

FY2016 Preliminary Budget

Item # 37
December 11, 2014

Today's Presentation

2

- **Preliminary Budget Submission Requirements**
- **FY16 Preliminary Budget Overview**
- **Key Projects**
- **Policy Considerations**
- **Next Steps**

Preliminary FY16 Budget Submission Requirements

WMD Budget Submission Requirements

4

- **By January 15, each water management district shall submit a preliminary budget for the next fiscal year for legislative review**
- **By March 1, Legislature may submit comments on preliminary budget to the districts**
- **Outcome of legislative review process (including any amendments to preliminary budget submission) becomes basis for tentative budget submission on August 1**

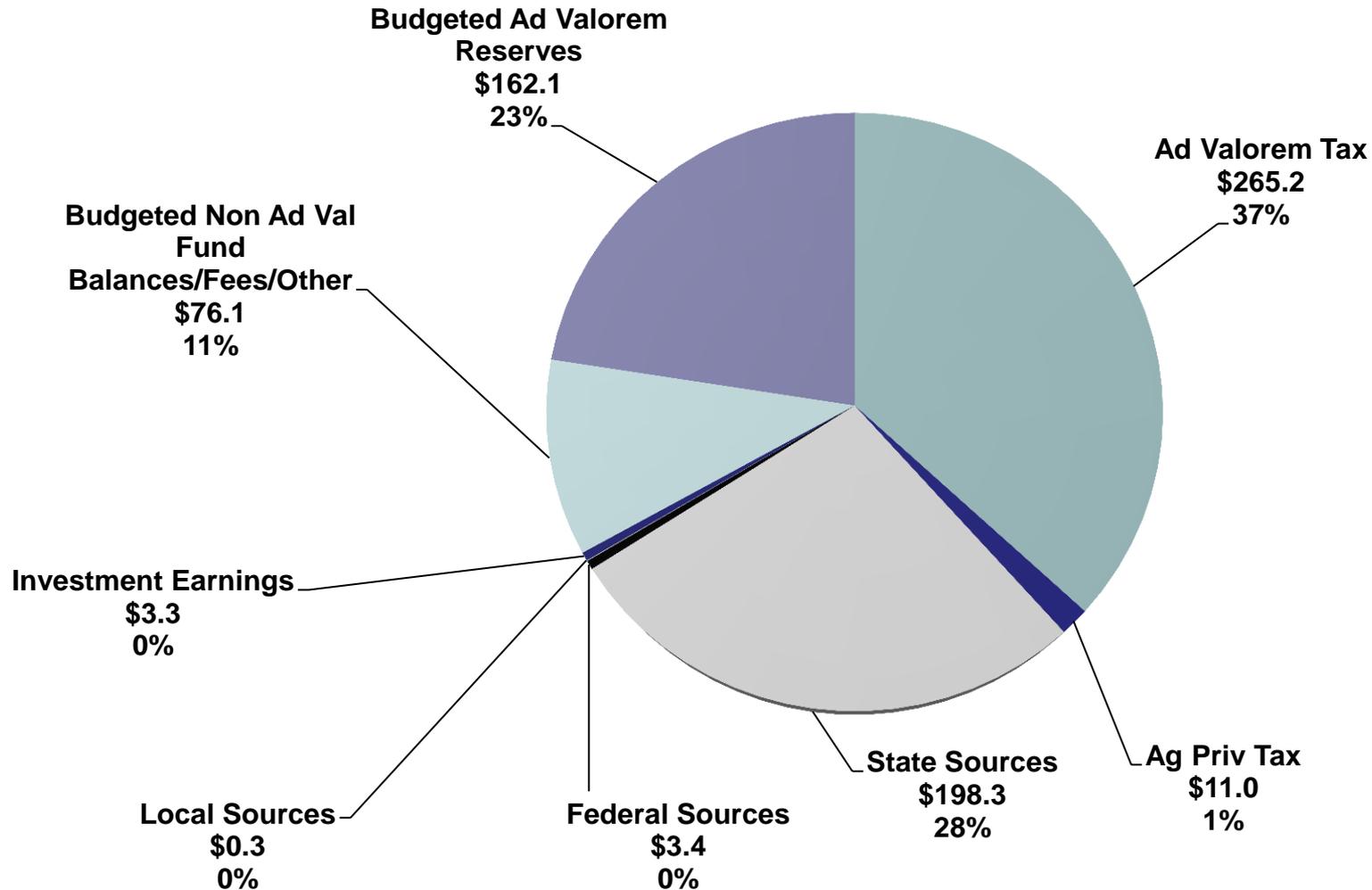
Budget Planning Considerations

- **Budgetary planning process:**
 - **Build a more inclusive budget and reduce over time if work is implemented or contracts executed later in FY15**
 - **Avoid budget increases later in process**
 - **Fund balance & State funding re-budgets**

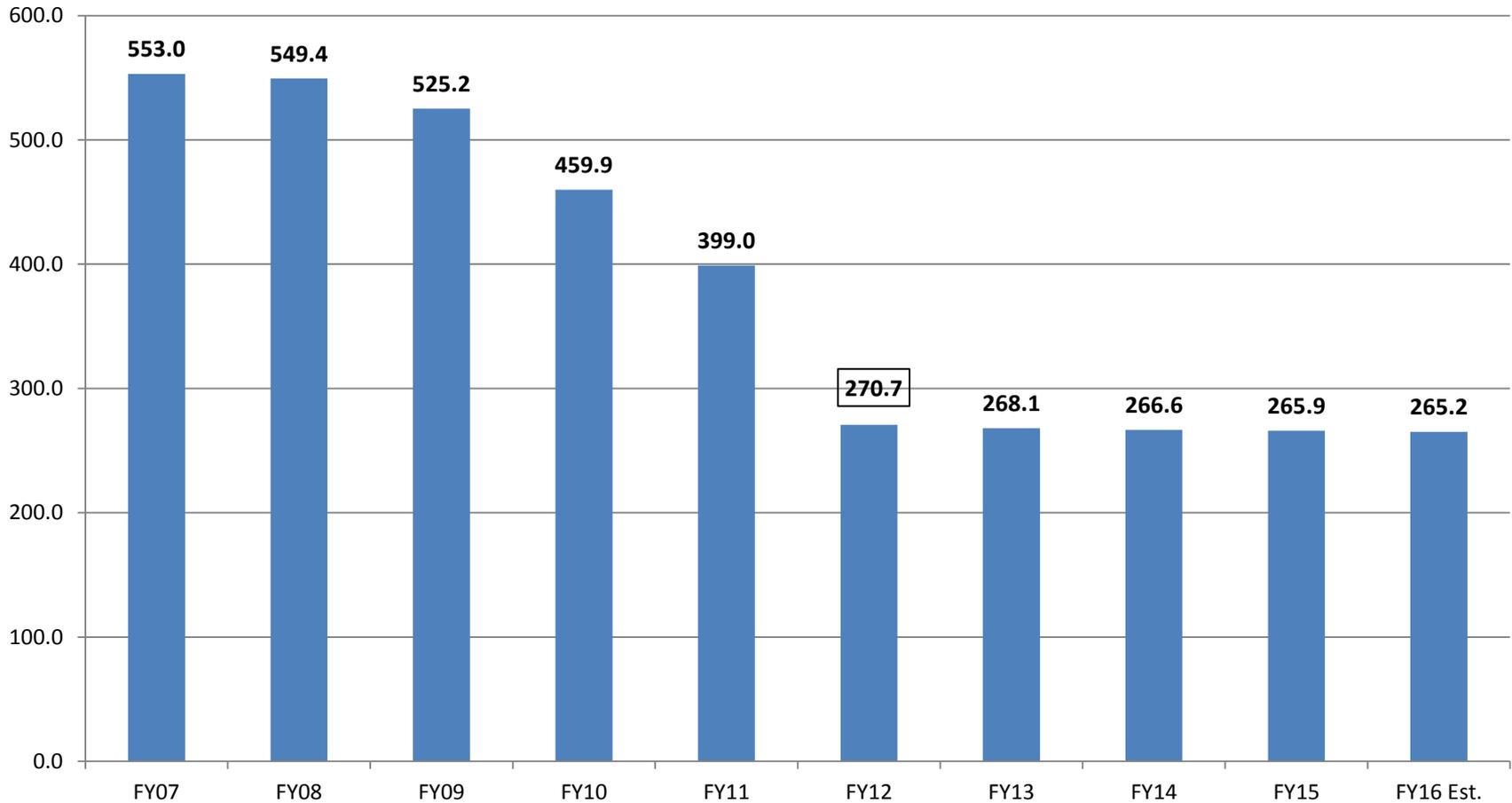
FY16 Preliminary Budget Overview

FY16 Preliminary Budget

FY16 Preliminary Revenues \$719,651,046

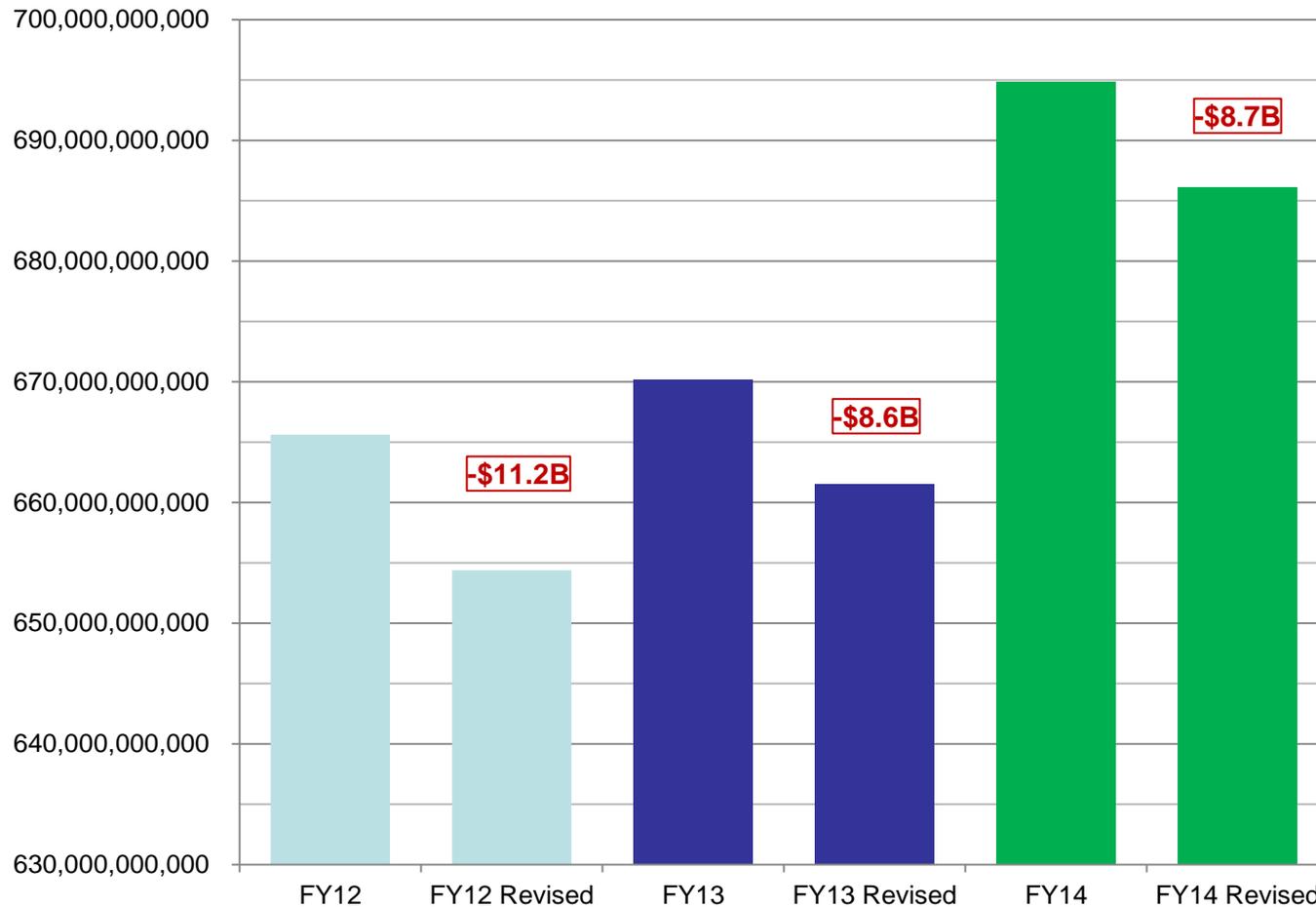


Ad Valorem Tax Revenue Trend



Policy Considerations – Baseline Revenues

SFWMD FY Taxable Value Changes



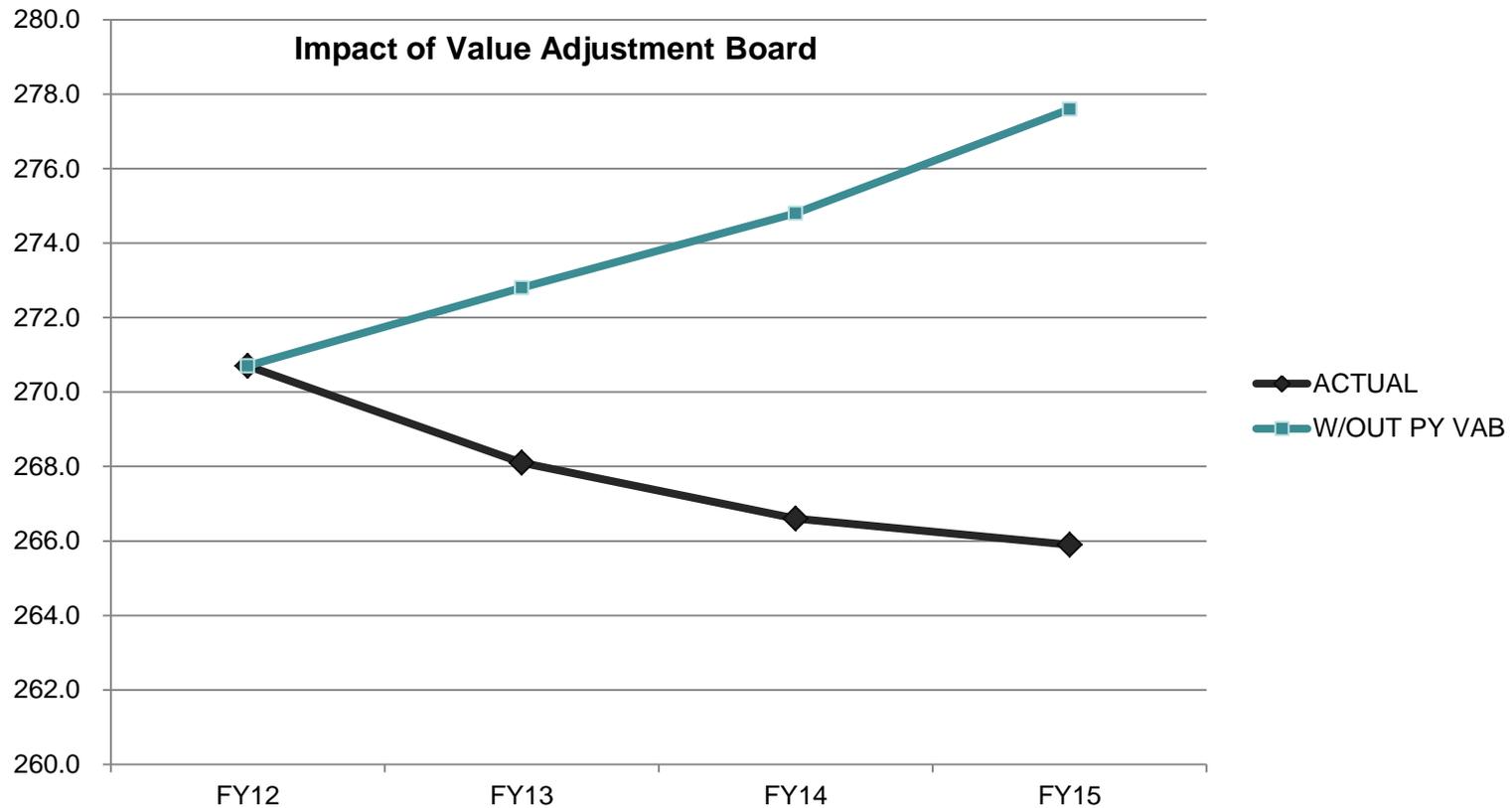
Policy Considerations – Baseline Revenues

10

District Example	Taxable Value	District Millage Rate	Discount Rate	Tax Revenue
July 2013	694,878,731,534	0.1685	95%	111,232,713
Revised July 2014	686,148,731,916	0.1685	95%	109,835,258
				(1,397,455)

Policy Considerations – Baseline Revenues

11



Policy Considerations – Baseline Revenues

12

- **Estimated impact of +/- \$3.5M for FY16**
 - **\$9B reduction in PY values**

- **Continued effort identifying efficiency improvements**

Proposed FY16 State Funding

13

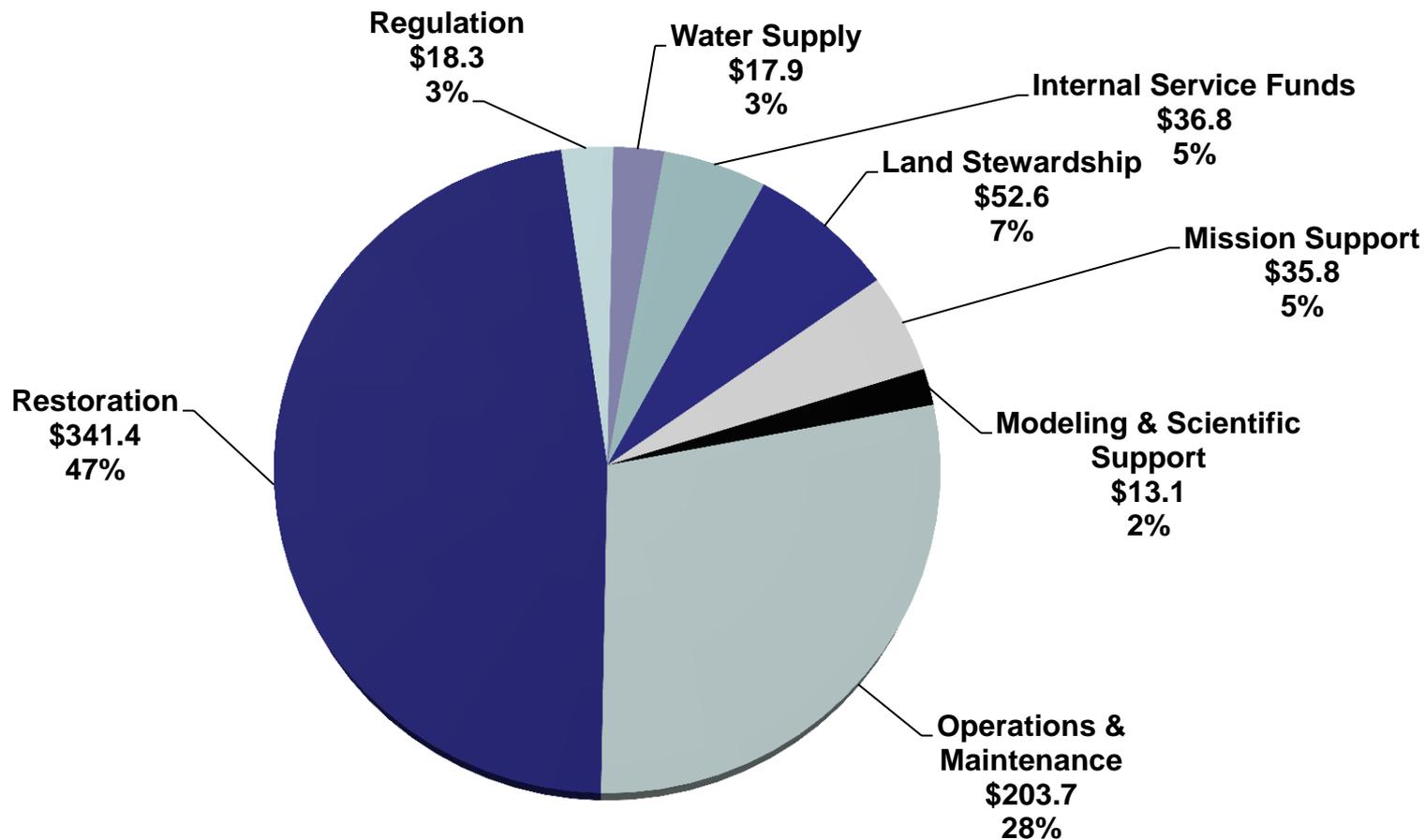
- **Save Our Everglades \$107.0M**
 - **Restoration Strategies: \$32.0M**
 - **Everglades Restoration: \$75.0M**

- **Potential Legislative Funding Options**

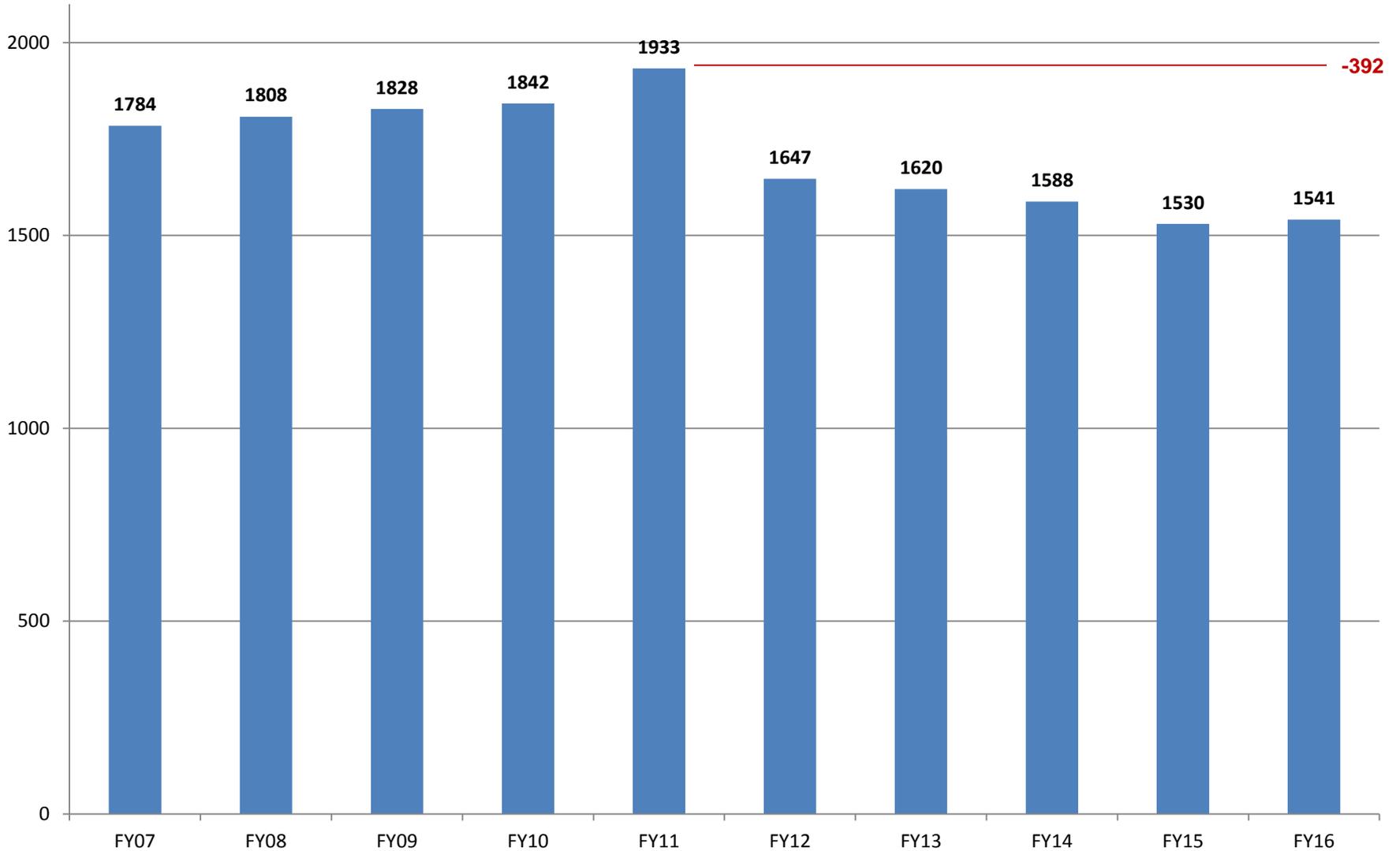
FY16 Preliminary Budget

14

FY16 Preliminary Expenditures \$719,651,046



10-Year FTE/Funded Positions Trend



FY16 O&M Capital Refurbishment Key Projects

- **S-5A Refurbishment Construction \$9.1M**
- **North Shore Path Command/Control & Automation Construction \$5.4M**
- **G-123/S-34 Refurbishment Construction \$4.3M**
- **SCADA System Replacement Project \$3.1M**
- **G-103 Weir Replacement Construction \$3.0M**
- **C-4 Canal Bank Improvements Construction \$2.9M**
- **S-46 Construction \$2.6M**
- **IT Shelters Construction \$2.4M**
- **Engineering Design \$2M**
- **B-66 Tower Replacement Construction \$1.8M**

FY16 Key Restoration Projects

- **Restoration Strategies: \$83.9M**
 - **STA1W Expansion**
 - **Bolles Canal (G-341)**
 - **MECCA FEB**
 - **G-716 Structure Expansion**
 - **Lainhart & Masten Dam Conveyance**
 - **Science Plan/Source Control**

- **Caloosahatchee projects: \$37.7M**
 - **C-43 Reservoir**
 - **Lake Hicpochee**

FY16 Key Restoration Projects

18

- **Everglades Restoration: \$131.0M**
 - C-44 STA
 - Picayune Strand
 - Lakeside Ranch STA
 - Rolling Meadows
 - L-31E Flowway
 - CERP Monitoring/Assessment
- **Dispersed water management: \$8.9M**
- **C-111 South Dade: \$20.6M**
- **Source Control development: \$3.4M**

Summary Use of Ad Valorem Balances - \$253.9M

Summary Use of Ad Valorem Fund Balances	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	TOTAL
Economic Stabilization Reserve	\$60,015,738					\$60,015,738
Restoration Strategies	\$29,853,970	\$57,972,741	\$16,221,324			\$104,048,035
O&M Operations	\$14,726,883					\$14,726,883
Everglades Restoration	\$11,692,378					\$11,692,378
Caloosahatchee Watershed	\$10,080,786	\$75,000				\$10,155,786
Cooperative/Local Agreements	\$10,053,400	\$20,000				\$10,073,400
Big Cypress Basin Projects	\$6,370,665	\$1,129,432	\$1,129,432	\$1,129,432		\$9,758,961
External Risk Management/Liability Claims	\$6,200,000					\$6,200,000
Kissimmee Basin Restoration	\$3,968,182					\$3,968,182
Tax Collector & Property Appraiser Fees	\$2,716,308					\$2,716,308
Information Technology Capital Replacement Plan	\$2,500,000					\$2,500,000
Dispersed Water Management	\$1,589,001					\$1,589,001
Central Florida Water Initiative	\$1,000,000					\$1,000,000
Facilities Maintenance & Repairs	\$979,700					\$979,700
Lake Okeechobee Restoration	\$175,000	\$25,000				\$200,000
Land Management	\$175,000					\$175,000
IRL/St. Lucie Restoration	\$50,000	\$150,000				\$200,000
One-time Revenue Reserve		\$13,869,035				\$13,869,035
Grand Total	\$162,147,011	\$73,241,208	\$17,350,756	\$1,129,432	\$0	\$253,868,407

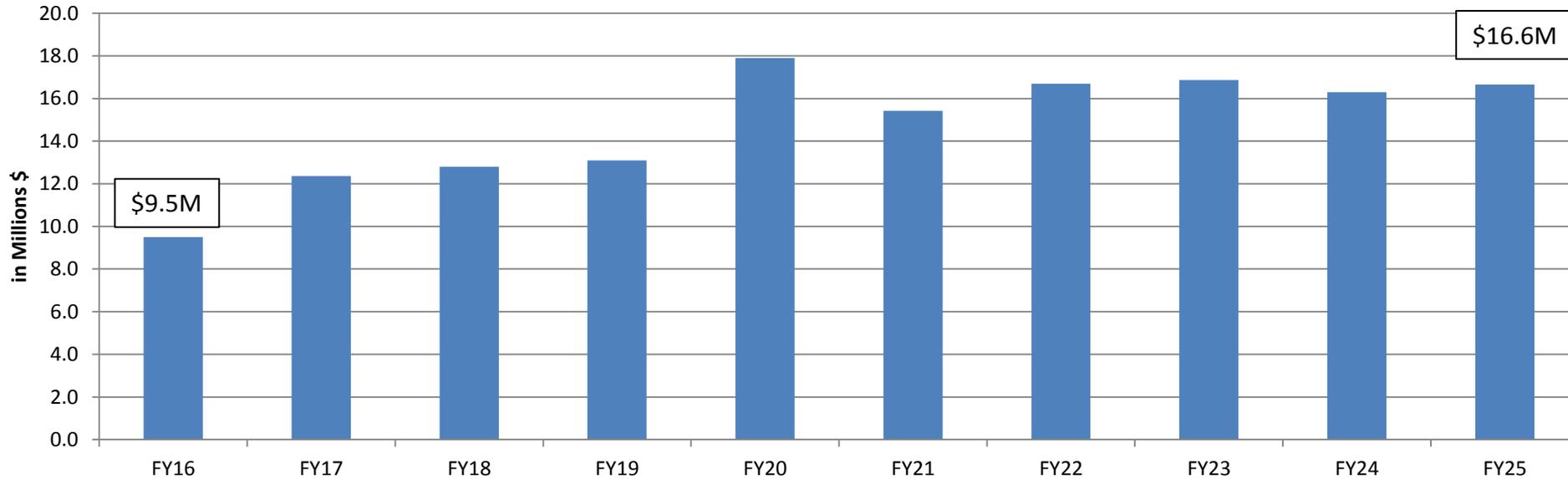
Policy Considerations

Policy Considerations – Baseline Revenues (Already Discussed)

21

District Example	Taxable Value	District Millage Rate	Discount Rate	Tax Revenue
July 2013	694,878,731,534	0.1685	95%	111,232,713
Revised July 2014	686,148,731,916	0.1685	95%	109,835,258
				(1,397,455)

Policy Considerations – O&M Costs of New Works



BY FY2016:

- Picayune Merritt Facility (FY15)
- Picayune Faka Union Facility (FY16)
- Site 1 Impoundment (FY16)
- L-8 Pump Station (FY16)
- EAA A1 FEB (FY16)
- C-111 South Dade/Mod Waters (FY16)
- Operation of Existing Works (FY16)
- Corbett Levee Improvements (FY16)
- Holey Land Inflow Facility (FY16)
- Ten Mile Creek (FY16)

FY2017 - FY2019:

- C-44 STA (FY20)
- Picayune Miller Facility (FY18)
- S-375 Facility Expansion (FY19)
- Lake Hicpochee Enhancements (FY17)
- Picayune Manatee Mitigation (FY17)
- Picayune SW Protection Features (FY18)

FY2020 - 2023:

- C-44 Reservoir (FY20)
- C-43 Storage Reservoir (FY21)
- C-43 WQ Treatment Facility (FY21)
- STA 1 West Expansion #1 (FY20)
- STA 1 West Expansion #2 (FY23)
- C-139 FEB (FY23)
- C-11 Impoundment (FY21)
- Lakeside Ranch STA Phase 2 (FY21)

Policy Considerations – O&M Costs of New Works

Project	Estimated Cost
South Dade - 8 1/2 SMA, BBCW Deering, C-111 South & Modified Water Deliveries	1,200,000
CERP - Picayune, C-44, Site 1, Ten Mile Creek	1,200,000
Restoration Strategies - A1 FEB, L8 FEB	6,500,000
ASR Restart - L63N, Kiss River	440,000
Holey Land Pumps/Other	160,000
Total	9,500,000

Policy Considerations – O&M Cost of New Works

- **Preliminary numbers; review and refinement needs to continue**
- **Some cost can be offset by continuing efficiency review and OMC Visioning efforts**

Policy Considerations – O&M Capital Refurbishment

Infrastructure Life Cycle Cost Model

- Approximate cost and timeframes
- Startup of a new facilities
- Major facility refurbishment
- End of life complete facility replacement
- Develop decay curves for specific types of assets - pump stations, spillways, culverts, weirs and locks.
- Predict major refurbishment and complete facility replacement
- Forecast estimated 50 year cash flow

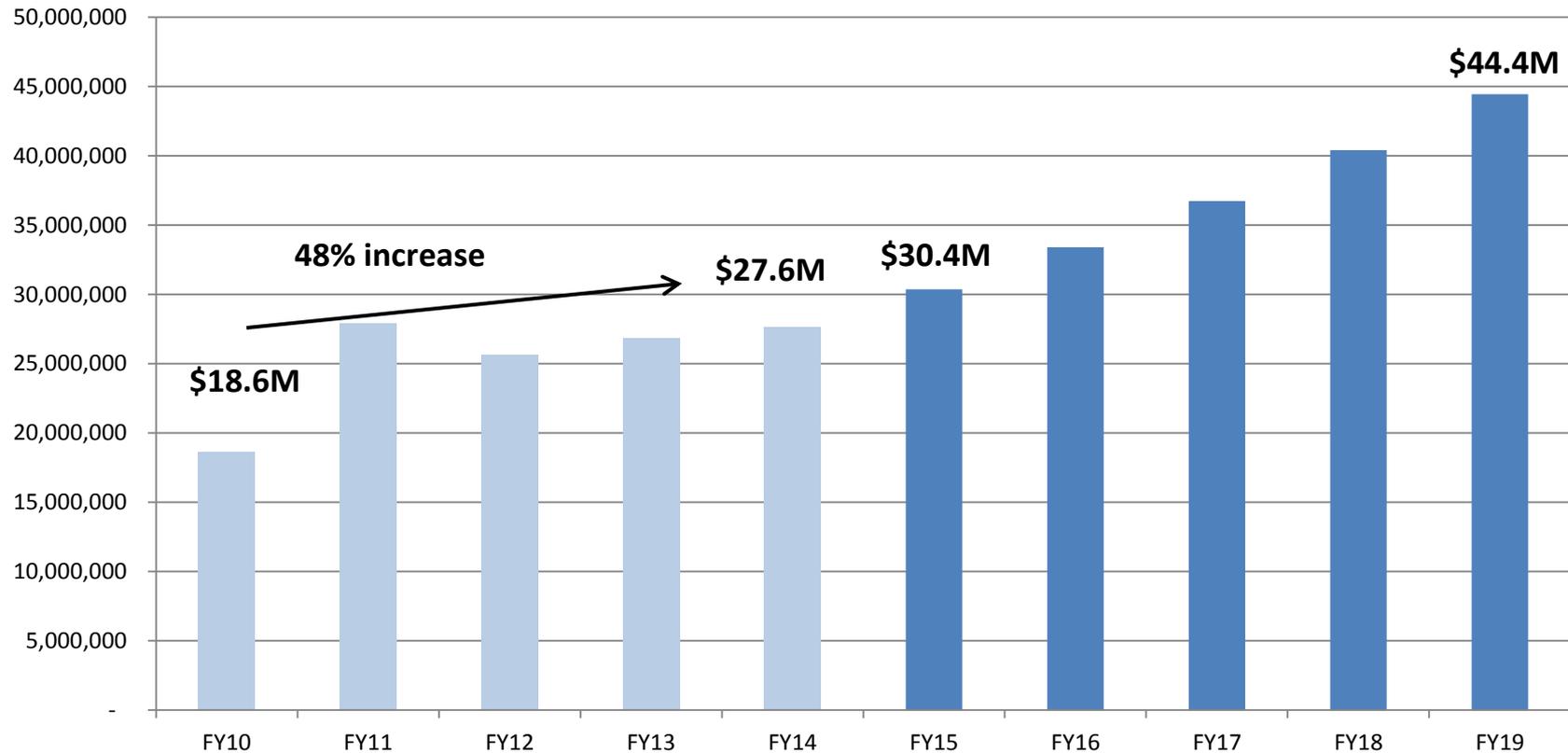


Policy Considerations – O&M Capital Refurbishment

- **Life cycle model completion - September 2015**
- **Engineering design time needed to develop backlog of designs that are ready to move forward to construction**
- **Propose putting \$2M to increase design efforts**
- **Puts us in position to better utilize any future construction funding increase**

Policy Considerations – Healthcare Costs

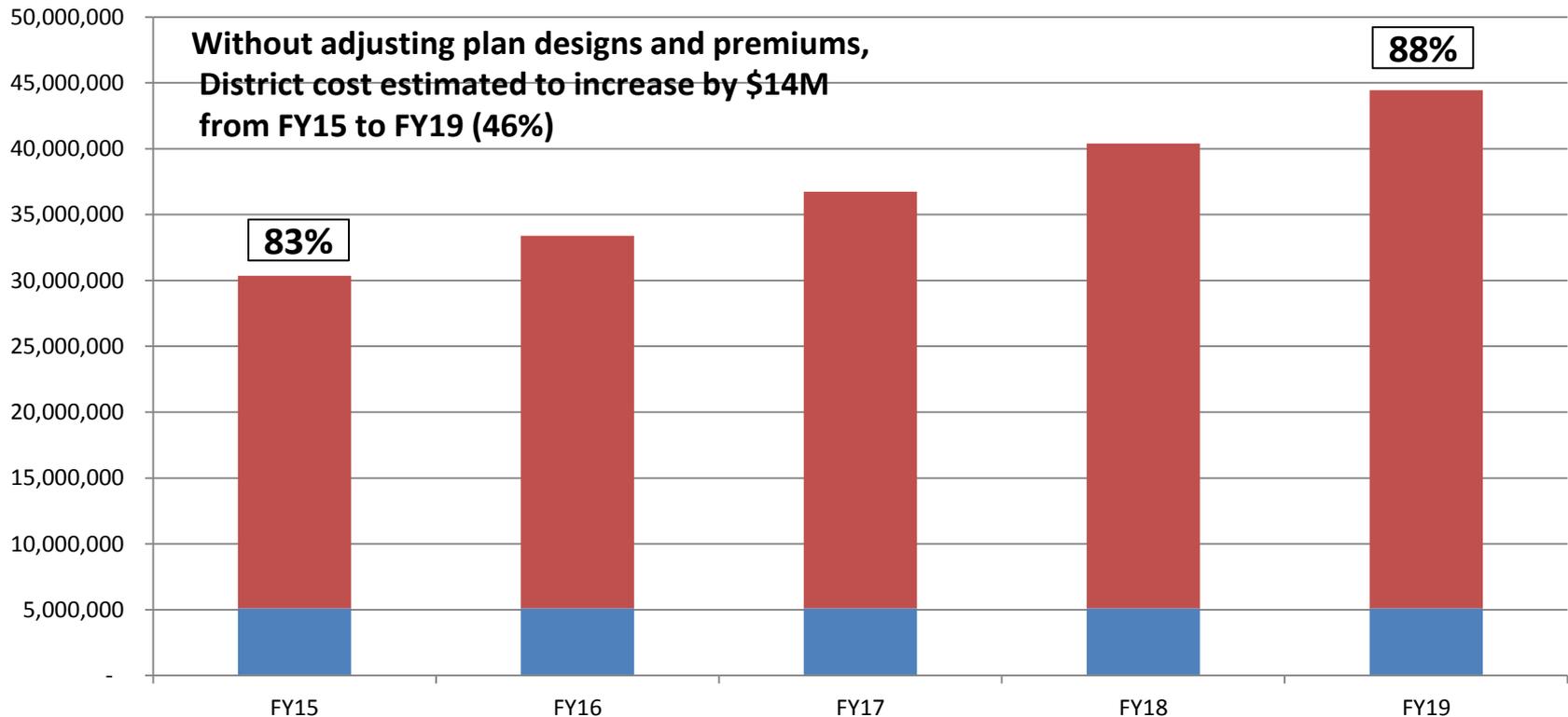
Healthcare Cost Projection



Projection based on 10% cost increase per year

Policy Considerations – Healthcare Costs

28



- **FY16 funding need of \$5M**
- **January – HRO/Governing Board discussion**
 - **Aon Hewitt present findings/recommendations**
 - **3-Year Plan Discussion**

Policy Considerations – Merit Pay Adjustment

■ FY14:

- Targeted craft field employee pay increase \$450K
- One-time bonus for other employees \$1.3M

■ FY15:

- Merit based performance pay increase \$2.0M
- One-time bonus \$1.0M

■ FY 16:

- Merit based performance pay increase \$4.8M
- Fund through efficiency savings

Balancing FY16 Budget

30

Identified Sources	Amount
Additional Operating Balances	5.0
Spend Down	25.1
Subtotal Fund Balances	30.1
Efficiency Savings Target	4.8
Potential Legislative Funding	18.2
Total Identified Sources	53.1

Identified Uses	Amount
Offset PY taxable value reduction	3.5
O&M of New Works	9.5
O&M Capital Projects Design Increase	2.0
Equipment Replacement	1.0
Health Insurance Cost Trend/Safe Harbor	3.3
Merit/Bonus	4.8
Cooperative Funding Program	9.0
Lake O Watershed Project Planning	1.0
Dispersed Water Management	4.7
Land Management/Exotics Increase	5.0
C-44	5.0
CFWI Implementation	1.0
IT Applications Consolidation/Modernization	2.5
Facilities Investments	0.8
Total Identified Uses	53.1

Key Takeaways from Today

31

- **Fix for baseline revenue reductions allows increased investment in projects**
- **We have adequate funding to address key FY16 issues**
 - **Potential Legislative funding**
- **Continued focus on efficiency improvements**
 - **Ongoing process that takes time to identify and implement improvements (e.g. OMC Visioning)**
 - **Focus on core mission**

Next Steps

- **Receive Governing Board feedback/guidance**
- **Finalize preliminary submission report & spreadsheets**
- **Submit package to Legislature, Governor's Office and DEP by January 15**
- **Conduct follow up with Tallahassee staff as needed; report back to GB as issues arise**
- **Healthcare workshop at Board or Committee level is being planned for January**
- **Continue refinement of budget for presentation in June**

Governing Board Discussion