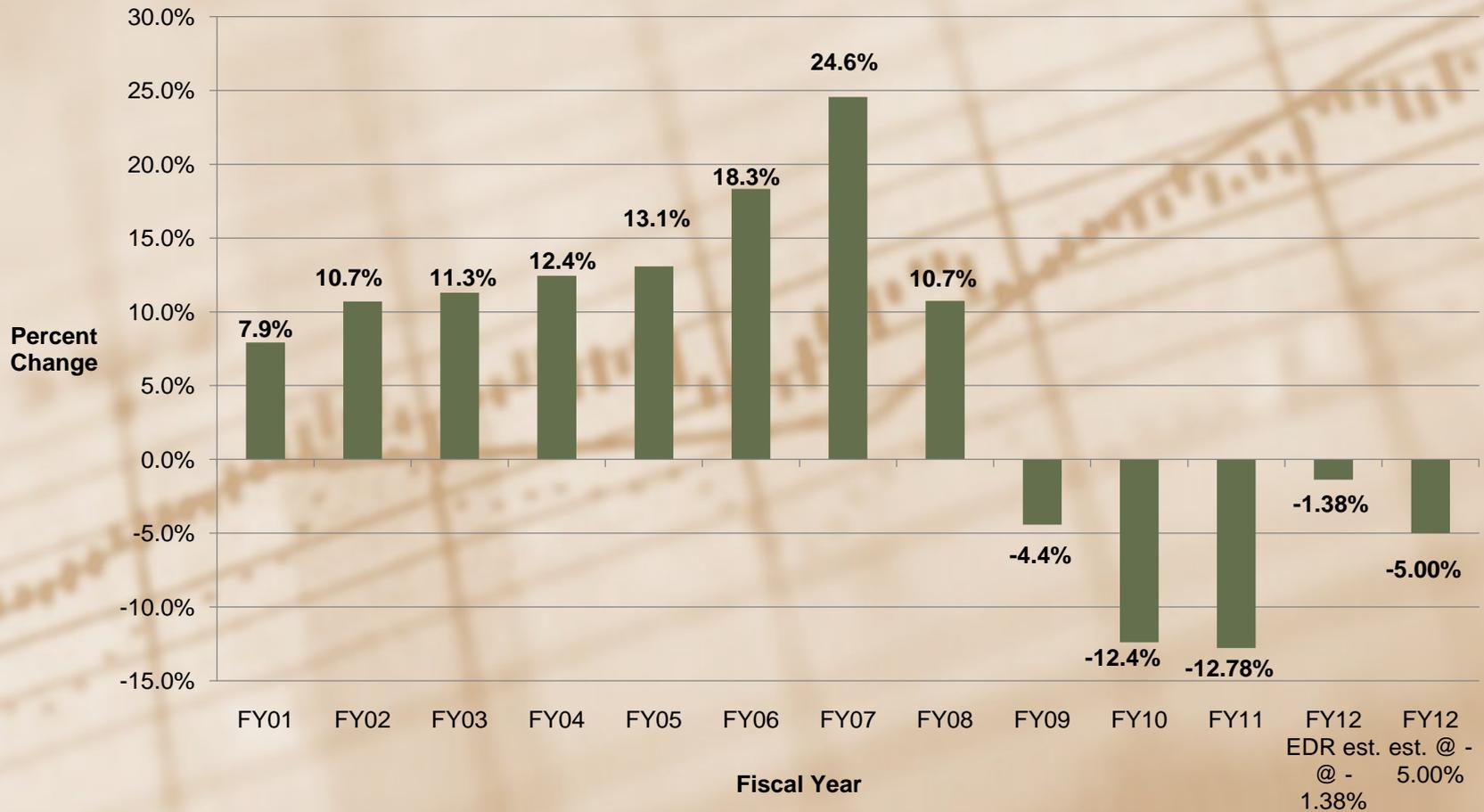
Timetable for Required Policy Decisions

Policy Issue	Decision Timeframe
\$60M O & M Capital Program	Immediate; allows bidding process to proceed this summer to facilitate FY11 burn rate.
FY11 Tentative Millage Rates	July 2010 Governing Board meeting
Assumption re FY12 Taxable Value (for planning purposes)	July 2010 Governing Board meeting

SFWMD Taxable Value (FY01 – FY12 est.)



Percent Change in SFWMD Taxable Value from Prior Fiscal Year



June 1 (FY11) Tax Roll Estimates

County	FY11 % Change (March 2010 EDR)	FY11 % Change (June 1 Estimates)	Variance
Miami-Dade	-14.2%	-13.3%	0.9%
Broward	-12.6%	-12.8%	-0.2%
Palm Beach	-10.3%	-11.0%	-0.7%
Collier	-13.5%	-12.7%	0.8%
Lee	-10.1%	-15.8%	-5.7%
Orange	-9.8%	-10.5%	-0.7%
Monroe-OKEE	-14.0%	-12.3%	1.7%
Martin	-8.6%	-7.1%	1.5%
Osceola	-8.0%	-19.1%	-11.1%
St. Lucie	-15.2%	-12.1%	3.1%
Hendry	-11.8%	-16.7%	-4.9%
Okeechobee	-2.7%	-19.3%	-16.6%
Polk	-9.9%	-24.0%	-14.1%
Highlands	-5.0%	-15.0%	-10.0%
Glades	-10.6%	-9.4%	1.2%
Charlotte	-10.1%	-5.7%	4.4%
Total	-12.19%	-12.78%	-0.59%

EDR Ad Valorem Estimating Conference Projections vs. Actual Results

Fiscal Year	Ad Valorem Estimating Conference	EDR 1 Year Forecast	Actual Tax Roll % Change	Variance
FY05	March 8, 2004	8.79%	13.08%	4.29%
FY06	March 7, 2005	14.23%	18.33%	4.10%
FY07	March 7, 2006	20.48%	24.55%	4.08%
FY08	March 1, 2007	9.66%	10.75%	1.08%
FY09	March 6, 2008	1.47%	-4.41%	-5.90%
FY10	March 4, 2009	-15.21%	-12.40%	2.81%
6-YEAR AVERAGE VARIANCE				3.71%

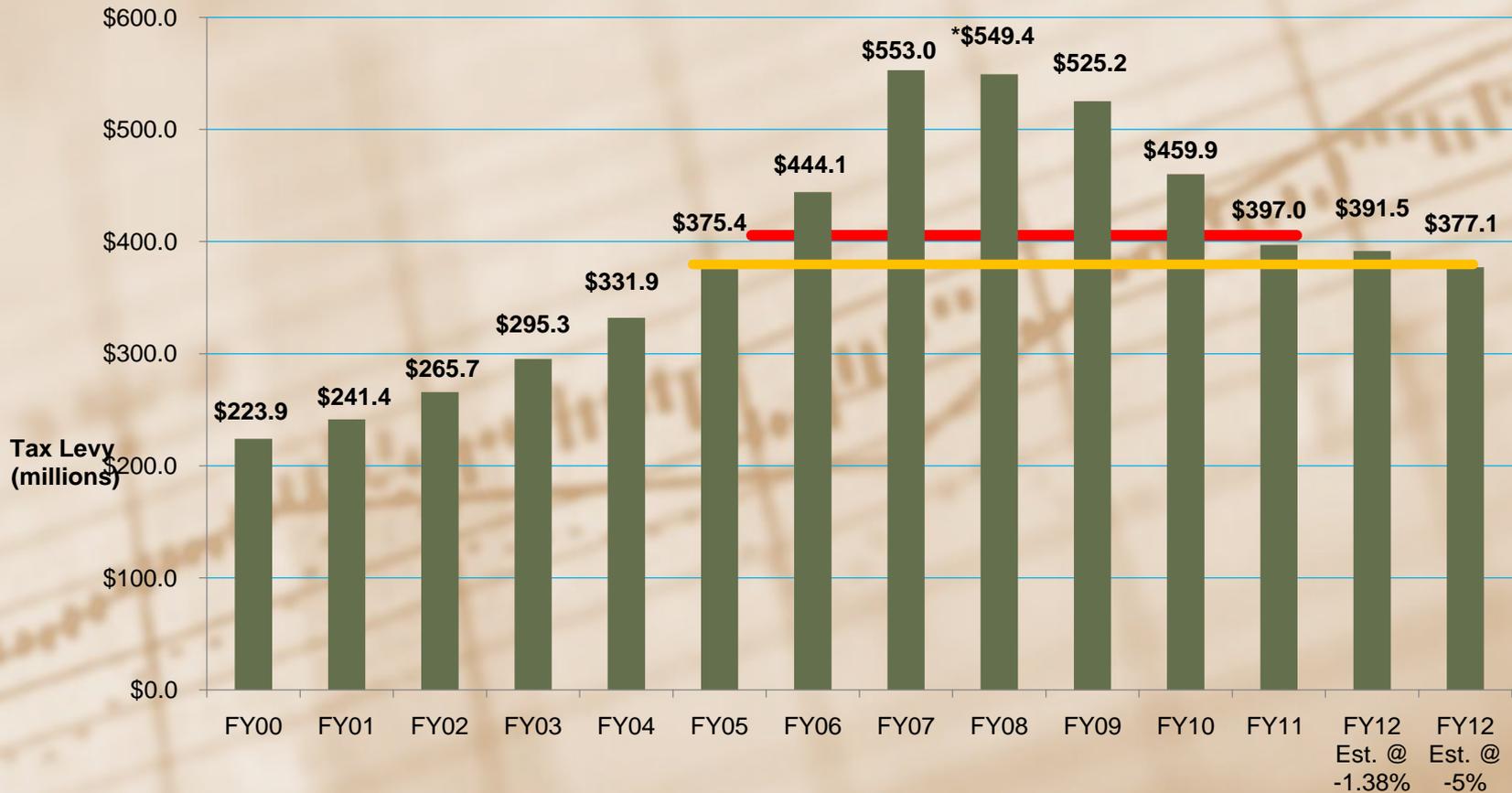
Fiscal Year	Ad Valorem Estimating Conference	EDR 2 Year Forecast	Actual Tax Roll % Change	Variance
FY05	March 10, 2003	9.27%	13.08%	3.81%
FY06	March 8, 2004	7.52%	18.33%	10.81%
FY07	March 7, 2005	7.52%	24.55%	17.03%
FY08	March 7, 2006	14.08%	10.75%	-3.33%
FY09	March 1, 2007	8.08%	-4.41%	-12.49%
FY10	March 6, 2008	1.61%	-12.40%	-14.02%
6-YEAR AVERAGE VARIANCE				10.25%

EDR Ad Valorem Estimating Conference Projections vs. Actual Results

	FY10	FY11	FY12	If EDR off on year 2 by 5%	Revenue Loss From FY09; \$525.2M	Delta from 2009
EDR proj 2009	-15.21%	-7.43%	2.63%	-20.01%		
2009 Ad Valorem Projections	\$445.3	\$412.2	\$423.1		-\$102.1	
Actual	-12.40% \$459.9M	-12.78% \$397.0M	-1.38%* to -6.38% \$391.5M to \$371.7M	-26.56% to -31.56%	-\$133.7 to -\$153.5	-\$31.6 M to -\$51.4M

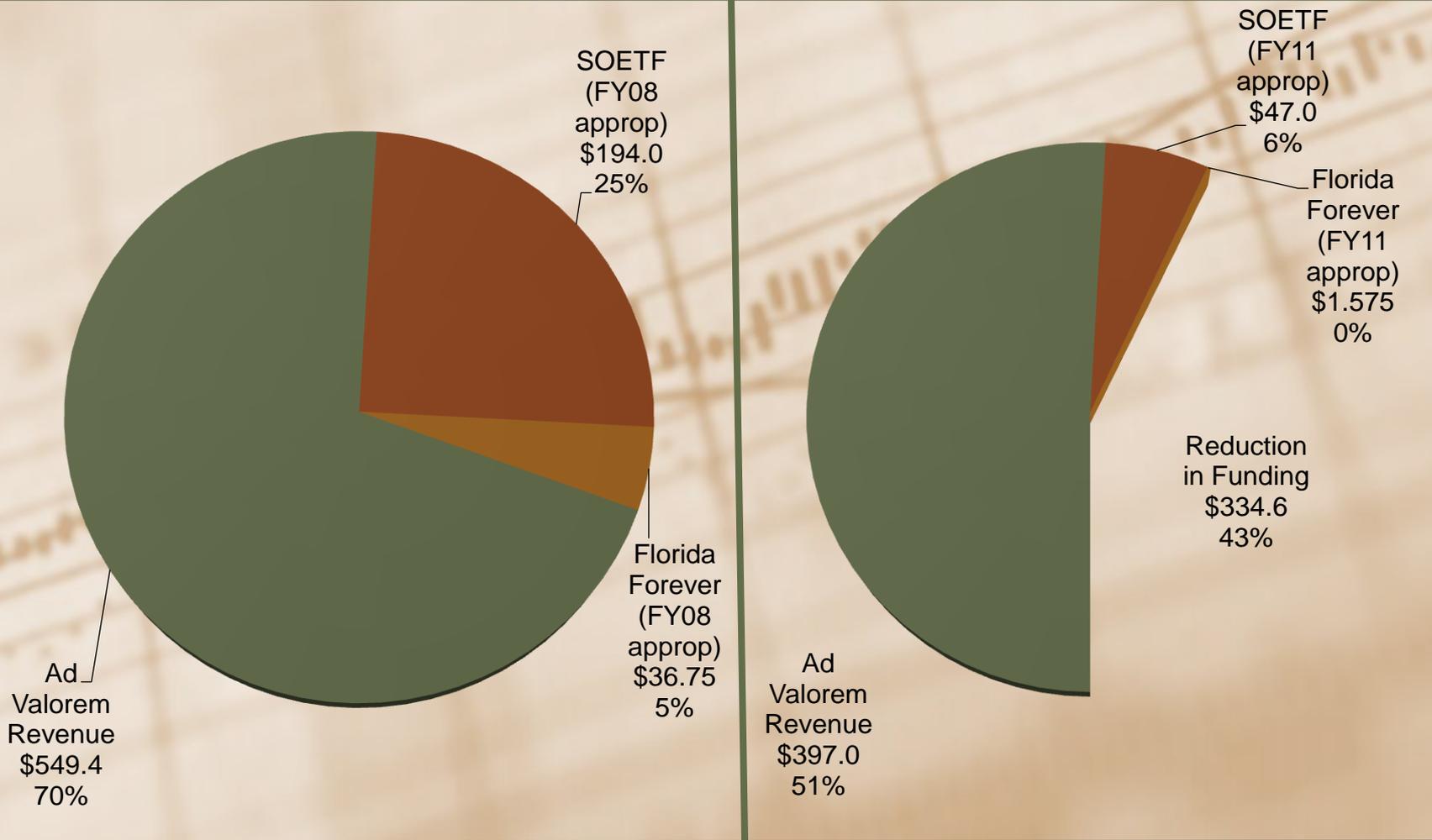
* Current EDR 2012 est – (1.38%) historically off in year two projections by $\pm 10\%$

SFWMD Total Tax Levies (FY00 – FY12 est.)

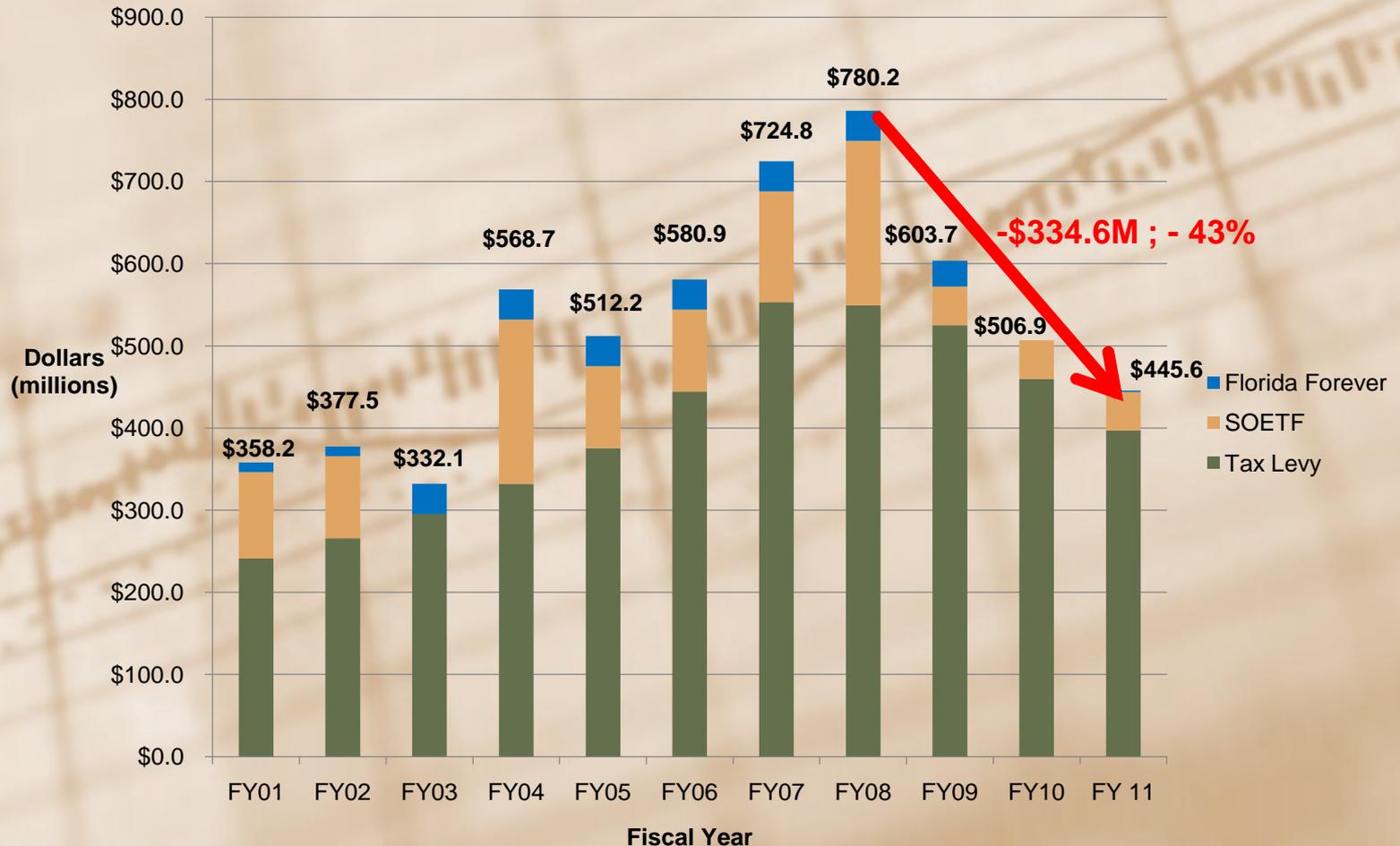


Policy Issue: How conservative should we be in planning for a further decrease in taxable value in FY12? Each 1% change = \$4M

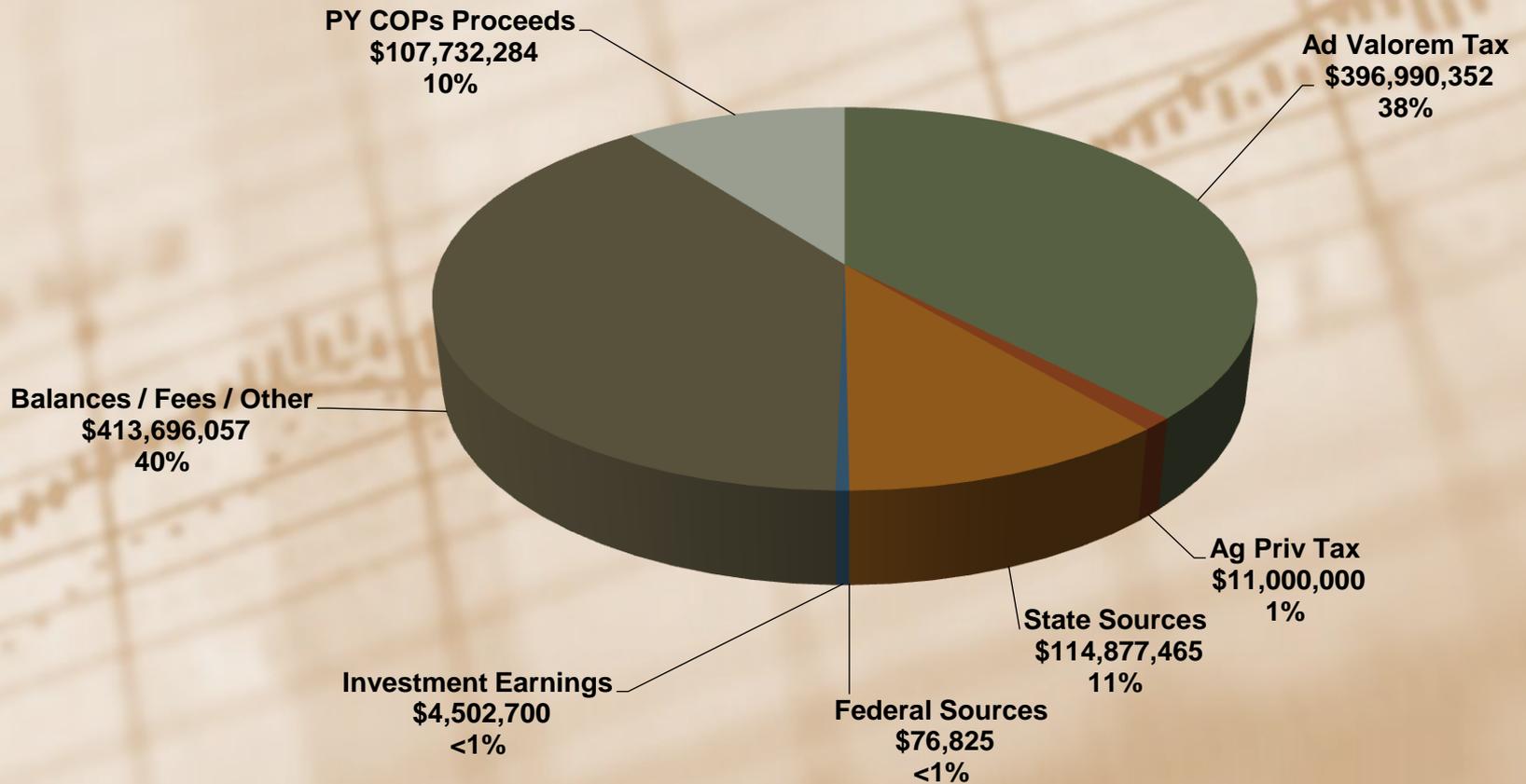
Comparison of FY08 & FY11 District Ad Valorem, SOETF, and Florida Forever Appropriations (millions)



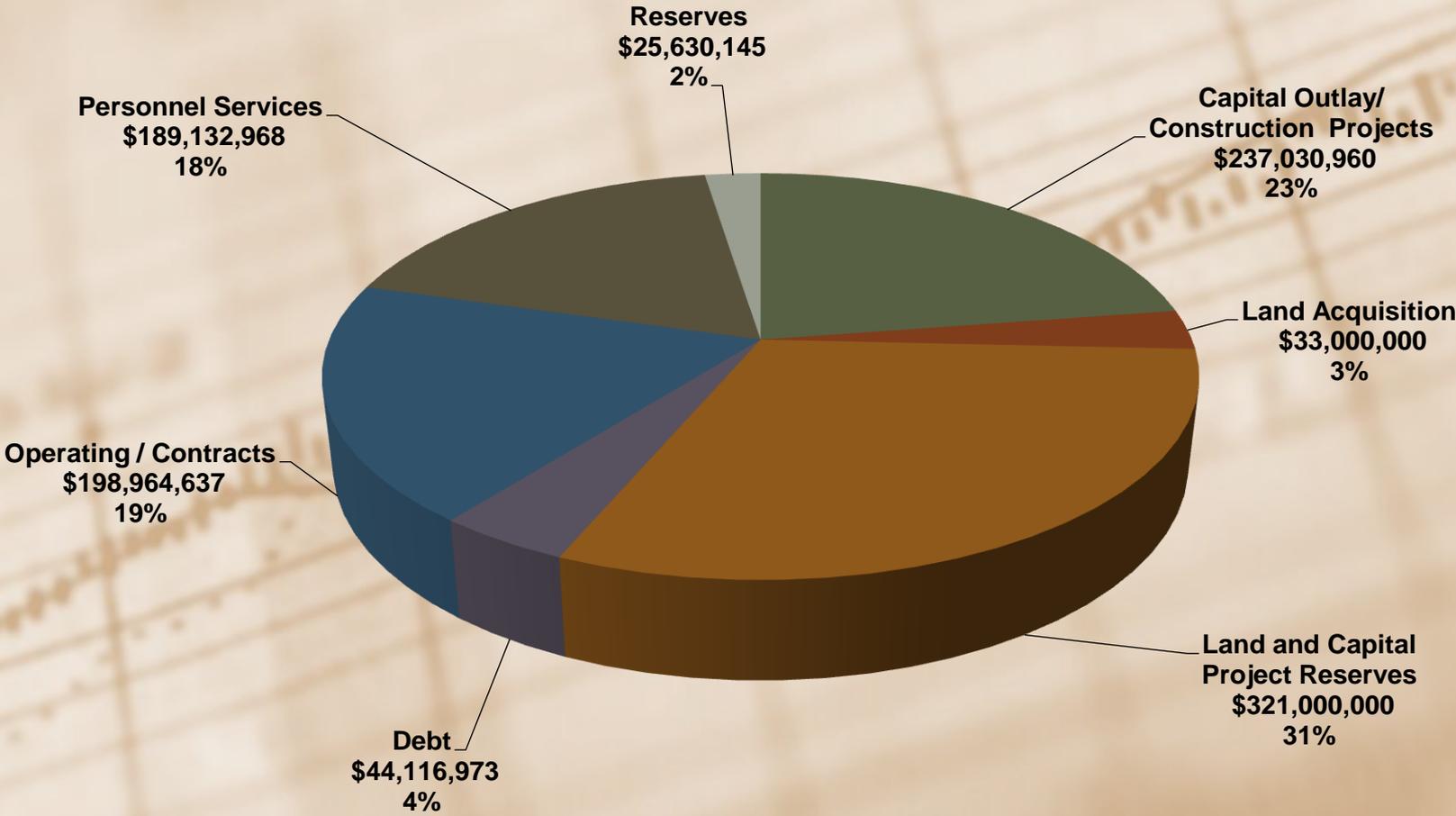
SOETF & Florida Forever Appropriations, and District Ad Valorem Revenue



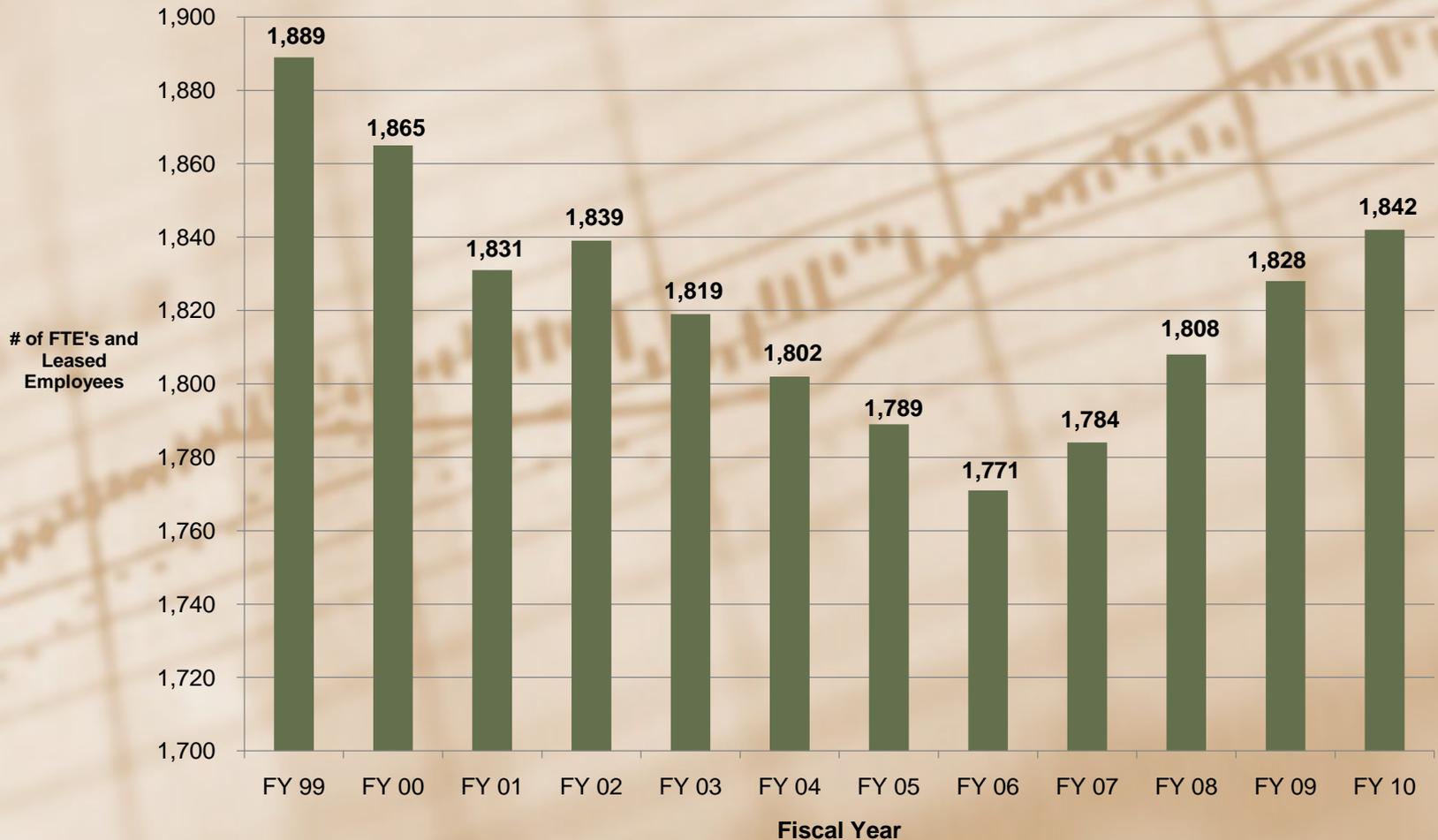
FY11 Budgeted Revenues - \$1,048.9M



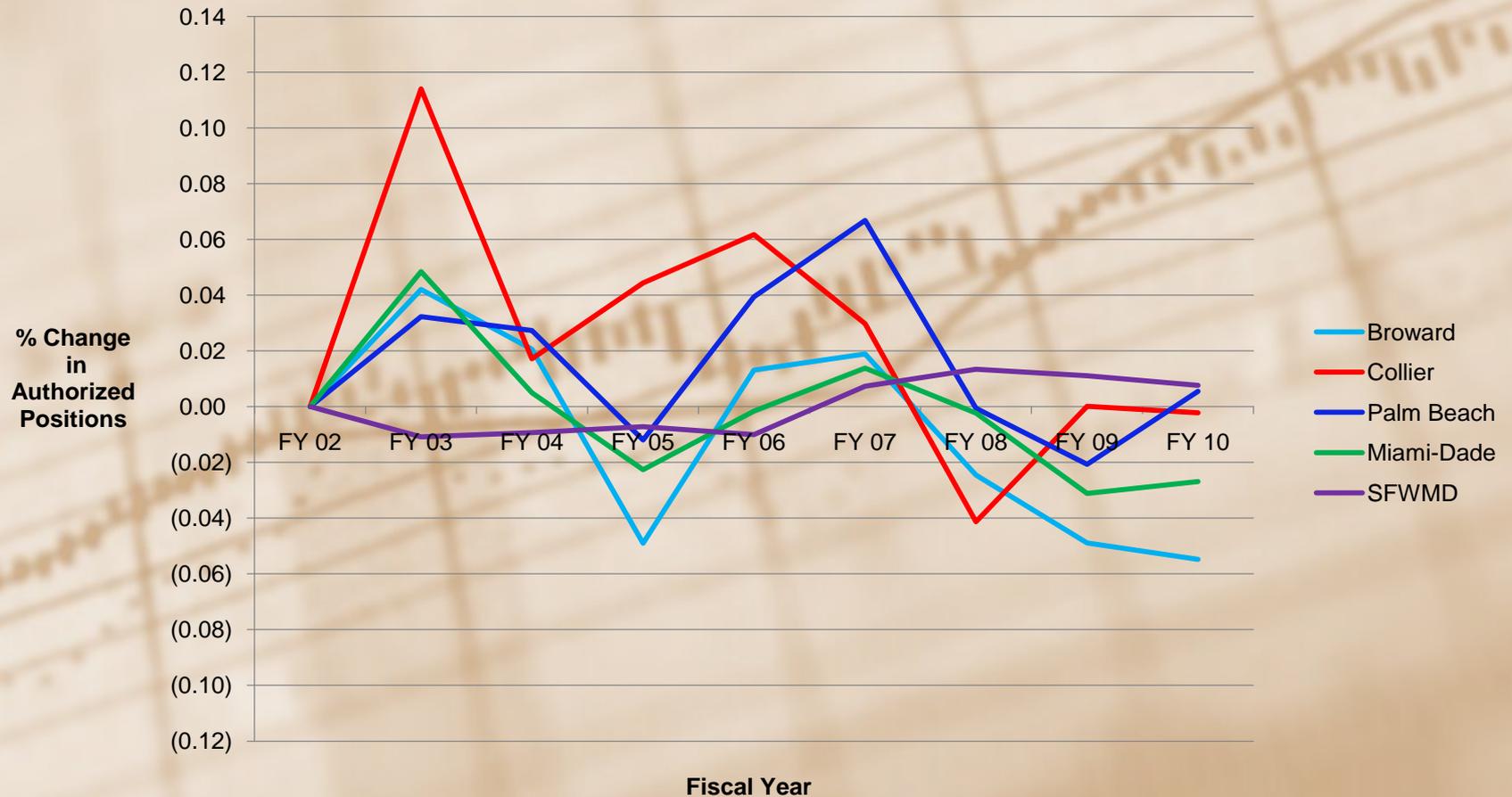
FY11 Budgeted Expenses - \$1,048.9M



District Historical Staffing Levels (FY99 – FY10)



Percent Change in Authorized Positions (FY02 – FY10)

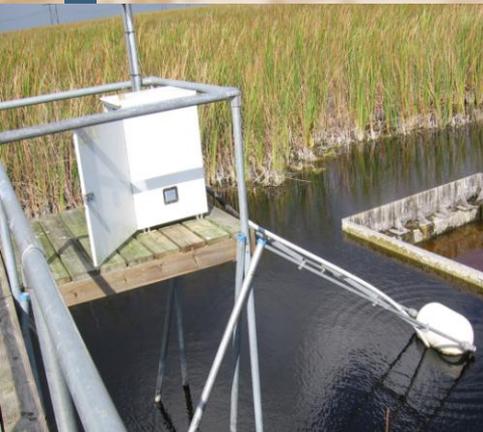


Operations & Maintenance

Tommy Strowd, DED

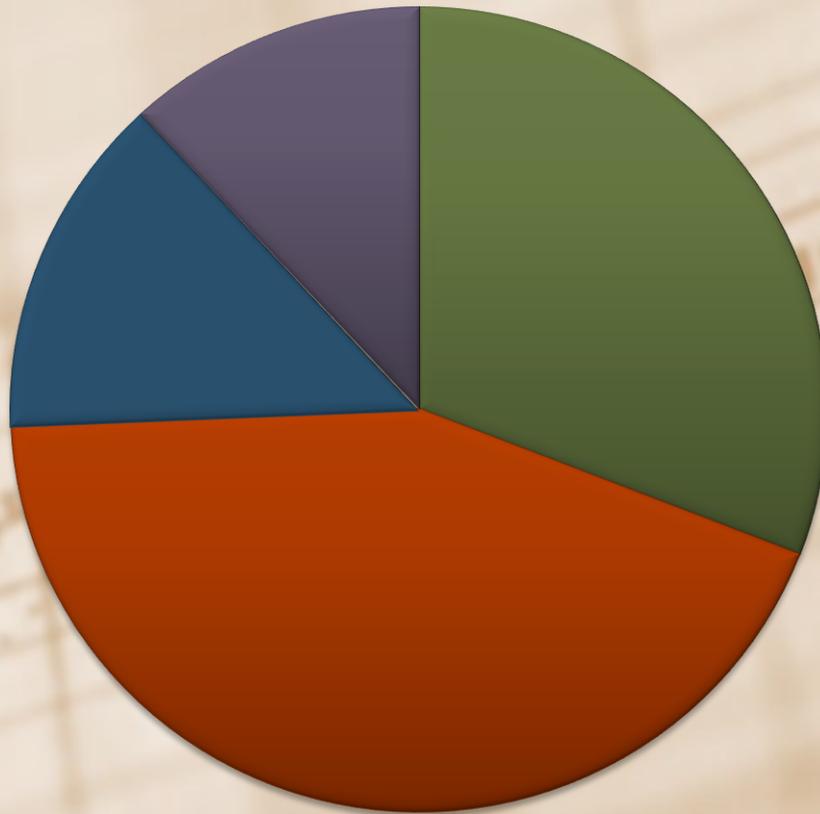
Who we are and what we do

- Operations & Maintenance of Central & Southern Florida Flood Control System
- C&SF System Infrastructure Refurbishments
- Operations & Maintenance of Stormwater Treatment Areas
- Management of District Lands



Operations & Maintenance

Proposed Budget - \$138.0M



- O&M of C&SF System
\$42.6M (31%)
- Capital Refurbishment
\$60.0M (43%)
- STA O&M \$19.0M
(14%)
- Land Management
\$16.4M (12%)

Operations & Maintenance

C&SF System: Key Activities



- Pumping Operations \$6.7M
- Canal/Levee Maintenance \$6.4M
- Aquatic/Exotic Control \$5.3M
- Structure/Pump Station Maintenance \$3.2M
- Telemetry System Maintenance/C&SF System Monitoring \$2.8M
- Hurricane Reserve \$10.4M

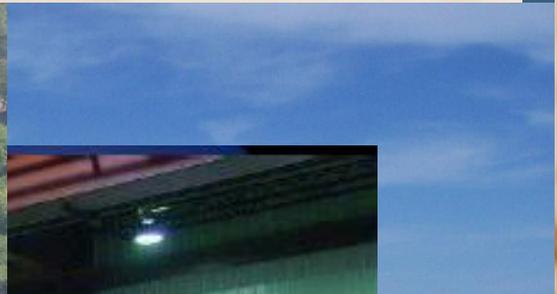
Operations & Maintenance

C&SF Refurbishments: Key Activities

Capital Budget includes:

- Construction \$40.8M
- Levee Repairs \$1.8M
- Telemetry System Upgrades \$1.1M
- Emissions Retrofits \$750K
- Engineering \$6.5M





Operations & Maintenance

STA O&M: Key Activities



- O&M of Existing STAs - \$17.2M
 - Pump Station & Structure Maintenance
 - Pumping Operations
 - Ongoing Vegetation Management
 - Structure Inspections
 - Fuel Tank/Pump Stations Permit Compliance
- Compartment B & C Buildouts - \$1.8M

Operations & Maintenance

Land Management: Key Activities

- Exotics/Vegetation Management - \$6.5M
- 8 ½ Square Mile Area Restoration \$4.6M
- Public Access Projects \$1.4M
- Ongoing activities
 - Controlled Burns
 - Public Use
 - Maintenance of Lands/Equipment
 - Payment in Lieu of Taxes (PILT)



Operations & Maintenance

Future Issues/Challenges

- O& M of CERP and Other Projects Under Construction
- Sea Level Rise & Future Infrastructure Needs
- Levee Inspections & Refurbishments



Everglades Restoration & Capital Projects

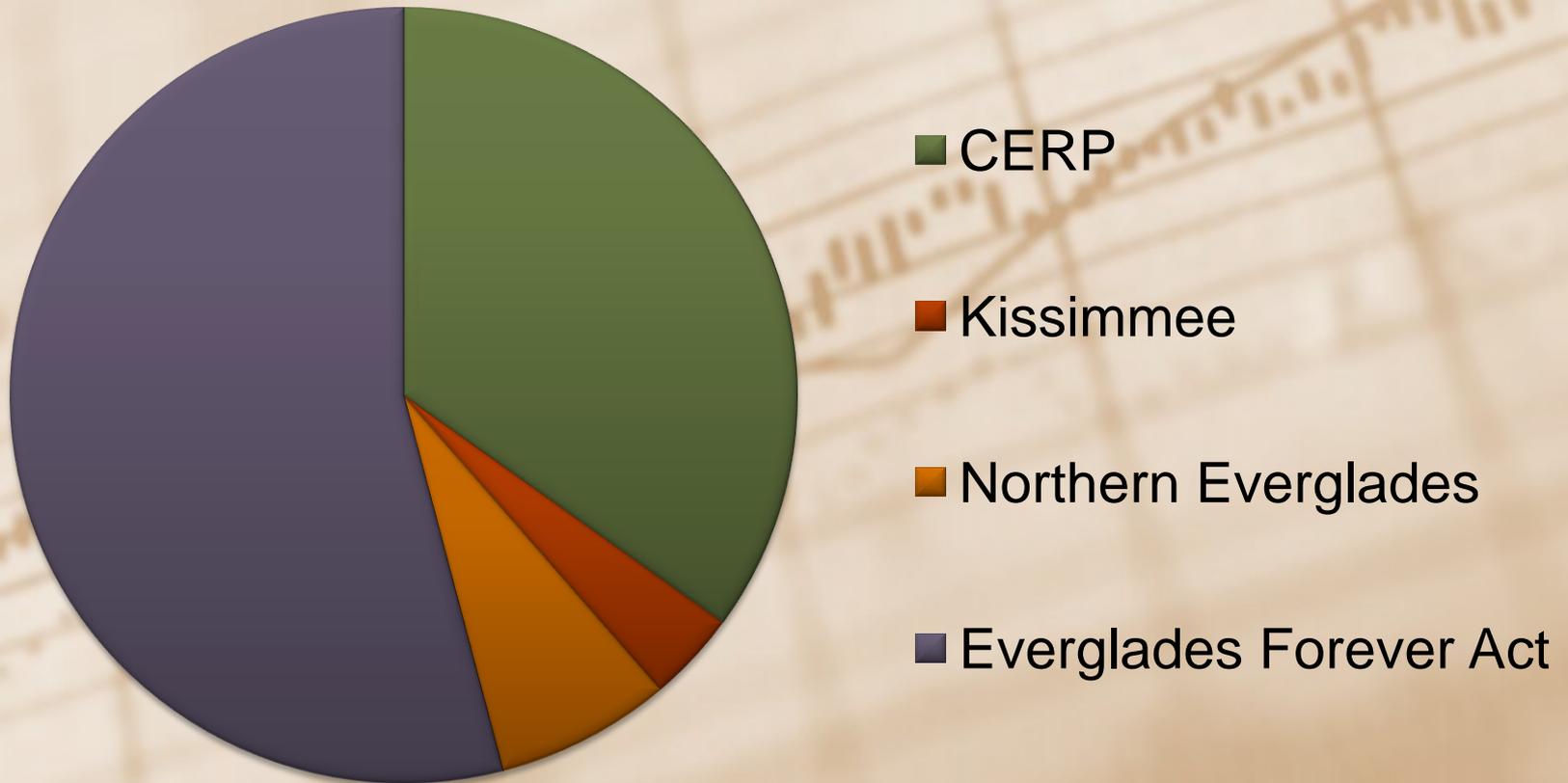
Ken Ammon, DED

Who we are and what we do

- Plan, model, permit, engineer and construct projects to restore the Everglades
- Coordinate restoration efforts with local, state, federal and tribal partners
- Acquire land for environmental restoration projects
- Develop science-based research to determine restoration project needs
- Apply research, planning, and water quality monitoring and assessment to the Kissimmee, Okeechobee, Everglades and coastal watersheds of the District
- Design and construct Operations & Maintenance capital projects

Everglades Restoration & Capital Projects

Proposed Budget - \$282.4M



Comprehensive Everglades Restoration Plan: Federal Funding

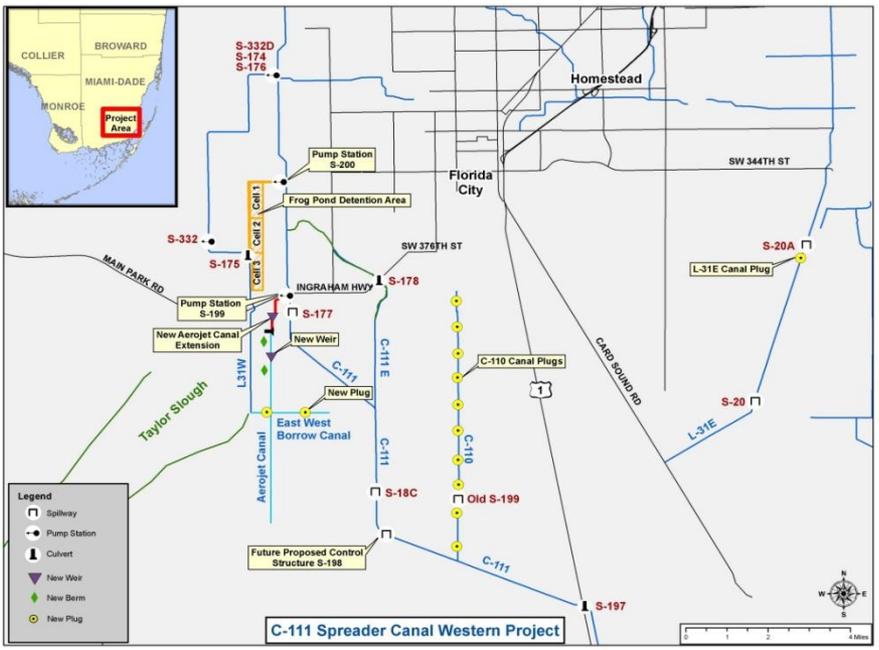
Cost Share = Design + Executed Partnership Agreements

- Picayune Strand PPA- Executed
- Site 1 (Phase I) – June 10, 2010, Indian River Lagoon (Phase I), Melaleuca Facility, and L-31 PPA's pending
- Execution of Indian River Lagoon PPA (July) places SFWMD ahead of USACE through 2013
- USACE anticipates funding for design to be \$57M, potentially \$30-35M more than SFWMD annually

C-111 Spreader Canal Project - \$15.9M

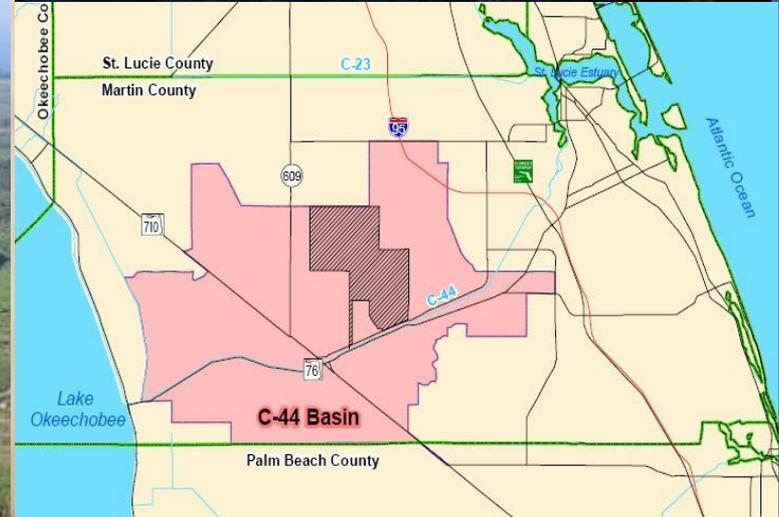


✓ Finish Construction



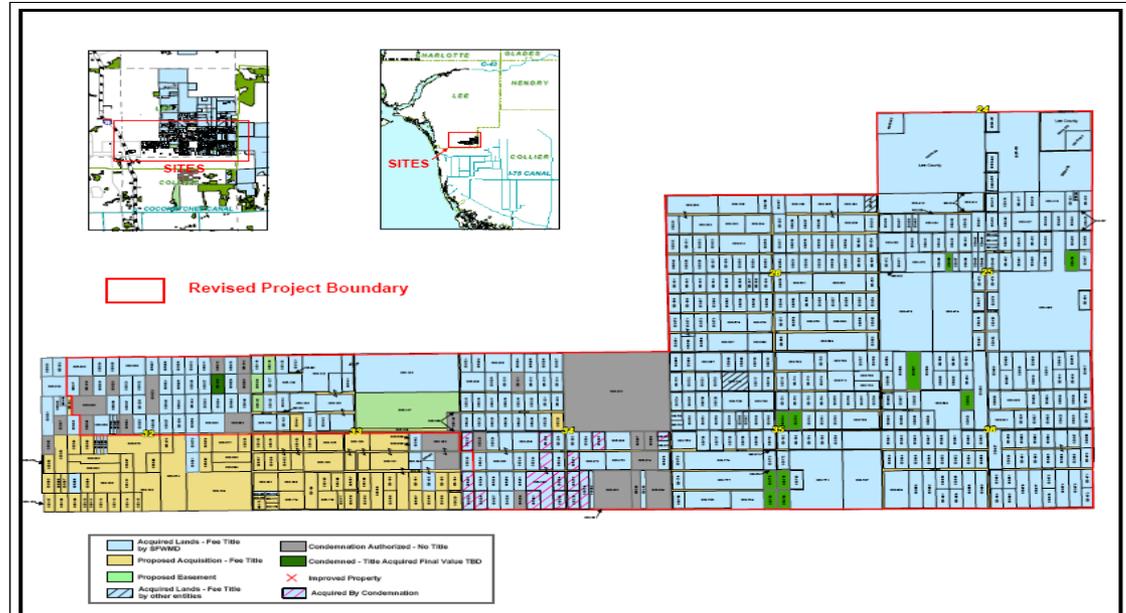
C-44 Reservoir and STA Relocations – \$ 8.8M

- Canal Relocations
- Troupe Indiantown Pump Relocation
- Tower Construction
- USACE Construction (Feb. 2011)

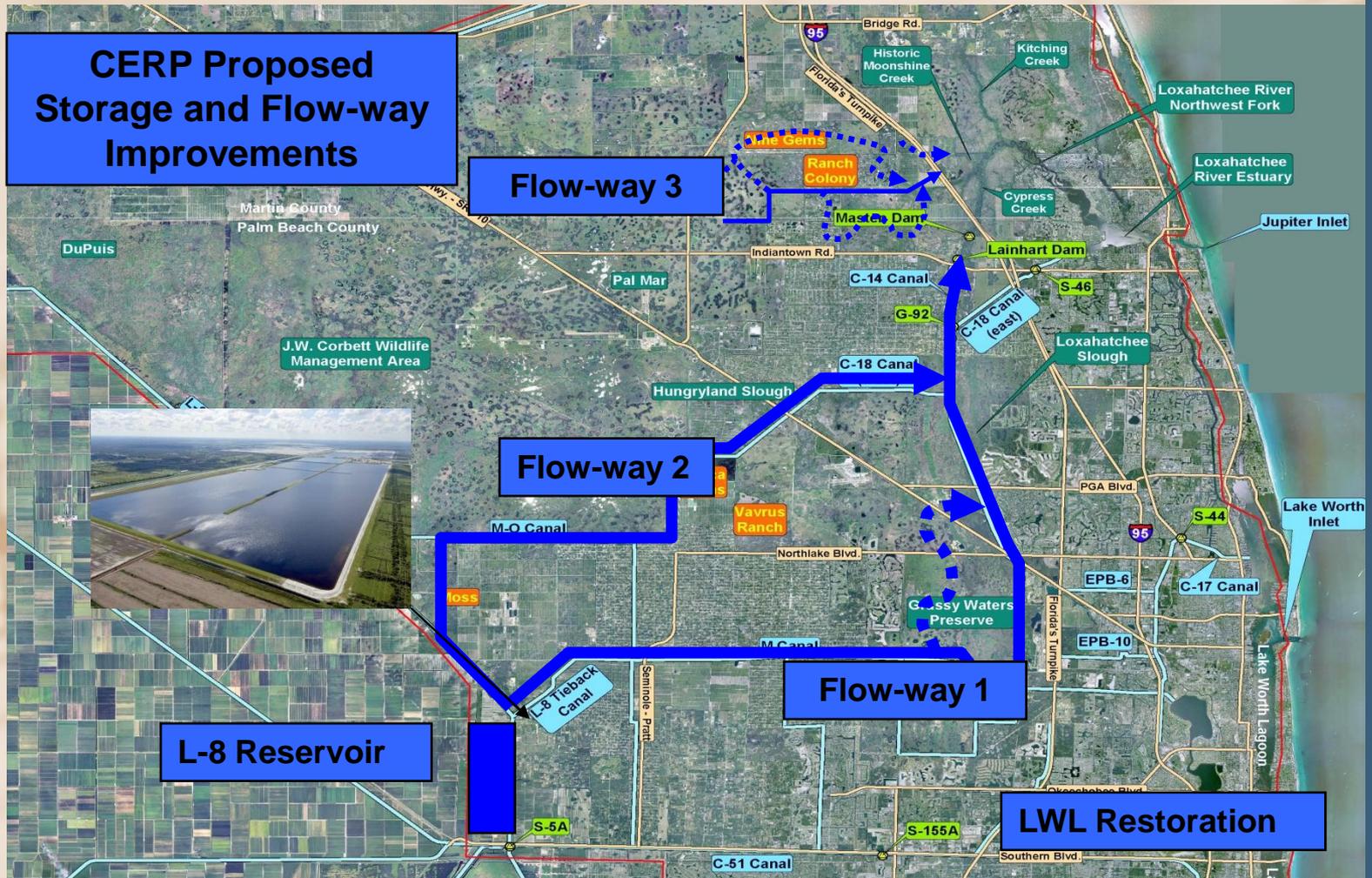


Southern CREW Critical Project

- Complete Land Acquisition - \$6.5M
- Complete Design

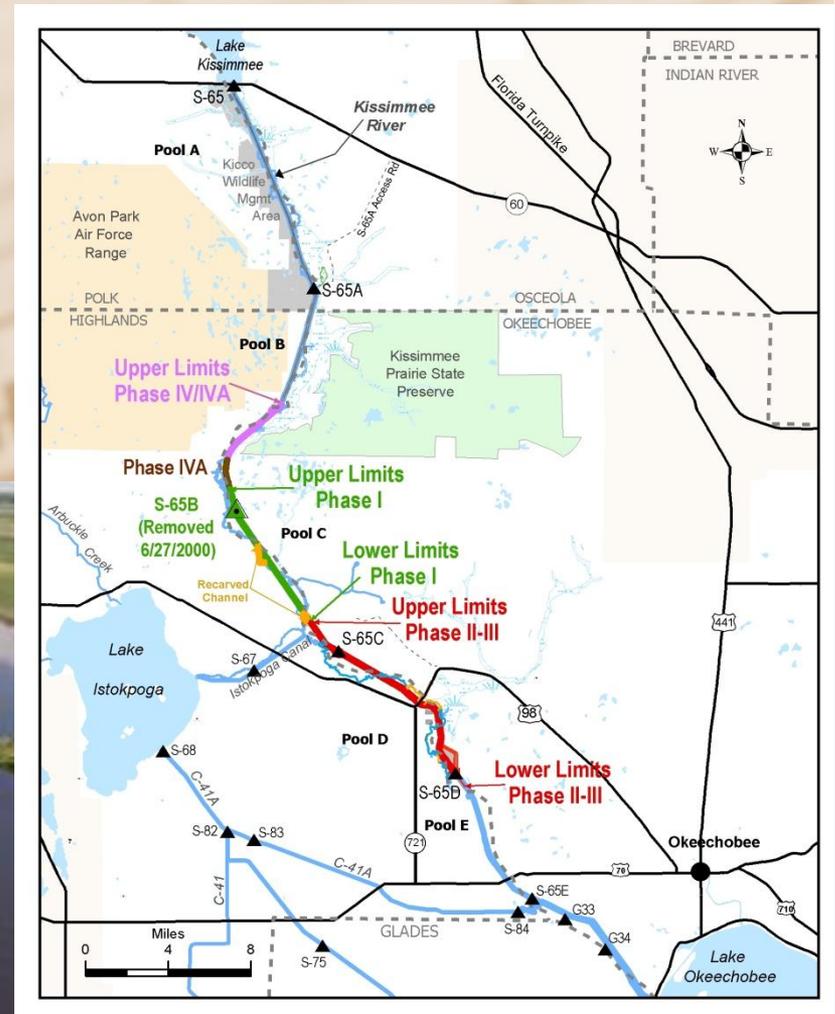


North Palm Beach Project – Complete draft PIR



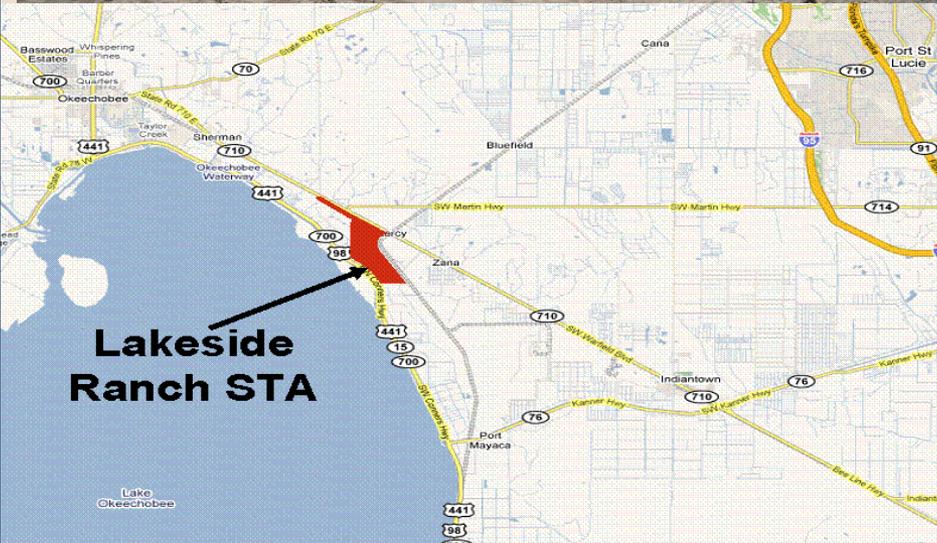
Kissimmee Watershed

- Acquire 550+ Acres to complete acquisition on Pool D - \$ 6.5M
- Finalize Water Reservation Rule
- Develop operations plan and baseline conditions
- Continue required cost share monitoring



Lake Okeechobee & Northern Everglades

Lakeside Ranch STA –
\$ 11.7M



05.13.2010

Environmental Services Laboratory - \$7.8M



Everglades Restoration & Capital Projects

Key Issues and Challenges

- Water Quality Issues
 - Court Ruling Implications
 - Total Maximum Daily Load Requirements
 - Nutrient Criteria
- Cultural Resources and Construction
- Water Supply and Water Reservation Rulemaking.
- CERP Cost Share Partnership with USACE

Regulatory & Public Affairs

Deena Reppen, DED

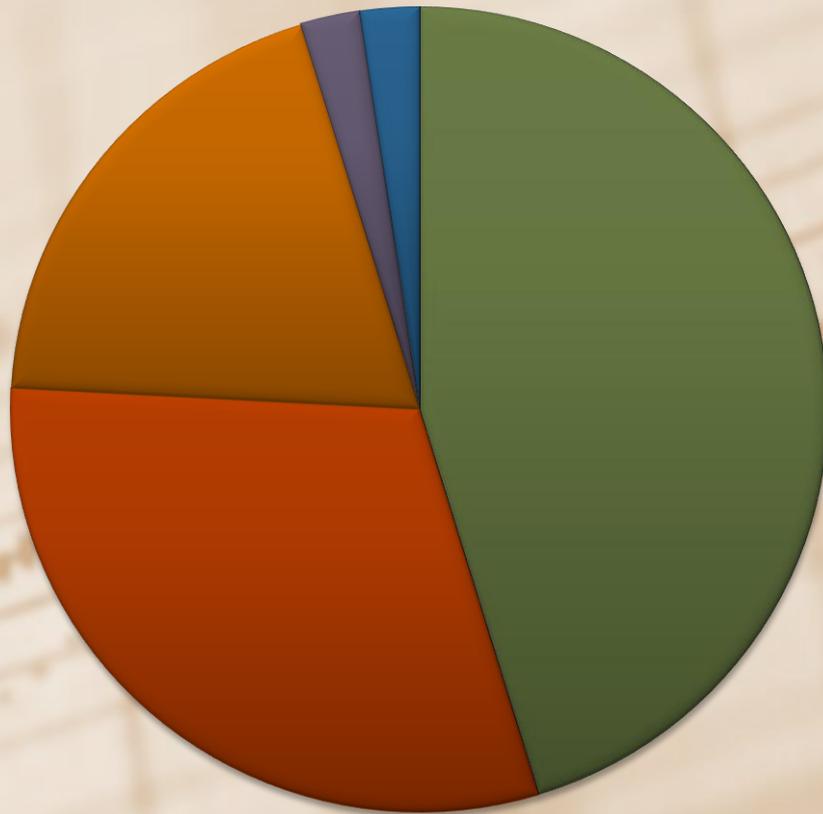
Who we are and what we do

- Environmental Resource Regulation
- Water Supply Management
- Intergovernmental Programs
- District Service Centers
- State, Federal & Tribal Affairs
- Public Information
- Ombuds & Open Government
- Board and Executive Services



Regulatory & Public Affairs

Proposed Budget - \$19.7M



- Regulation - \$8.9M (45%)
- Intergovernmental Programs - \$6.0M (31%)
- Water Supply - \$3.8M (19%)
- Business Ops & Support Services - \$463K (3%)
- Public Information - \$457K (2%)

Regulatory & Public Affairs

Regulation: Key Activities

- Environmental Resource Permit (ERP) and Water Use (WU) Permit Applications - \$897K
- ERP and WU Compliance & Enforcement - \$257K
- Agricultural Permitting and Compliance Teams – staff time
- E-permitting - \$416K



Regulatory & Public Affairs

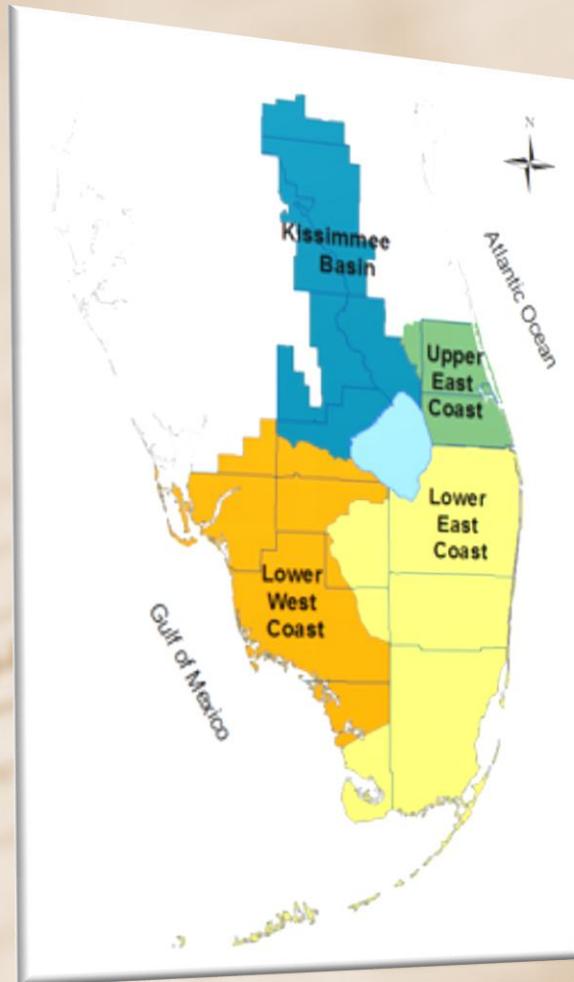
Regulation: Key Activities



- Source Control - \$4.5M
 - Everglades
 - St. Lucie
 - Lake Okeechobee
 - Caloosahatchee
- Dispersed Storage - \$2.9M
 - FRESP
 - Dispersed Water Management & Treatment

Regulatory & Public Affairs

Water Supply: Key Activities



- Water Supply Planning - \$270K
 - Lower West Coast / Upper East Coast
 - Kissimmee / Lower East Coast
- Central Florida Coordination Area - \$525K
- Resource Evaluation - \$830K
 - Groundwater hydrodata collection, analysis and maintenance

Regulatory & Public Affairs

Water Supply: Key Activities

- Alternative Water Supply - \$4M
 - FY11 requested:
 - \$1M – Miami Dade
 - \$2.6M – Big Cypress Basin
 - \$450K – other projects
 - FY06-FY10: \$158M for 254 projects resulting in 249 MGD of water supply capacity
- Water Conservation Program – WaterSIP - \$300K
 - FY03-FY10: \$3.8M for 129 projects resulting in savings of 6.4 MGD



Regulatory & Public Affairs

Key Local Government Initiative

- Stormwater improvement projects
 - Big Cypress Basin - \$1.8M
 - Local Stormwater Improvement Initiatives - \$300K



Regulatory & Public Affairs

Key Issues & Challenges



- Central Florida water supply issues
- Consumptive Use Permitting and Compliance
- Assisting local governments with:
 - Planning
 - Regional water supply development
 - Water conservation
 - Alternative water supply projects
 - Stormwater improvement efforts

Corporate Resources

Sandra Close Turnquest, DED

Who we are and what we do:

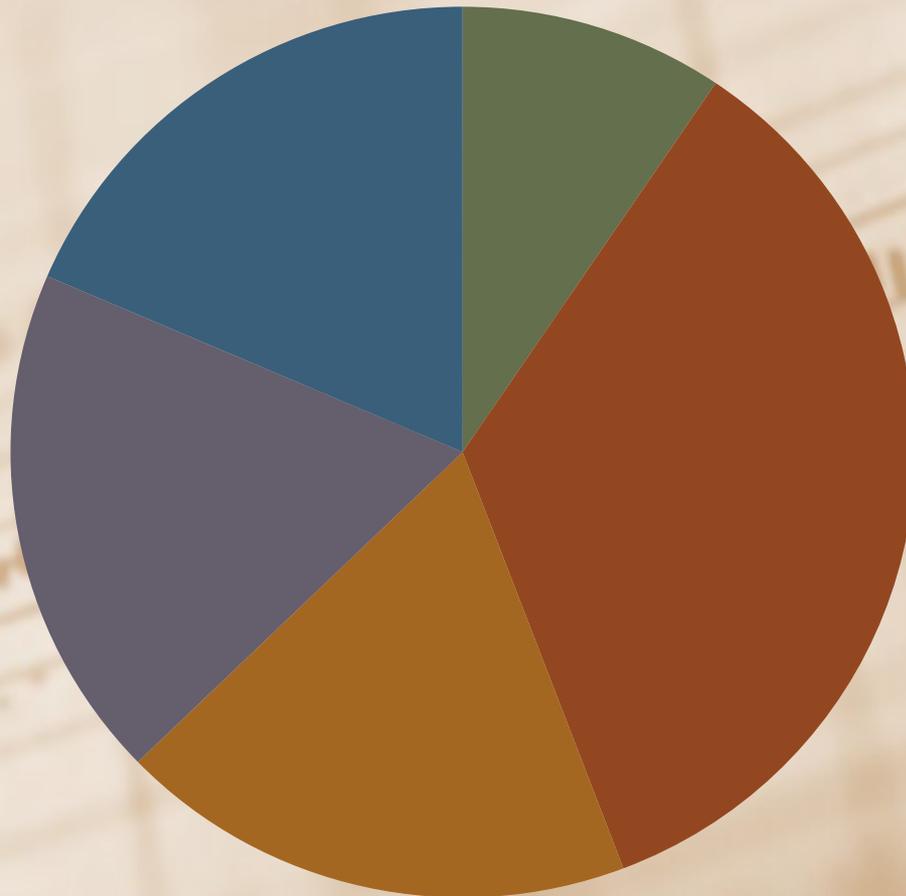
- Encompasses diverse service areas, including Safety, Security and Emergency Management, Finance and Administration, Information Technology, Human Resources, and Procurement
- Delivers the core business services that are the heart of District day-to-day operations



Corporate Resources

Goal of <10% of total budget

Proposed Budget \$47.4



- Facilities - \$4.5 M (9%)
- Information Technology - \$16.5 M (35%)
- SAP Solutions Center - \$8.8 M (19%)
- Agency Administration - \$8.9 M (19%)
- Fees - \$8.8 M (19%)

Corporate Resources

Facilities



FY07-10 Energy Savings

- 14% Annual drop in water usage
- 15% Drop in electricity usage

Corporate Resources

Facilities

FY11

- Replace B-1 Atrium Roof - \$160K



Corporate Resources

Facilities

FY11

- Replace EOC A/C unit - \$350K
- Replace Data Center A/C unit - \$40K
- Pursuing \$1M energy conservation grant to replace the B-1 A/C compressors
- 20% reduction in janitorial services \$145K



Corporate Resources

Information Technology

FY10 cost savings and efficiencies

- Contractor Reductions - \$650,585
- Wireless Device Reductions - \$251,595
- Adjusted 143 software maintenance agreements
 - FY10 savings - \$157,433
 - FY11 projected savings - \$277,987



Corporate Resources Information Technology

Major Initiatives

- Transition of SAP Solutions Center
- Budget module
- Data Disaster Recovery - Continue NAP of Americas



Corporate Resources

Key Issues and Challenges

- No merit increases since 2007
- Reduced level of service for IT and Facilities
- Maintain reduction in training, conference, and travel budget

Policy Issues for Discussion

- Staffing & Contractor Plan (July)
- Reserve for Water Quality Projects
- Capital & Operating funding, what's in and what's out
- Federal Cost Share
- Millage options

Reserve for Land and Capital Projects

- Available funds:

Ad valorem balances, Alligator Alley toll revenue & FY10 cuts.....	\$212M
FY11 SOETF in lieu of District ad valorem ⁽¹⁾ ...	\$ 38
EFA fund balance ⁽²⁾	<u>\$ 71</u>
Total:	\$321M

- Pending Federal Court Orders & USSC land acquisition, recommendation is to set these funds aside in a capital reserve

(1) Subject to Federal appropriation of Medicaid funds

(2) Potentially subject to a long term plan amendment

Capital & Operating Funding

What's in

- \$60M for O & M Capital (ad valorem)
- Compartments B & C construction \$110.9M (COPs)
- C-111 Spreader Canal \$15.9M (SOETF)
- Biscayne Bay Coastal Wetlands \$2.5M (SOETF)
- C-44 Reservoir \$8.8M (SOETF)
- Lakeside Ranch Phase I \$11.7M (SOETF)
- Land Acquisition: Kissimmee, CREW \$13M (including \$12.6M of Florida Forever)
- Limited AWS & Water Conservation \$4.5M (ad valorem)
- Source Control \$4.5M (ad valorem)

Capital & Operating Funding

What's in

- Dispersed Storage \$2.9M (ad valorem)
- Ten Mile Creek \$1M (ad Valorem)
- Rotenberger Pump \$1.5M (EFA)
- Lab \$7.8M (ad valorem)
- Herbert Hoover Dike Land \$1.9M (ad valorem)
- Additional O & M and monitoring associated with Compartments B & C, Picayune Strand pumps, C111, Biscayne Bay Coastal Wetlands phase one: \$4M (ad valorem)

Capital & Operating Funds

What's not in...

- Aggressive ASR funding
- L8 pump construction
- Caloosahatchee Water Quality Project
- Biscayne Bay – Cutler Flow way
- Lakeside Ranch STA – Phase II
- Brady Ranch STA
- Deferred pavement repair in B-1 parking area

Capital & Operating Funds

What's not in...

- Replacement Video Teleconferencing -
- Upgrade GIS Technology
- Central Florida Water Resource Evaluation of Lower Floridan
- 20% reduction in janitorial services
- 10% reduction in IT contractual support
- 10% reduction in SAP contract support
- 10% reduction in IT mobile devices
- 10% reduction to O & M STA maintenance
- Maintained reductions to training, travel & conference funds

Comprehensive Everglades Restoration Plan: Federal Funding

Cost Share = Design + Executed Partnership Agreements

- Picayune Strand and Site 1 PPA's - Executed
- Indian River Lagoon, Melaleuca Facility, and L-31 PPA's pending
- Execution of Indian River Lagoon PPA (July) places SFWMD ahead of USACE through 2013
- USACE anticipates funding for design to be \$57M, potentially \$30 - 35M more than SFWMD

Millage Options

	Basin		Ad Valorem Proceeds (June Estimates)	Ad Valorem Taxes per \$100,000 Taxable Value			Vote Requirement
	Okeechobee	Big Cypress		Okeechobee Basin	Big Cypress Basin	Variance from Continuation Millage Rate [Okeechobee Basin] or [BCB]	
Millage Rate							Simple Majority (5) Super Majority (6) Extraordinary Majority (7)
Continuation	0.6240	0.4814	\$396,990,352	\$62.40	\$48.14	\$ 0.00 / \$ 0.00	Simple Majority (5 of 9)
Rolled-Back	0.7177	0.5560	\$456,738,117	\$71.77	\$55.60	\$ 9.37 / \$ 7.46	Simple Majority (5 of 9)
Majority Vote Maximum	0.8000	0.6450	\$510,599,974	\$80.00	\$64.50	\$17.60 / \$16.36	Simple Majority (5 of 9)
Statutory Limit	0.8000	0.8000	\$519,714,235	\$80.00	\$80.00	\$17.60 / \$31.86	Extraordinary Majority (7 of 9)

Next Steps

July 1	Receive certified tax roll estimates
July 14-15	Budget Workshop – Approve proposed millage rates
July 30	Submit August 1 State Budget Report
August	Brief Governor's staff, legislative and DEP staff on proposed budget
September 8	Tentative millage & budget public hearing; Adopt agricultural privilege tax roll
September 21	Final millage & budget public hearing