

FY2012 Budget Development

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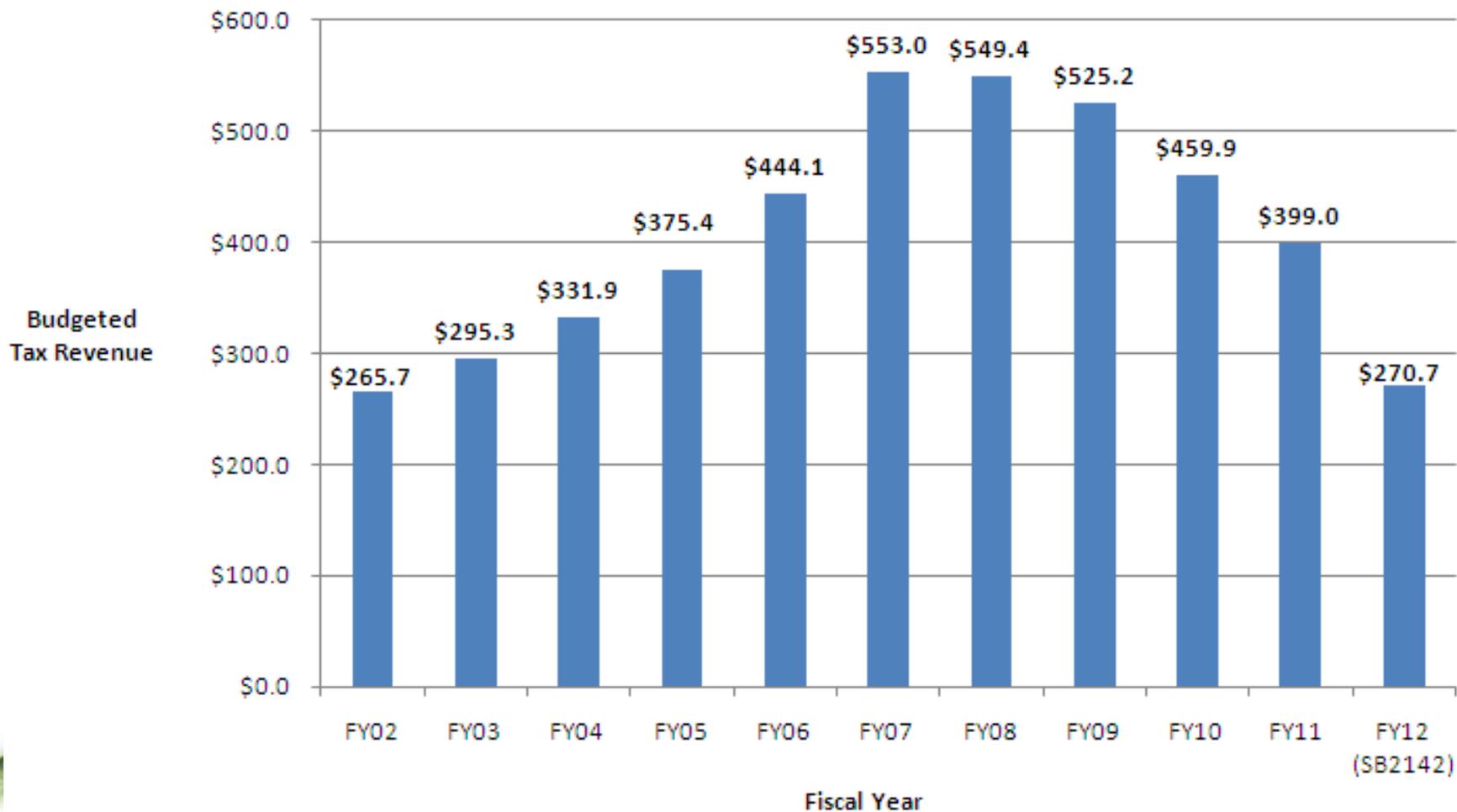
Today's Presentation

- General Budget Overview
- Overview of SB 2142
- FY12 Budget Development and Governing Board Guidance
 - Guiding Principles
 - FY12 Budget Items
 - Proposed Operating & Contractual Reductions
 - Voluntary Separation Program
 - Reserves/Cash Balances
- Next Steps/Budget Timeline

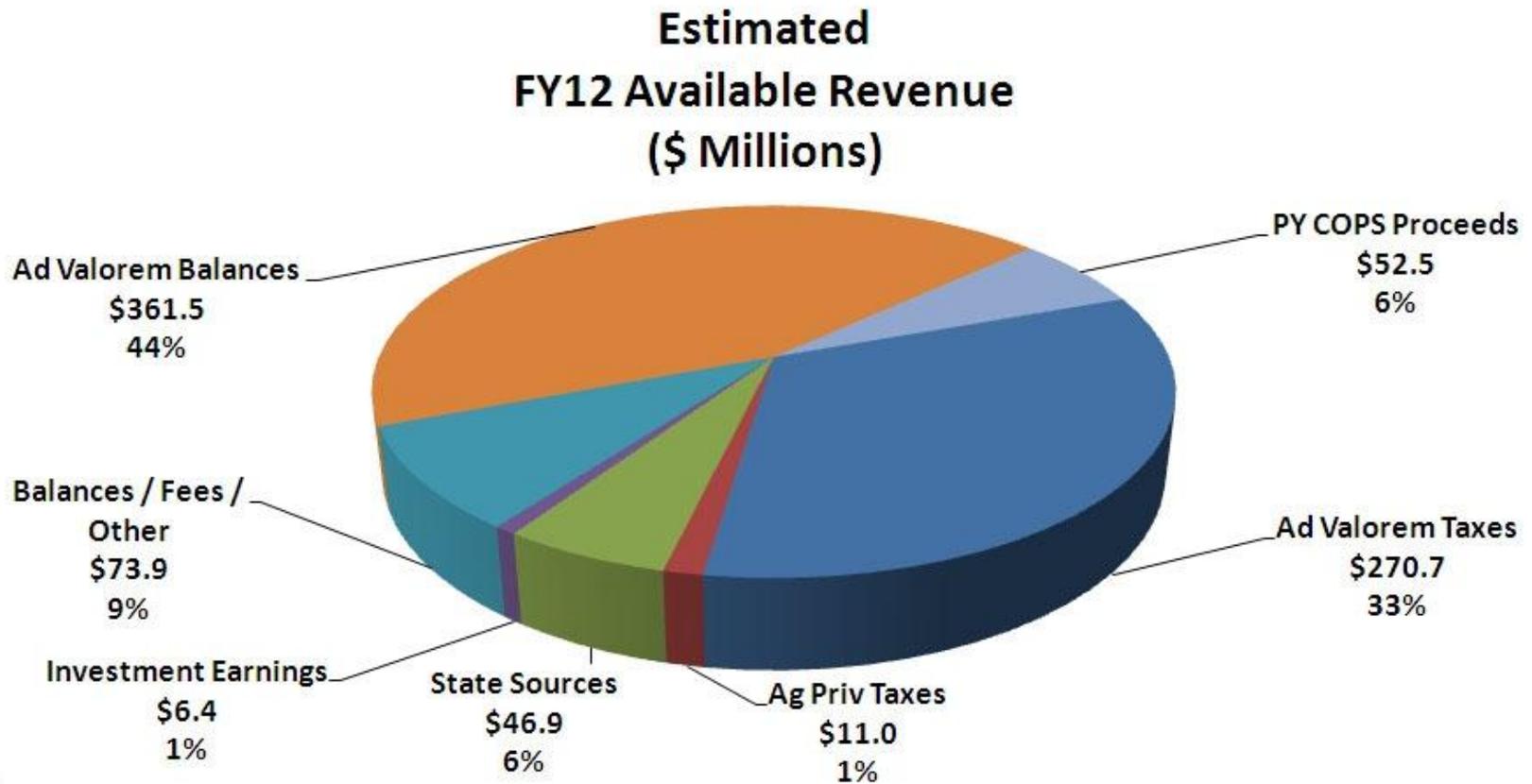


General Budget Overview

SFWMD Budgeted Tax Revenue (FY02 – FY11)

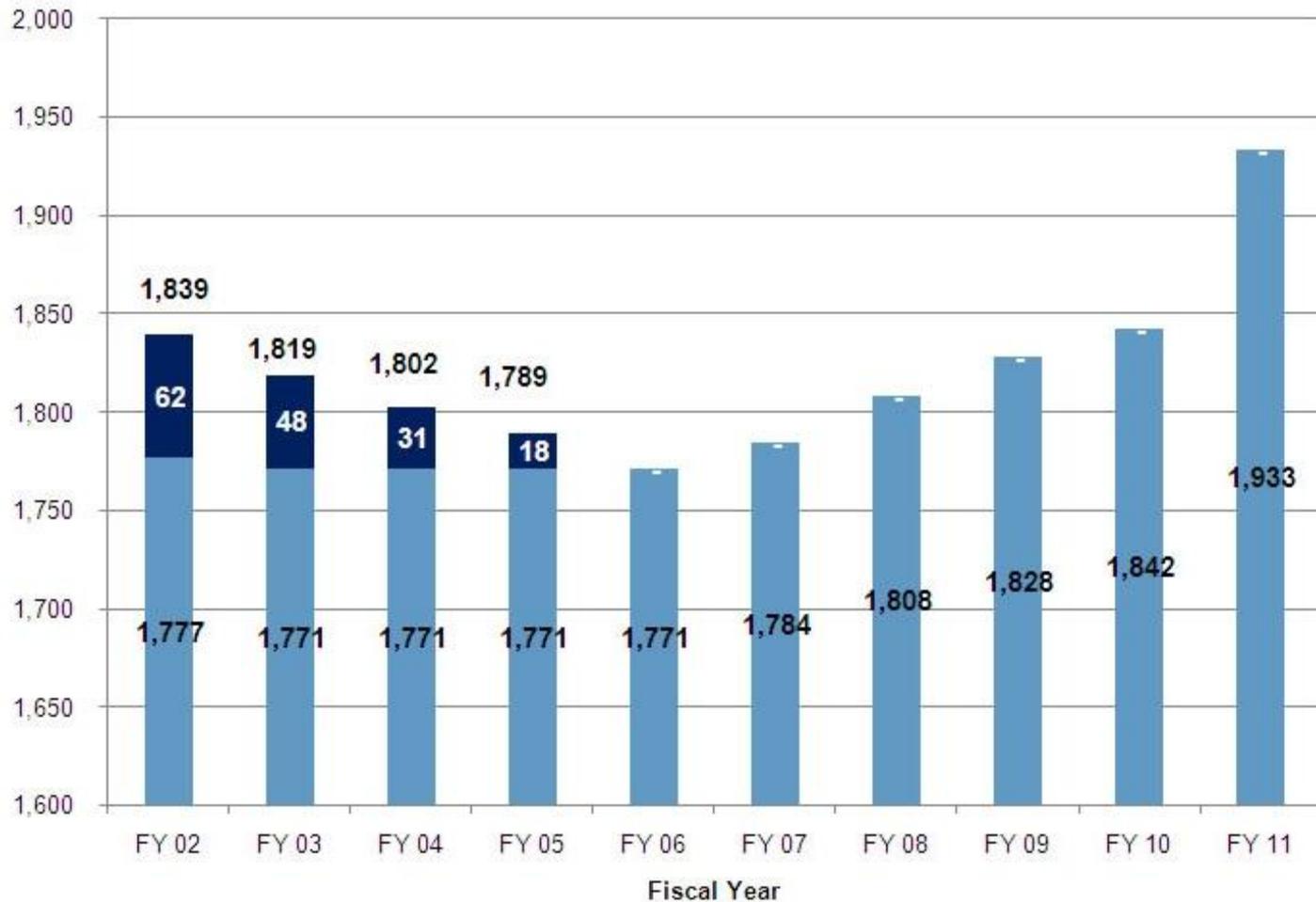


Anticipated Available Revenues: \$822.9M



Historical Staffing Levels (FY02-FY11)

of Leased Employees and District FTEs



Senate Bill 2142 Overview

Senate Bill 2142 - Overview

- Signed into law May 2011
- Requires Legislature to set maximum amount of ad valorem tax revenue levied by Water Management Districts (WMDs)
- Requires Legislature to annually review WMD millage rates and annual budget
- Governor and Legislative Budget Commission both have line item veto authority
- Requires each WMD to provide a monthly financial statement to its governing board and post on website, starting September 1, 2011
(www.floridahasarighttoknow.com)



Senate Bill 2142 – Fiscal Guidance

- FY2011 ad valorem revenue:
 - \$399.0M
- Maximum ad valorem tax levy for FY2012:
 - \$284.9M maximum tax levy
 - \$270.7M estimated revenue at ~95% collection rate
- FY2012 ad valorem reduction:
 - \$128.3M (-32.2%)



FY12 Budget Development

Guiding Principles

- **Achieve 32% ad valorem revenue reduction and:**
 - Provide flood control and hurricane response, including maintenance of sufficient contingency reserves
 - Continue progress of Everglades environmental restoration & water quality projects
 - Meet on-going water supply and water resource development needs
 - Streamline existing regulatory programs
 - Meet on-going debt service payments



Guiding Principles

■ Achieve 32% revenue reduction by:

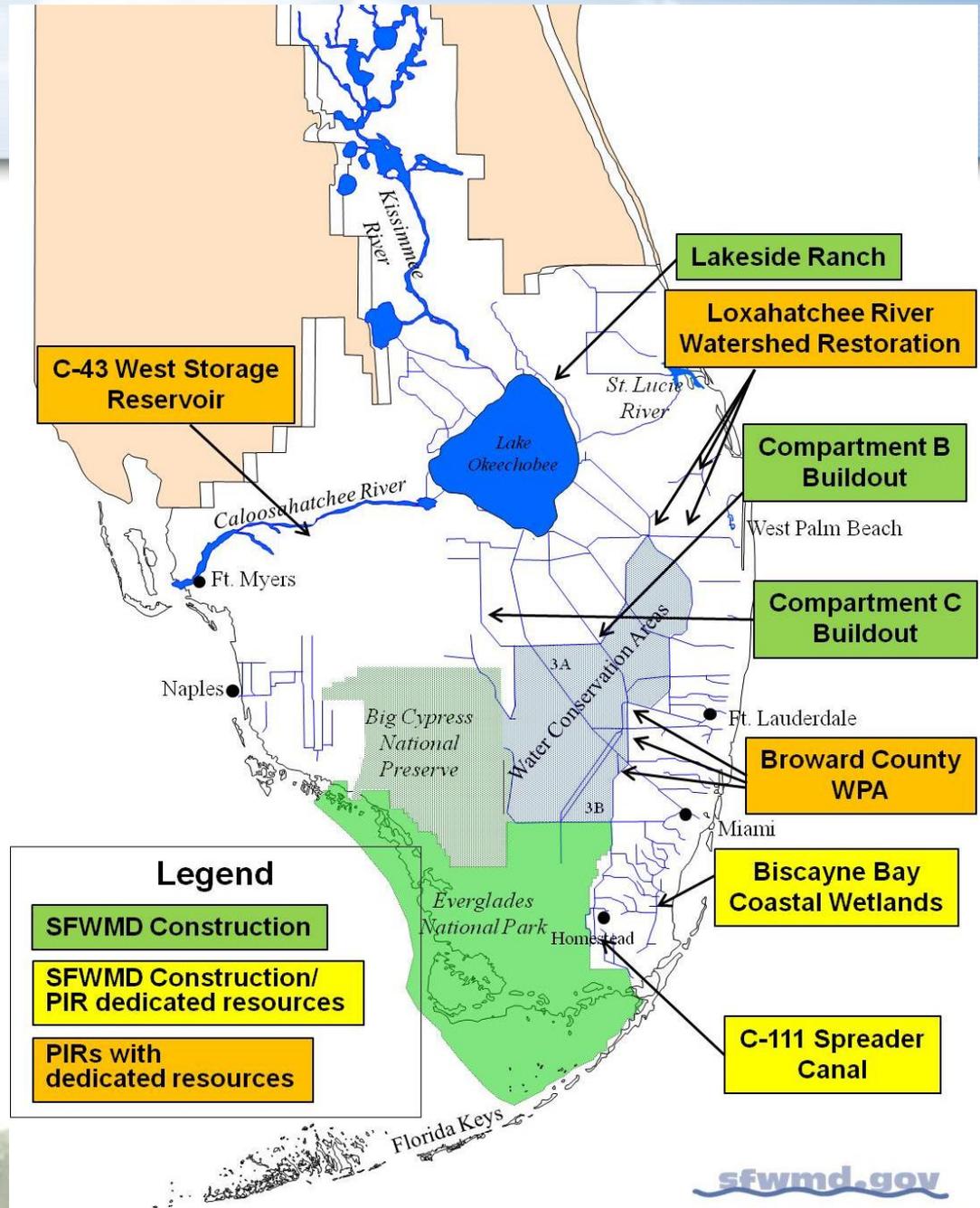
- Reengineering organization to effectively support the core functions of the District, starting with management structure
- Reducing or eliminating non-mandated activities
- Reevaluating the Level of Service
- Redefining the Everglades restoration partnership
- Prioritizing capital projects
- Prioritizing restoration activities
- Reducing administrative support functions
- Utilizing accumulated reserves and fund balances to fund non-recurring mission critical projects



FY12 Funded Items

Ad Valorem & Non-Ad Valorem Budget Items

Recommended for FY 12 Everglades Restoration



Recommended for FY 12 Everglades Restoration

- Completion of Biscayne Bay Coastal Wetlands Cutler Flow-way
- O&M will assume responsibilities



Recommended for FY 12 Everglades Restoration

- Completion of C-111 Spreader Canal
- O&M will assume responsibilities



Significant Work Recommended for FY 12 Everglades Restoration

- Picayune Strand Restoration Project
- O&M will assume responsibilities for Merritt pump station



Recommended for FY 12 Everglades Restoration – Water Quality

- Completion of Compartments B & C Stormwater Treatment Areas
- O&M will assume maintenance responsibilities



Recommended for FY 12 Everglades Restoration – Water Quality

- Completion of Lakeside Ranch, Phase I (2,700 acre STA north of Lake O)
- O&M will assume responsibilities for Phase 1



Recommended for FY 12 Everglades Restoration

- Dispersed Water Management
- Construction of the Rotenberger Pump Station
- Complete Design of the Southern CREW Restoration Project
- Optimize Stormwater Treatment Areas
- Fulfill local sponsor role in CERP Project Implementation Reports for priority projects
- Continue water quality and ecological monitoring to support core functions and permit requirements



Recommended for FY 12 Flood Control & Regulation

- Invest in infrastructure improvements to the Central and Southern Florida Flood Control System
- Continue targeted Source Control programs
- ePermitting enhancements to improve level of service and streamline Environmental Resource and Consumptive Use Permitting process



FY12 Level of Service Discussion

Operations and Maintenance Capital Repair Program

- Adjust annual capital repair funding levels to support critical infrastructure improvements
- Proposal:
 - \$50M program (saves \$10 million annually)
- Levels of Service (LOS):
 - Maintains historical spending trends
 - Ongoing inspection of works and prioritization of critical projects necessary for continued operation of the regional system
 - Maintains funding for East Coast Protective Levee retrofits needed for Federal Emergency Management Agency (FEMA) certification



Operations and Management Land Management

District Lands:

Natural Lands – 1,021,400 acres

Project Lands – 200,041 acres

**FWC Land
Management
Contract**



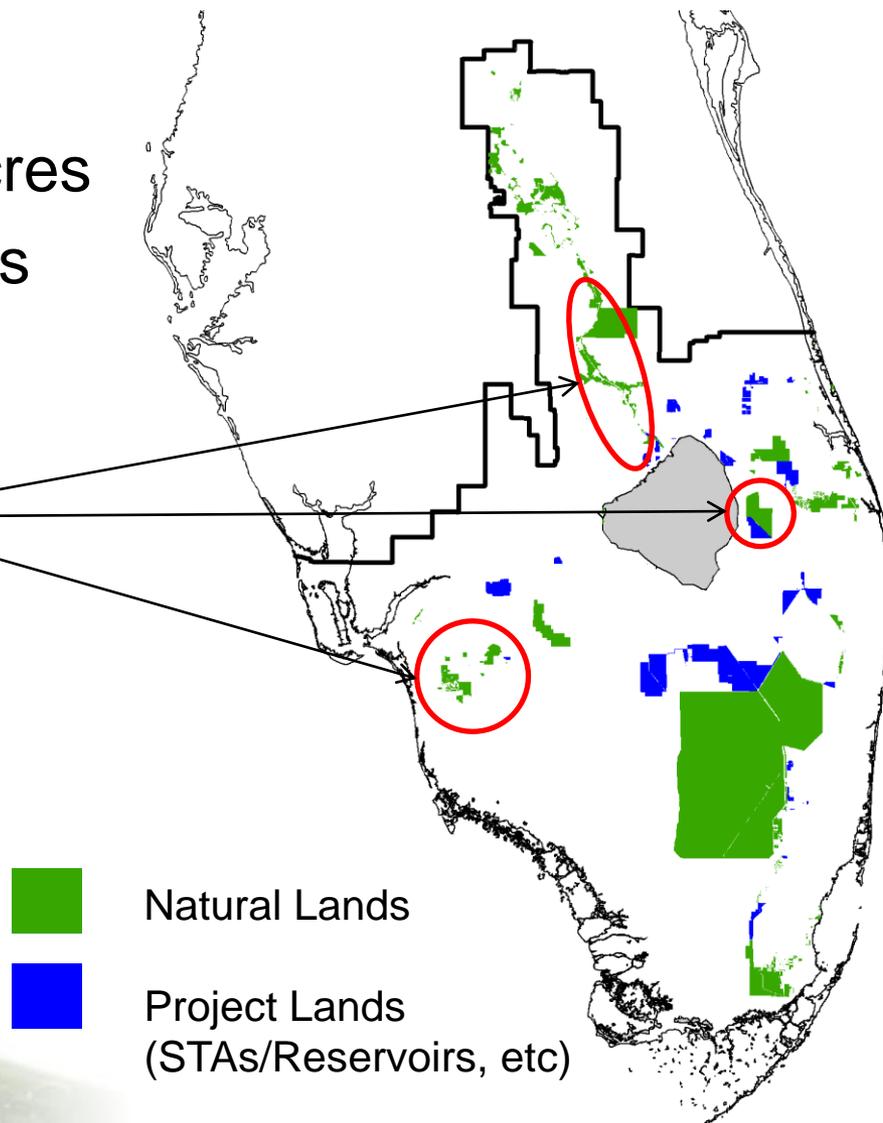
Operations and Maintenance Land Management

District Lands:

Natural Lands – 1,021,400 acres

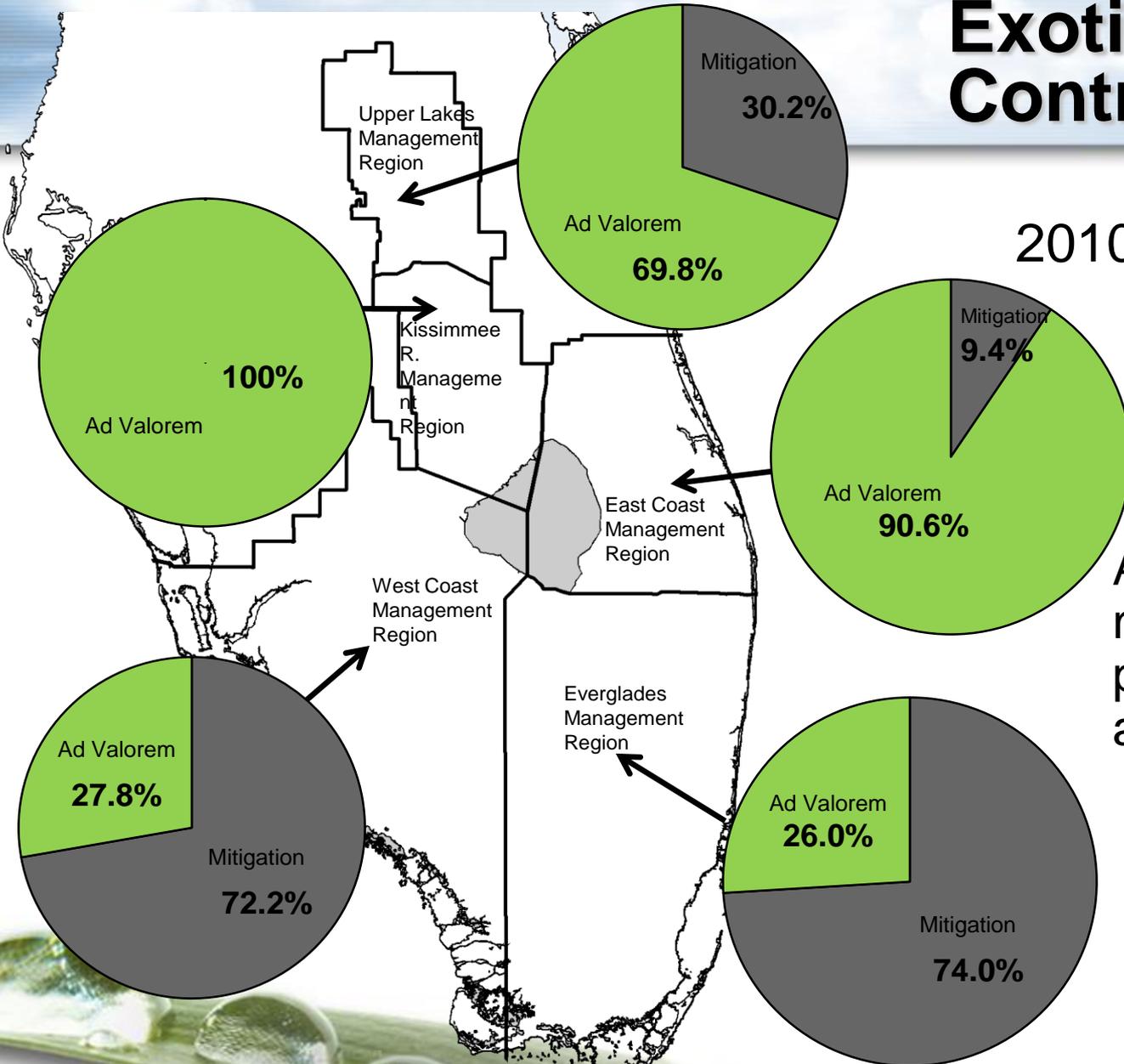
Project Lands – 200,041 acres

**Outreach
Contracts**



Exotic Plant Control Funding

2010 Funding Sources



Availability of mitigation funds is property specific and non-recurring



Operations and Maintenance Land Management

- Re-tool land management programs
 - Streamline exotic plant control program
 - Reduce contracted security, land management and outreach/education
- Proposal:
 - \$10M to \$6.8M annually
- Levels of Service:
 - Continuation of mandated land management activities
 - Establish exotic plant control rotation cycle (~7,500 acres annually)
 - Evaluate cost-share opportunities for outreach at Kissimmee River, DuPuis (FAU) and CREW properties
 - Evaluate LOS of Fish & Wildlife Conservation Commission security presence on 388,000 acres of District land



Water Resources Monitoring & Research

- Re-focus purpose of monitoring & research
- Renegotiate and reduce specific permit required monitoring parameters, frequency and duration
- Proposal: Reduce from \$50M to \$38M
- Levels of Service:
 - Continue permit and court ordered monitoring
 - Continue monitoring for C&SF Project
 - Maintain applied science for core mission decision making



Mission Support Public Outreach/Community Services

- Consolidate service centers
 - Provide regulatory, intergovernmental and community outreach services through West Palm Beach and 3 regional offices (Orlando, Ft. Myers, Okeechobee)
 - Co-locate limited staff at other government facilities/field stations; redirect staff to West Palm Beach/regulatory offices
- Proposal:
 - Saves \$1.1M in lease expenses/overhead
- Levels of Service:
 - No impact to regulatory services
 - Reduced LOS for intergovernmental/outreach programs



Mission Support Public Involvement/Open Government

- Reduce off-site Governing Board and advisory commission meetings
- Proposal:
 - Saves \$239K annually
- Levels of Service:
 - Ensure open government/public involvement through available technology
 - Maintains a level of interaction of Governing Board with communities



Mission Support Administrative Services

- Streamline business process & align level of internal support with agency size/functions, including:
 - Security
 - Information Technology
 - Procurement
 - Off-site leased space, janitorial, landscape, general maintenance
 - HR support services
- Proposal:
 - Saves ~\$14M
- Levels of Service:
 - Benchmark support to 10% or less of total budget



Mission Support District Fleet

- Evaluate fleet for cost savings
- Proposal:
 - Sell King Air
 - Evaluate helicopter purpose & use
 - Evaluate passenger vehicles and heavy equipment for reductions
- Levels of Service:
 - Focus on priority/mandated functions
 - Continued regulatory inspections, reduced frequency



Personnel Salaries and Benefits

- Align salaries and benefits with other state agencies
- Under consideration:
 - FRS contributions (Legislative mandate)
 - Deferred Compensation Match
 - Leave Payouts
 - Retiree Medical Insurance Subsidy
 - Insurance programs
- Levels of Service:
 - Ensure agency remains a competitive employer



Further Analysis Operational/Contractual

- Further evaluation required:
 - Big Cypress Basin
 - Inverse Condemnation Cases
 - Surplus Lands



Further Analysis Organizational Structure

- Build organizational structure to reflect statutory requirements/core functions
- Determine levels at which functions should be performed
- Determine staffing and other needs to achieve necessary levels of service
- Revise management/supervisory and salary structure to reflect size and function of organization



Staff Analysis

- District's HR policy allows for severance:
 - 4 weeks pay and health benefits
 - Payout of accrued annual leave and % of sick leave
 - Caps sick leave payout at a maximum of 480 hours for regular employees
- Senate Bill 88 eliminates severance
 - Allows payout of annual & sick leave based on state guidelines upon termination
 - Effective date July 1, 2011
- State separation policy:
 - Annual leave payout
 - Caps sick leave payout at 25% (maximum of 480 hours)



Voluntary Separation Program (VSP) All Employees

- Proposal: Create incentive for voluntary separation
- Package to include:
 - 4 weeks benefits
 - 4 weeks salary
 - Sick Leave payout of total accrual at 25% above current eligibility (capped at 1000 hours)
 - Annual Leave payout of accrued hours
 - Separation must occur on or before June 30, 2011
 - Payouts at current rate of pay



Voluntary Separation Program Proposed Key Dates

- June 13, 2011: All employee communication
- June 24, 2011: Final day for election of VSP
- June 25 – 27: Employee reflection period; may cancel election by C.O.B. Monday, June 27, 2011
- June 28, 2011: Paperwork processed
- June 30, 2011: Last day of employment for employees electing VSP



Reserves

Ad Valorem Operating Reserves

Reserve	Amount
Economic Stabilization Reserves	\$24.1M
Contingency Reserves	\$7.9M
Fuel Reserve	\$2.0M
STA O&M Reserve	\$3.0M
Hurricane Reserves	<u>\$10.4M</u>
Total	\$47.4M

\$47.4M = 11.9% of FY 11 ad valorem taxes



Available District Cash Balances and Reserves

Fund	FY11 Budgeted Reserves (Ad Valorem Funds)	FY11 Net Returns to Reserves (as of 5/23/11)	Undesignated Fund Balance as of 9/30/2010	Economic Stabilization Designated (Balance Sheet)	Total
General Fund	\$10,766,959	\$3,050,265	\$47,065,527	\$11,807,000	\$72,689,751
Okeechobee Basin	\$45,962,506	\$4,994,951	\$43,262,532	\$11,445,000	\$105,664,989
Big Cypress Basin	\$764,663	\$1,692,795	\$13,012,175	\$886,000	\$16,355,633
ECP	\$83,560,324	\$7,564,427	\$19,144,067	\$0	\$110,268,818
CERP Ad Valorem	\$20,000,000	\$348,948	\$36,549,780	\$0	\$56,898,728
Total	\$161,054,452	\$17,651,386	\$159,034,081	\$24,138,000	\$361,877,919



Use of Reserves Governing Board Policy Guidance

- Guidance for use of reserves/fund balances
 - Bridge the budget reductions
 - Flood Control/Hurricane Response
 - Capital Repair Program
 - One-time projects, including:
 - Restoration
 - AWS/Stormwater/Water Conservation
 - Dispersed Water Management
 - Central Florida Lower Floridan Investigation
 - ePermitting enhancements



Next Steps & Budget Timeline

Next Steps

- Review and finalize operational reductions
- Finalize functional staffing analysis and requirements
- Finalize estimates for new works
 - Includes Lakeside Ranch, C-111 Spreader Canal, Biscayne Bay Coastal Wetlands, works transferred from US Army Corps of Engineers
- Finalize draft budget for Governing Board approval



Budget Development Timeline

■ July

- Finalize draft budget
- Adopt proposed millage rates for Truth In Millage statutory requirements
- Complete drafting of August budget submission
- Certify millage rates to county appraisers

■ August

- Submit August 1 Report & present draft budget in Tallahassee

■ September

- Public hearings to adopt tentative & final millage rates and budgets
- Adopt Agricultural Privilege tax non ad valorem assessments

