

Strategic Planning/Budget Guidance



June 4, 2009

Water Resources Advisory Commission

Strategic Planning Approach

- Process Overview
- Governing Board Priorities
- Legal, Permitting and O&M Requirements
- Expense Projections Going Forward
- Next Steps

Process Overview Business Cycle Calendar

- **Feb–June:** Strategic Planning
- **April–June:** Staff Develops Budget & Plan
- **June:** Draft FY2010 Work Plan and Budget
- **July:** Adoption of Proposed Millage Rates
- **August:** Submit Proposed Budget to Governor's Office, DEP and Legislature
- **August–September:** Tallahassee Coordination
- **September:** Budget Adoption Public Hearings

Governing Board Priorities



REVISED Strategic Priority

- **Restore the Northern and Southern Everglades by:**
 - ~~Acquiring land and planning projects to expand Expanding and improving water storage capacity and water quality treatment options south of Lake Okeechobee to revive the River of Grass~~
 - ~~Advancing Completing construction schedules of existing key projects~~
 - Implementing the Long-Term Plan to achieve water quality standards
- ~~Protect and restore natural systems in the Northern Everglades (Kissimmee, Lake Okeechobee, Caloosahatchee and St. Lucie watersheds) by increasing storage capacity and water quality treatment~~

REVISED Strategic Priority

- **Refurbish, replace and improve the regional water management system by:**
 - Implementing the 50-year Plan
 - Incorporating new structures into the system

REVISED Strategic Priority

- **Meet the current and future demands of water users and the environment by:**
 - Implementing regional water supply plans
 - Reserving and allocating water for natural systems
 - Encouraging alternative water supply development
 - Increasing water conservation
 - Utilizing regulatory and compliance authority

REVISED Strategic Priority

- Retain and recruit a high-quality, diverse workforce by continuing to recognize the value of employees

Mandates & Requirements Statutory & Legal Responsibilities



District Statutory & Legal Responsibilities

- Florida Statutes
- Federal Laws
- Court Orders
- Permits Issued to the District
- Contractual Obligations

Permit Compliance



Permit Compliance

- District must comply with all general and specific conditions listed in permit
- More than monitoring - fulfilling permit obligations requires support from across the entire agency
- Estimated annual budget is \$55M
(FTEs and operational costs)
 - Approx. 75% of total (\$41.4M) is for Everglades Forever Act permit compliance
- Compliance costs expected to increase annually as new projects come on line



PUMP STATIONS



GATED SPILLWAYS



CULVERTS

EXAMPLE: Federal Clean Water Act - Dredge & Fill Permit Picayune Strand Restoration Project

(50% cost share with USACE)

- Threatened/Endangered Species and Wildlife Monitoring
- Ecological Monitoring
(aquatic fauna, vegetation, estuarine resources)
- Water Quality Monitoring
- Hydrology & Meteorology Monitoring
- Cultural Resources Monitoring
- Mitigation Monitoring
- Annual Reporting

Monitoring: \$300,000 Annually
40 years



EXAMPLE:

Federal Clean Water Act - Dredge & Fill Permit

Picayune Strand Restoration Project

(50% cost share with USACE)

Nuisance/Exotic Vegetation Control

- During Construction -
\$7.6 million
- Ongoing Maintenance -
\$600 thousand to \$1 million
annually/40 years

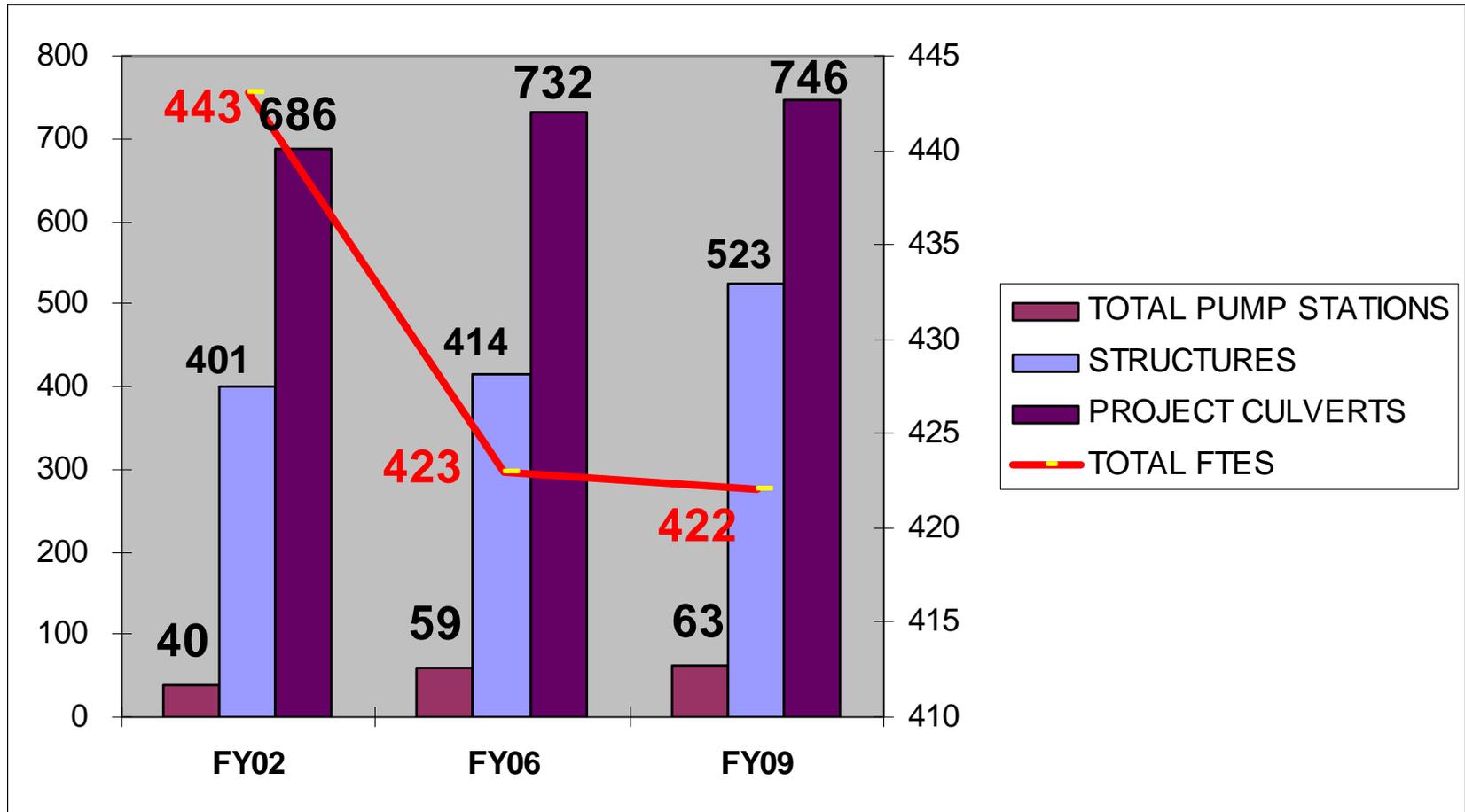


O & M Mandates, Requirements (& Hazards!)



50-Year Plan Methodology

Infrastructure Inventory/Classification



Maintenance Infrastructure Backlog

■ Canal Dredging/Bank Stabilization	\$1,200M*	2009
Project Culverts		
■ Pump Stations Modifications/Repairs	\$ 129M	
■ Structure Maintenance/Bridges	\$ 112M	
■ Communication/Control Systems	\$ 49M	
<i>Total O&M Backlog as of 2009</i>	\$1,490M	

** Based on inspection of 60% of canals*

Expense Projections Going Forward



Expenditure Issues Summary

- Projects with established District costs and timelines
 - Federal Levee Inspection Maintenance
 - Compartments B&C construction
 - C-9/C-11 construction
 - Condemnation/inverse cases
 - O&M costs for future projects
- Projects Subject to River of Grass Acquisition & Planning
 - EAA Reservoir A1
 - EAA Conveyance and Regional Treatment
- Projects to be implemented through intergovernmental partnerships, with specific cost shares not yet established
 - Sea Level Rise
 - TMDL Implementation
 - Lake O Watershed Construction Project
 - Rivers Watershed Protection Plans

FY10 State Budget

	FY09 Budget	FY10 General Appropriations Act
Save Our Everglades	50.0	50.0
Florida Forever	31.5	0.0
WMLTF - Land Management	17.7	6.9
AWS	3.8	0.0
Alligator Alley Tolls	2.0	2.0
Total	\$105.0	\$58.9

Updated Financial Forecast

AD VALOREM ESTIMATES		1	2	3	4	5	6
Components of Ad Valorem Change:		FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
1	Estimated Change in Taxroll Values	-4.42%	-15.21%	-8.69%	0.00%	0.00%	0.00%
2	Change in Per Capita Personal Income	0.00%	0.00%	1.26%	2.63%	3.27%	3.39%
3	Revenue Estimate % Change	-4.42%	-15.21%	-7.43%	2.63%	3.27%	3.39%
4	Revenue Estimate Dollar Change	(24.3)	(81.8)	(33.9)	11.1	14.2	15.2

Office of Economic and Demographic Research estimates of growth in tax roll values for FY12-14 are 1% to 3.5%

5-Year Sources & Uses Revenue Estimates

REVENUE ESTIMATES		-4.42%	-15.21%	-7.43%	2.63%	3.27%	3.39%
		1	2	3	4	5	6
Sources:		FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
1	Ad Valorem Revenue Estimate		445.3	412.2	423.1	436.9	451.7
2	Est. Ad Val-RELATED revenue		10.9	10.0	10.3	10.6	11.0
3	Subtotal Ad Valorem + Related Revenue		456.2	422.3	433.4	447.6	462.7
4	Evg Property Lease Revenue		3.0	6.0	6.0	6.0	6.0
5	Unspent Reserve Balances		23.1	23.1	23.1	23.1	23.1
6	Water Mgt Lands Trust Fund		6.9	12.0	14.7	14.7	14.7
7	Discretionary Ad Valorem Balances		16.5	10.0	10.0	10.0	10.0
8	CERP Ad Valorem Balances		178.5	131.4	81.3	49.8	18.3
9	EFA Dedicated Sources Balances		100.4	90.0	23.5	0.0	0.0
10	Save Our Everglades Trust Fund		40.9	13.6	0.0	0.0	0.0
11	Total Estimated Revenue Sources		825.4	708.3	591.9	551.1	534.8

5-Year Sources & Uses Recurring Operations

RECURRING OPERATIONS		-4.42%	-15.21%	-7.43%	2.63%	3.27%	3.39%
		1	2	3	4	5	6
Sources:		FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
1	Ad Valorem Revenue Estimate	525.2	445.3	412.2	423.1	436.9	451.7
2	Est. Ad Val-RELATED revenue	12.8	10.9	10.0	10.3	10.6	11.0
3	Subtotal Ad Valorem + Related Revenue	538.0	456.2	422.3	433.4	447.6	462.7
4	Evg Property Lease Revenue	0.0	3.0	6.0	6.0	6.0	6.0
5	Unspent Reserve Balances	23.1	23.1	23.1	23.1	23.1	23.1
6	Water Mgt Lands Trust Fund	17.7	6.9	12.0	14.7	14.7	14.7
7	Total Estimated Sources	578.8	489.2	463.4	477.2	491.4	506.5
8	Uses:						
9	Long-Term Debt Service	144.3	81.2	81.2	81.2	81.2	81.2
10	Personnel Costs	175.2	177.6	181.2	186.6	194.1	201.8
11	Contracts/Operating Costs	150.1	129.0	107.2	114.1	120.8	120.8
12	O&M Capital+Cost Increases for Future Projects	45.3	60.6	53.0	54.5	54.5	61.9
12A	-- O&M Capital from One-Time Funding	N/A	0.0	4.4	5.5	10.0	10.0
13	Contingency Reserves	23.1	23.1	23.1	23.1	23.1	23.1
14	Land Management/Bond Debt Service/PILT	17.7	17.7	17.7	17.7	17.7	17.7
15	Total Estimated Uses	555.7	489.2	463.4	477.2	491.4	506.5
16	Annual Surplus/(Deficit)	23.1	0.0	0.0	0.0	0.0	0.0
17	Estimated Debt Ratio	26.8%	17.8%	19.2%	18.7%	18.1%	17.5%

5-Year Sources & Uses One-Time Revenues

ONE-TIME REVENUES		1	2	3	4	5	6
1	Sources:	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
2	Discretionary Ad Valorem Balances		16.5	10.0	10.0	10.0	10.0
3	CERP Ad Valorem Balances		178.5	131.4	81.3	49.8	18.3
4	EFA Dedicated Sources Balances		100.4	90.0	23.5	0.0	0.0
5	Save Our Everglades Trust Fund		40.9	13.6	0.0	0.0	0.0
6	Total Estimated Sources		336.2	245.0	114.8	59.8	28.3
7	Uses:						
8	Compartment B&C Construction		0.0	66.5	23.5	0.0	0.0
9	ACME Basin B Construction		5.4	0.0	0.0	0.0	0.0
10	Lab Facility Design/Construction		5.7	5.6	4.5	0.0	0.0
11	Condemnation/Inverse Land Acquisition		41.8	9.5	9.5	9.5	7.3
11A	-- Condemnation/Inverse from State FL Forever \$		0.0	31.5	31.5	31.5	31.5
12	Additional O&M Capital		0.0	4.4	5.5	10.0	10.0
13	L-8 Pump Station		1.0	4.0	22.0	22.0	11.0
14	Southern CREW		6.5	0.0	0.0	0.0	0.0
15	CERP Lands Citrus Removal		2.2	2.2	0.0	0.0	0.0
16	C-111 Spreader Canal Construction		34.5	34.4	0.0	0.0	0.0
17	Lakeside STA Phase 1 Construction		17.7	13.6	0.0	0.0	0.0
18	Carry Forward Balance		221.4	104.8	49.8	18.3	0.0
19	Total Estimated Uses		336.2	245.0	114.8	59.8	28.3
20	Annual Surplus/(Deficit)		0.0	0.0	0.0	0.0	0.0
21	ITEMS FOR FUNDING CONSIDERATION:						
22	Land Acquisition Bonds Debt Liquidity (WMLTF)		6.9	0.0	0.0	0.0	0.0
23	Emergency Capital Reserves		20.0	0.0	0.0	0.0	0.0
24	Buy Down LT Debt						
25	Revenue Smoothing Reserve						
26	Total		26.9	0.0	0.0	0.0	0.0

5-Year Sources & Uses Future State / Federal Funds

FUTURE STATE/FED \$		1	2	3	4	5	6
		FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
1	Sources:						
2	Future Save Our Everglades Trust Fund		50.0	50.0	150.0	150.0	150.0
3	Future Florida Forever Trust Fund		0.0	31.5	31.5	31.5	31.5
4	Federal Appropriations to USACOE	142.2	90.0	90.0	90.0	90.0	15.0
5	Total Estimated Sources	142.2	140.0	171.5	271.5	271.5	196.5
6	Uses:						
7	Picayune Strand Construction	65.0					
8	Site 1 Impoundment Construction	41.3					
9	Kissimmee River Restoration Construction	35.9					
10	C-44 Reservoir Construction	0.0	90.0	90.0	90.0	90.0	15.0
11	BMP Implementation		9.0	9.0	9.0	9.0	9.0
12	CERP Land Acquisition		30.0	0.0	0.0	0.0	0.0
13	C-43 Water Quality Project construction		0.0	0.0	80.0	0.0	0.0
14	Biscayne Bay Coastal Wetlands construction		11.0	12.8	0.0	0.0	0.0
15	Future Restoration Construction		0.0	28.2	61.0	141.0	141.0
16	Condemnation/Inverse/Land Acquisition		0.0	31.5	31.5	31.5	31.5
17	Total Estimated Uses	142.2	140.0	171.5	271.5	271.5	196.5
18	Annual Surplus/(Deficit)	0.0	0.0	0.0	0.0	0.0	0.0

Assumptions Going Forward for Planning and Budgeting

- Budget includes River of Grass debt service at \$43-\$46M per year
- Goal to ramp up O&M Capital budget by \$15M above current year levels and fund projected O&M operating cost increases for new projects
- Minimal increases in personnel costs
- Fully maintain reserves at current levels
- Absorb anticipated ad valorem reductions through reduced contract and operating expenses (historical fund balances)

Assumptions Going Forward for Planning and Budgeting

- Revisit the Lake Okeechobee Watershed Construction Project Phase II and the Rivers Watershed Protection Plans
- Direct future Save Our Everglades and Northern Everglades funds to project construction as well as land acquisition

Future Policy Decisions

- Allocation of estimated one-time available fund balances:
 - Determine priority construction projects
 - Buy down long-term debt
 - Set aside reserve to smooth out/offset short-term future revenue limitations
- Allocation of potential future state funding

Next Steps

- **June:** Draft Strategic Plan; Draft FY2010 Work Plan and Budget
- **July:** Approve Strategic Plan; Adoption of Proposed Millage Rates
- **August:** Submit Proposed Budget to Governor's Office, DEP and Legislature
- **August–September:** Tallahassee Coordination
- **September:** Budget Adoption Public Hearings

June 1 Tax Roll Estimates

	March 2009 EDR Estimates	June 1 Taxroll Estimates
Broward	-16.3%	-11.0%
Charlotte	-25.3%	-7.2%
Collier	-24.2%	-11.4%
Glades	-5.4%	-9.9%
Hendry	-3.3%	-11.8%
Highlands	-7.1%	-9.1%
Lee	-23.7%	-24.8%
Martin	-4.8%	-9.8%
Miami-Dade	-13.4%	-8.4%
Monroe	-15.8%	-13.6%
Okeechobee	-5.8%	-14.0%
Orange	-9.1%	-10.2%
Osceola	-8.5%	-18.0%
Palm Beach	-12.7%	-12.3%
Polk	-9.5%	-28.9%
St. Lucie	-14.8%	-20.2%
Total	-15.2%	-12.3%

June 1 Tax Roll Estimates

	March 2009 EDR Estimates	June 1 Taxroll Estimates
Miami-Dade	-13.4%	-8.4%
Broward	-16.3%	-11.0%
Palm Beach	-12.7%	-12.3%
Lee	-23.7%	-24.8%
Collier	-24.2%	-11.4%
Orange	-9.1%	-10.2%
Monroe	-15.8%	-13.6%
Osceola	-8.5%	-18.0%
St. Lucie	-14.8%	-20.2%
Martin	-4.8%	-9.8%
Hendry	-3.3%	-11.8%
Polk	-9.5%	-28.9%
Okeechobee	-5.8%	-14.0%
Highlands	-7.1%	-9.1%
Glades	-5.4%	-9.9%
Charlotte	-25.3%	-7.2%
Total	-15.2%	-12.3%