

A white egret is captured in mid-flight, its wings fully extended, against a background of lush green grass. The bird's long neck is curved forward, and its yellow beak is pointed. The overall scene is bright and natural.

Reviving
THE river OF grass

Everglades Land Acquisition Project

Governing Board Workshop
December 15, 2008

Everglades Land Acquisition Project Presentation Overview



- **Due Diligence Results**
 - Engineering Assessments
 - Environmental Assessments
 - Appraisals
- **Public Input & Involvement**
- **Financing Update**
- **Financial Outlook**
- **Acquisition Agreement**
 - Purchase & Sale Contract
 - Lease
- **Public Comment**
- **Board Discussion**

Everglades Land Acquisition Project Governing Board December 2 Requests



- Financial Analysis
 - Three-Tiered Projection
 - CFO Consultation
 - Lifetime Cost of Acquisition
 - Pay-As-You-Go Acquisition
- Market Lease Rates
- Appraisals of Land Encumbered by Lease
- Impacts to 298 Districts
- Duff & Phelps Update



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Engineering Evaluation

Tommy Strowd, P.E.
Assistant Deputy Executive Director,
Everglades Restoration

Due Diligence Engineering Evaluation



- Shaw Report includes four business categories:
 - Crop Area Lands
 - Facilities in Crop Areas
 - Airstrips
 - Non-Process Buildings
- Original Report included Sugar Mill/Refinery, Citrus Plant, Railroads and Vehicle Fleet Categories. (These categories have been removed for the land-only purchase)

Due Diligence Engineering Evaluation

- Crop Area Lands Report
 - Includes the following items for both Citrus and Sugar Farmland:
 - Planting Practices
 - Harvesting
 - Soil Conditions
 - Field Leveling
 - Fertilization
 - Herbicide & Pesticide Application



Due Diligence Engineering Evaluation



■ Key Findings

- There are approximately 22,240 acres in active citrus farming and 128,650 acres in active sugarcane farming
- Overall functionality reflects a professional farming operation yielding high levels of cane and fruit production
- Citrus Greening and Canker has destroyed ~20% (7,130 acres) of the total citrus groves

Due Diligence Engineering Evaluation



- Facilities in Crop Areas Report
 - Includes the following features:
 - Canals (1,130 miles of major canals and 3,200 miles of local irrigation and drainage ditches)
 - Roads (1,945 miles of unpaved roadways)
 - Bridges (11 roadway bridges)
 - Levees (330 miles of impoundment levees)
 - Pump Stations (365 total pump station sites)
 - Control Structures and Culverts (a representative sample of 1,500 interconnects assessed)

Due Diligence Engineering Evaluation

■ Key Findings

- Facilities condition is typical of most South Florida agricultural operations
- Canals are maintained and cleaned on a regular basis
- Repairs are completed on an “as-needed” basis



Due Diligence Engineering Evaluation



■ Key Findings (cont.)

- **Pumping Facilities:** 51% in good to fair condition
- **Levees:** 25% in good condition; 67% in fair condition, requiring minor repairs & maintenance
- **Canals:** 70% in good to fair condition; 29% require minor maintenance such as cleaning
- **Control Structures:** Overall condition considered fair; most appeared functional and able to convey water as intended; 10% in need of repairs or replacement
- **Roads:** 83% in good to fair condition; 14% require minor repairs and maintenance; 3% require major repairs
- **Bridges:** 3 require safety-related repairs; 6 require less critical repairs; 2 in good condition.

Due Diligence Engineering Evaluation

- Airstrips Report
 - Includes 14 different runways located in the agricultural areas
 - 12 unpaved airstrips consisting of lime rock and gravel
 - 1 paved airstrip
 - 1 grass airstrip



Due Diligence Engineering Evaluation

■ Key Findings

- Airstrips simply consist of access roads also used by vehicles
- Refueling and material loading equipment is located onsite
- Crop fertilizer and pesticide application is the only flight activity supported by these airstrips
- Airstrips are exempt from regulation due to agricultural-only flight use
- Three of the airstrips have substandard safety setbacks from features such as ditches and railroad tracks

Due Diligence Engineering Evaluation

- Non-Process Buildings Report
 - Includes 47 different building units consisting of:
 - Storage Barns
 - Sheds
 - Offices
 - Houses
 - Repair Shops



Due Diligence Engineering Evaluation

■ Key Findings

- The buildings vary greatly in terms of use and current condition
- Some of the buildings still in use have safety-related repairs that are needed
- 13 of the building sites are recommended for demolition





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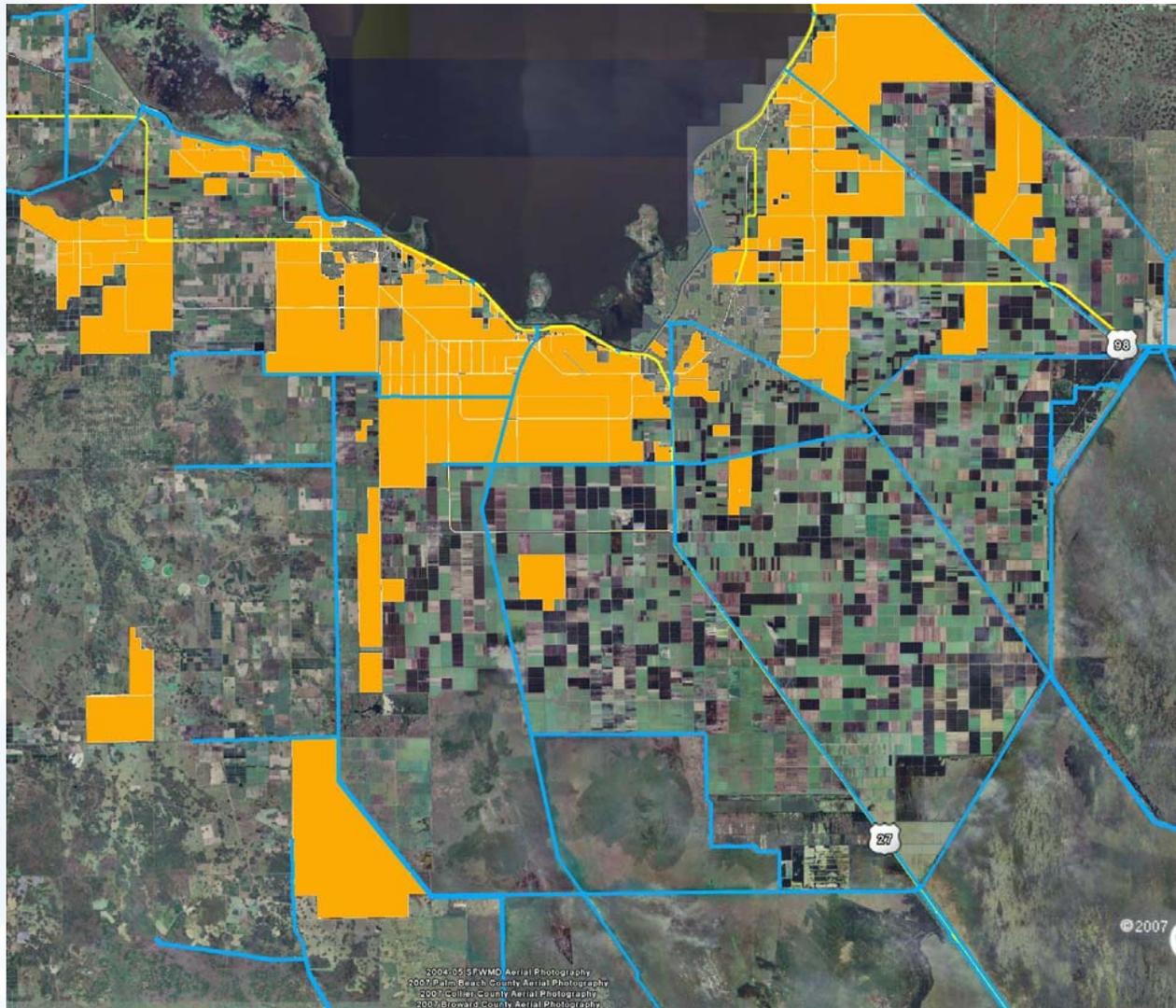
Impacts to Secondary Drainage Districts

Tommy B. Strowd, P.E.
Assistant Deputy Executive Director,
Everglades Restoration

Special Drainage Districts – 298s

- Special Taxing Districts are established by the Legislature
 - Derive revenue from lands within their District boundaries
- Construct, operate and maintain physical facilities
 - Drainage / Flood Control
 - Water Supply
 - Roads, bridges, etc.

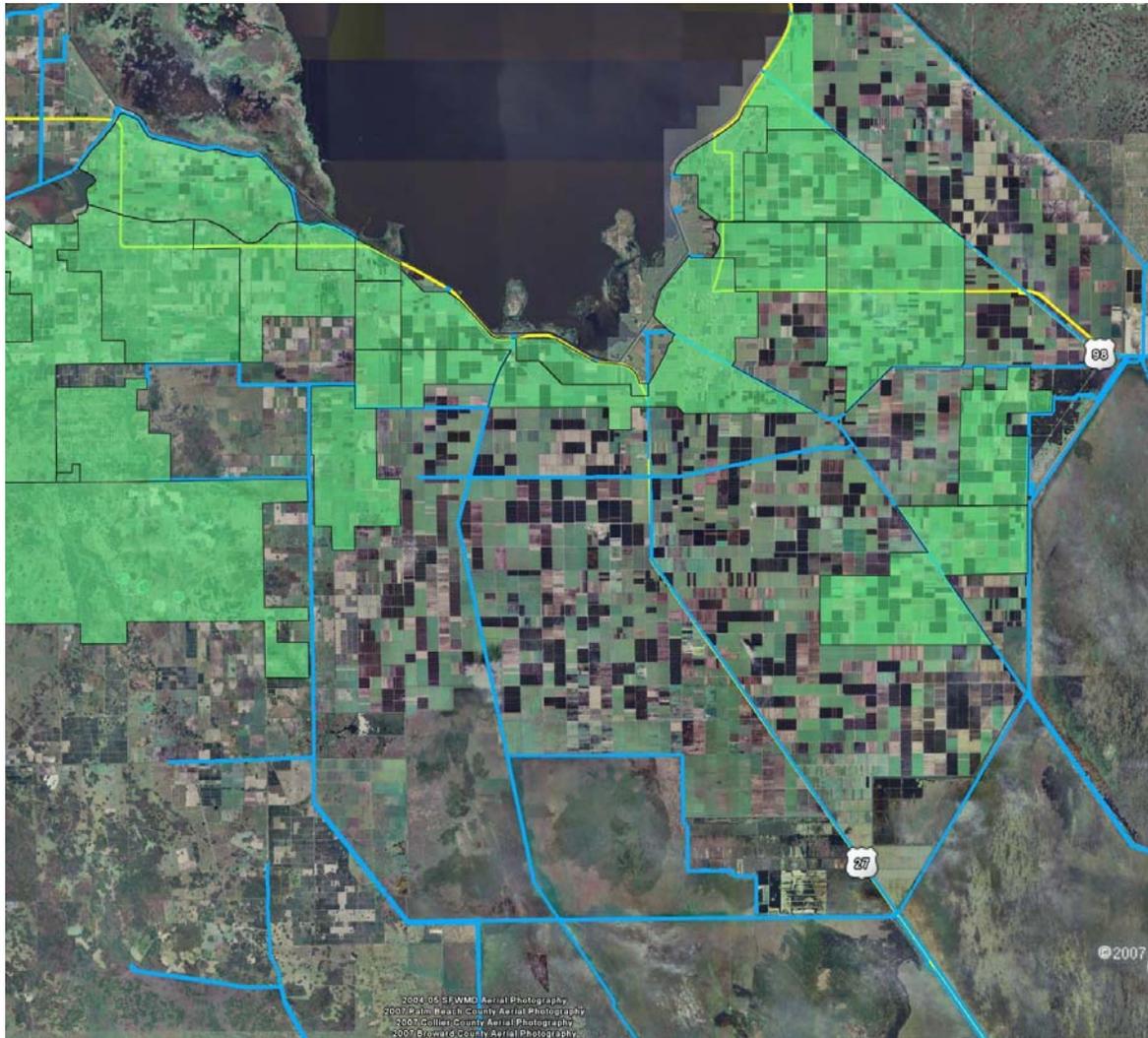
USSC Lands



2004/05 SFWMD Aerial Photography
2007 Palm Beach County Aerial Photography
2007 Collier County Aerial Photography
2007 Broward County Aerial Photography

© 2007

EAA 298 Districts

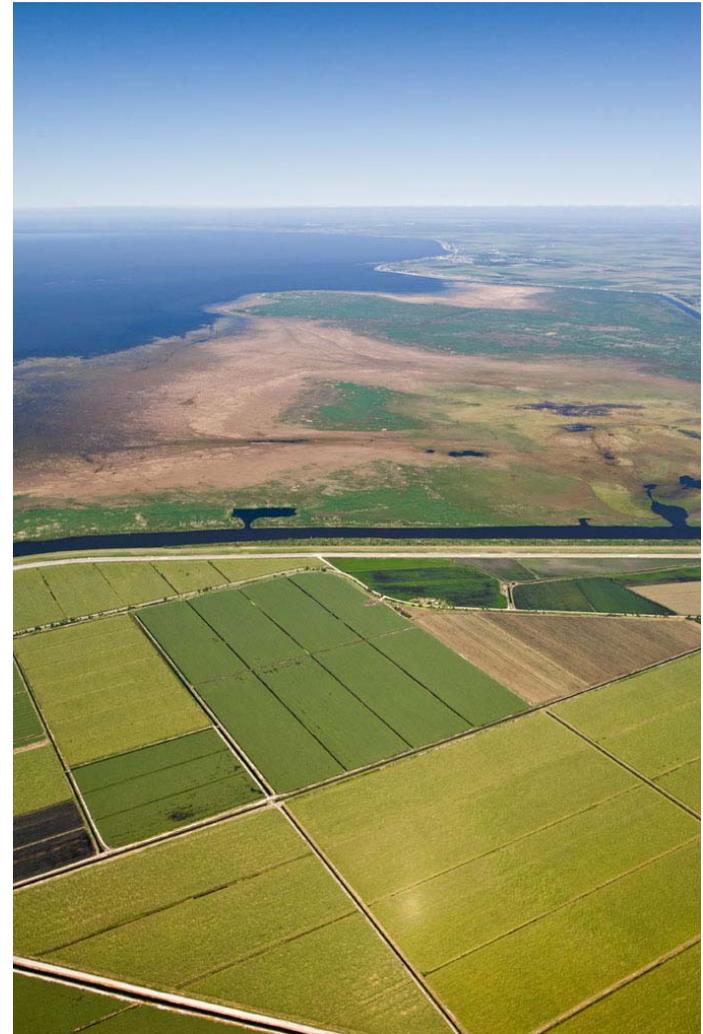


Impacts to Secondary Drainage Districts

- 298 Districts
 - Disston Island Conservancy District
 - Flaghole Water Control District
 - Hendry–Hilliard Water Control District
 - South Florida Conservancy District
 - Ritta Water Control District
 - Bolles Drainage District
 - Pelican Lake Water Control District
 - Sugarland Water Control District

Impacts to Secondary Drainage Districts

- Potential Concerns
 - Tax Revenue
 - Off-site Seepage
 - Water Supply
 - Pump and Control Facility Relocation
 - Coordination during conceptual design



Impacts to Secondary Drainage Districts

Questions?



8. 4. 2008

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Environmental Assessments

Bob Kukleski

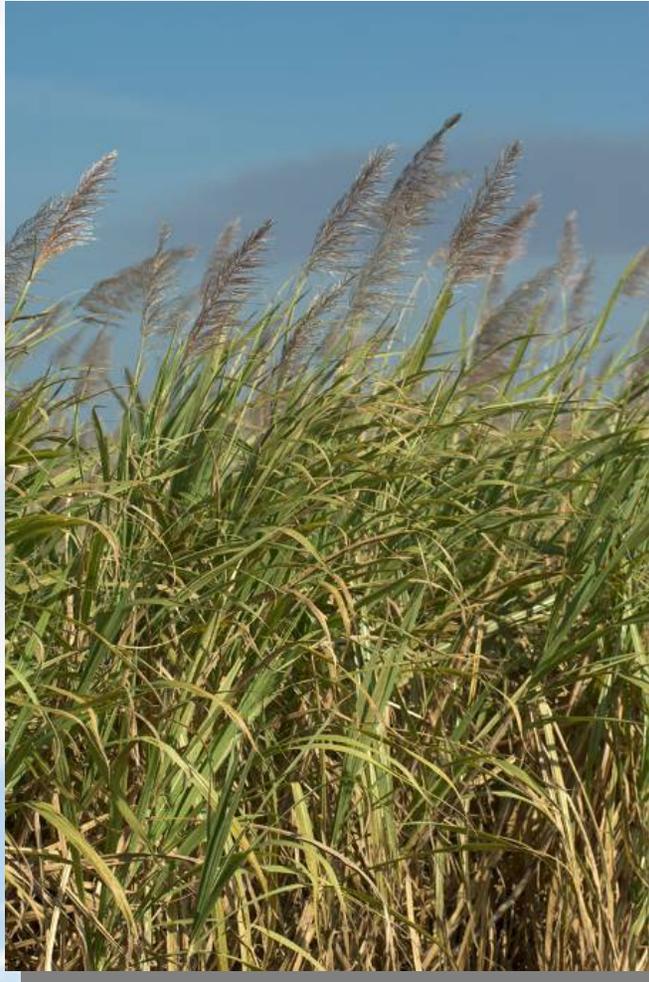
Lead Environmental Engineering Specialist

Due Diligence Environmental Assessments



- Ten firms led by Professional Service Industries, Inc.
- Hired to conduct both Phase I and Phase II environmental audit for all 292 square miles of property under consideration for acquisition
- Conducted with and according to ecological risk assessment protocols approved by U.S. Fish & Wildlife and Department of Environmental Protection

Due Diligence Environmental Assessments



- Remediation to commercial standards responsibility of seller
- Remediation to ecological standards responsibility of purchaser
- Ecological standards generally more stringent than commercial clean-up standards

Due Diligence Environmental Assessments



- **Report compiled using:**
 - Data from sediment, soil and water samples
 - Extensive aerial and ground reconnaissance
 - Review of historical and company records
 - Assistance from state and federal experts



Due Diligence Environmental Assessments



■ Investigation included:

- Assessment of 193 remote point sources (e.g. fuel storage areas, pump stations)
- Assessment of 187,000 acres of land
- Collection of more than 500 water samples and 12,500 soil samples



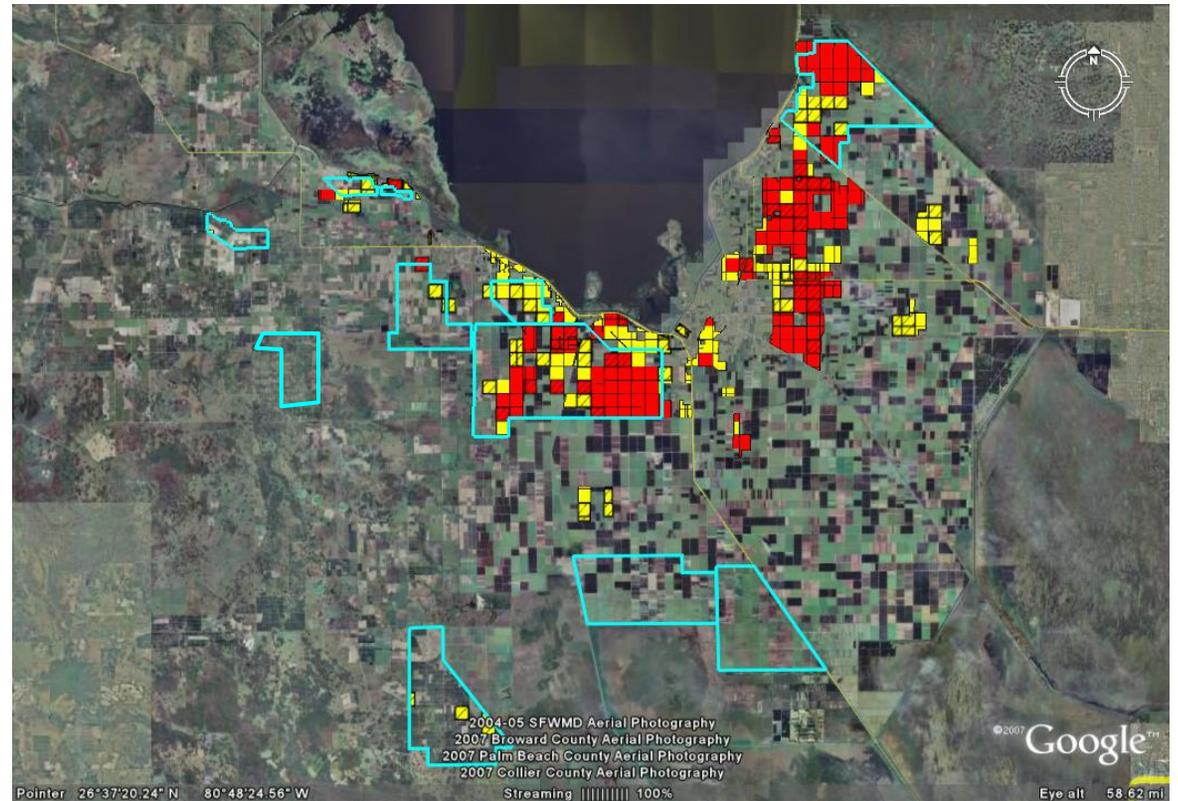
Due Diligence Environmental Assessments



- Key report details:
 - Pollutant concentrations below commercial criteria on 95% of acreage; no remediation required by seller
 - U.S. Sugar required to conduct corrective action on 5% of acreage exceeding standards
 - Estimated cost \$16.5 million
- Approximately 52% of acreage determined to pose no significant ecological risk
- Final remediation costs for achieving ecological standards dependent on location of restoration project

Environmental Assessments Conceptual Project Configurations

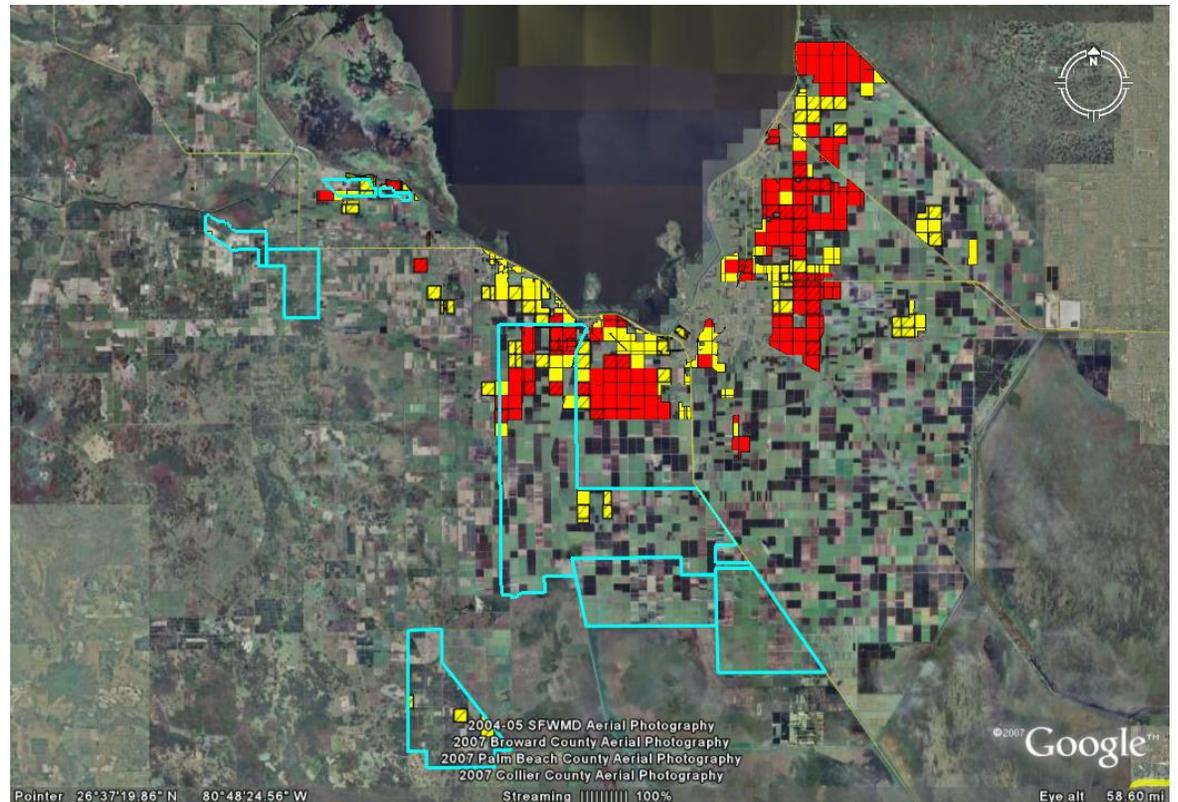
- Project located within U.S. Sugar lands only
 - Eco-Risk Category 2
~15,340 acres
 - Eco-Risk Category 3
~ 22,680 acres
 - Additional sampling may reduce hatched blocks



- Significantly Exceeds Ecological Thresholds
- Marginally Exceeds Ecological Thresholds
- Facilities Footprint

Environmental Assessments Conceptual Project Configurations

- Project adjusted to address land constraints
 - Eco-Risk Category 2
~6,790 acres
 - Eco-Risk Category 3
~ 5,650 acres
 - Additional sampling may reduce hatched blocks
 - Not sampled ~63,000 acres (Non-U.S. Sugar ownership)



- Significantly Exceeds Ecological Thresholds
- Marginally Exceeds Ecological Thresholds
- Facilities Footprint

Environmental Assessments Restoration Construction Techniques

Summary of Previous Soil Inversion Pilot Studies and Remediation Projects:

- Inversion in Sandy Soils (Performed by the District):
 - Reduction greater than 50% observed
 - Contaminants located in upper 12-inches
 - No impacts generally below 12-inches
 - Maximum available plowing depth – 2 feet
- Inversion in Muck Soils (Performed by St. Johns):
 - Reduction greater than 65% observed
 - Contaminants located in upper 12-inches
 - No impacts generally below 12-inches
 - Maximum available plowing depth – 4 feet

Environmental Assessments

Restoration Construction Techniques

Summary of Bench Tests Performed:

- **Mix Test** - indicated mixing of surface soil with subsurface soil show reduction of contaminants
- **Trench Tests** - indicated differences in soil composition between upper 12-inches (worked by USSC for 60+ years) and lower depths (peat)
- **Trench Test Discrete Sampling** - indicated contaminants generally located within the upper 12-inches of soil with significantly reduced concentrations below 12-inches
- **Scraping Test** - indicated significant reduction of contaminants after plowing conducted in area where 6-inches of soil was removed with bulldozer
- These tests suggest that where a clear difference between surface and subsurface soil concentrations exist, plowing can be successful in reducing surface soil concentrations
- Results suggest that if larger plows are used to go deeper, more uncontaminated soil is available to reduce ending top layer of soil by affecting mass balance

Environmental Assessments Restoration Construction Techniques

CORRECTIVE ACTION CONSTRUCTION METHODS ~ SORTED BY COST	COST PER ACRE
Soil Inversion	\$ 1,471
Soil Scraping and Soil Inversion	\$ 7,550
Capping Onsite Borrow ~ Contractor Direct Cost Pushing Material From Adjacent Area ~ No Hauling No Liner	\$ 14,668
Remove and Stockpile Onsite ~ No Cap Material	\$ 19,339
Remove and Stockpile Offsite ~ Contractor Direct Cost ~ No Cap Material	\$ 37,719
Capping Offsite Borrow ~ Contractor Direct Cost Pushing Material From Adjacent Area ~ No Liner	\$ 96,490
Remove and Disposal at Offsite Disposal Center ~ Contractor Direct Cost ~ T&D Landfill	\$ 247,915



Restoration Construction Techniques Soil Inversion Pilot Study Status

- Eight fields selected and sampled to determine the final four fields to be inverted
- Four 40-acre fields were selected based on detected concentrations
- The four fields were divided into 40 one-acre subplots. One surface and one subsurface sample was collected from each subplot. Analysis included pesticides, arsenic, copper, and phosphorus
- Four 20-acre fields were inverted with a moldboard plow, four 20-acre fields with a standard disk plow, and one 20-acre field with a modified disk plow

Restoration Construction Techniques

Soil Inversion Procedures

- Pre-inversion sampling
- Surface disking to breakup roots/loosen soils
- Soil inversion with standard disk plow and moldboard plow (20-acres each)
- Rotary Harrow to breakup clumps of soil on surface
- Compaction with roller pulled by a tractor
- Post-inversion sampling

Restoration Construction Techniques Field Tests Performed

- Trench tests to determine site-specific geology
- Collection of physical & chemical parameters to establish differences, if any, of the effect of soil composition on contaminant transport, leachability, etc. after inversion
- Physical colored bead test to determine depth and distribution of inverted soils
- Bench study of 100%, 50%-50% mixture, 66%-33% mixture and 33%-66% mixture
- Unconsolidated muck layer (peat) was sampled and results only showed detects of arsenic and copper, no or low concentrations of organochlorine pesticides

Restoration Construction Techniques Equipment

Standard Disk Plow



Moldboard Plow



Modified Disk Plow



Restoration Construction Techniques Equipment

Rotary Harrow



Roller



Restoration Construction Techniques Pilot Study Observations

- The moldboard and standard disk plows used in the Pilot Study provided insignificant reduction of post-inversion surface soil concentrations
- The Modified disk plow showed an average of 33% reduction after plowing
- Reduction is limited due to the depth of soils with elevated chemical concentrations and the maximum plow depth of the pilot study equipment

Restoration Construction Techniques Pilot Study Observations

- Field observations indicate there is a 10 – 12 inch layer of well mixed surface soils historically plowed by USSC. Underlying soils appear undisturbed and uncontaminated
- Soils from 6 – 12 inches below the surface expected to have similar concentrations to those found at surface
- A minimum of 24 inches of soil with at least 12 inches of uncontaminated soils must be present for successful inversion
- Initial contaminant concentrations were found to be more important than muck depth in determining whether soil inversion can be successful

Restoration Construction Techniques Pilot Study Observations

- Physical removal of some mixed surface soil layer prior to plowing expected to increase reduction efficiency
- In some areas with higher contaminant concentrations, removal of the surface layer (6 inches) followed by soil inversion is likely to be effective
- The areas with the highest contaminant concentrations are likely to require capping or removal of soils – soil inversion is not likely to be effective

Restoration Construction Techniques Pilot Study Recommendations

- For fields where <40% reduction is needed to meet corrective action goals, inversion using a plow larger than the plow used in the Pilot Study is recommended
- For fields where a greater reduction (40 – 60%) is required to meet corrective action goals, removal of maximum feasible volume of surface soils (min. 6 inches) prior to plowing is recommended
- Further investigation is required to more accurately determine effectiveness of partial removal of contaminated surface soils in conjunction with plowing

Restoration Construction Techniques Pilot Study Recommendations

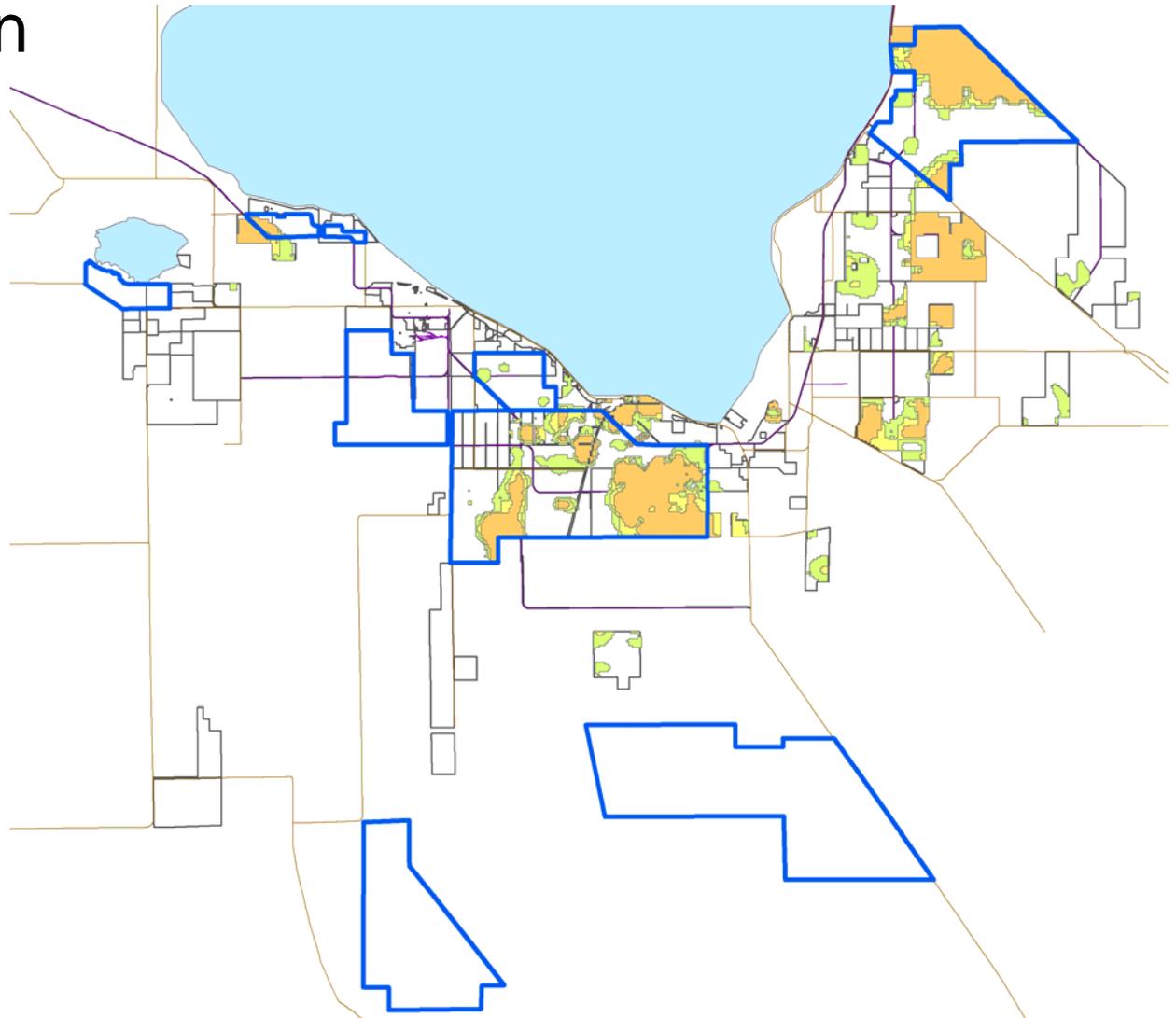
- For fields requiring more than 60% reduction in surface soil concentration to meet corrective action goals, avoidance, capping or complete removal of contaminated surface layer is recommended
- The District should work in consultation with USFWS and FDEP to develop a comprehensive set of corrective action goals and benchmarks based on expanded ecological risk assessment tasks prior to initiation of any corrective action measures

Restoration Construction Techniques

Approximate Area Suitable for Inversion

USSC Configuration

- Potentially 28,200 acres requiring corrective action.
- 6,550 acres suitable for inversion.
- 4,050 acres may require partial soil removal prior to inversion
- 17,600 acres are not expected to be suitable for inversion without removal of most of the surface soils

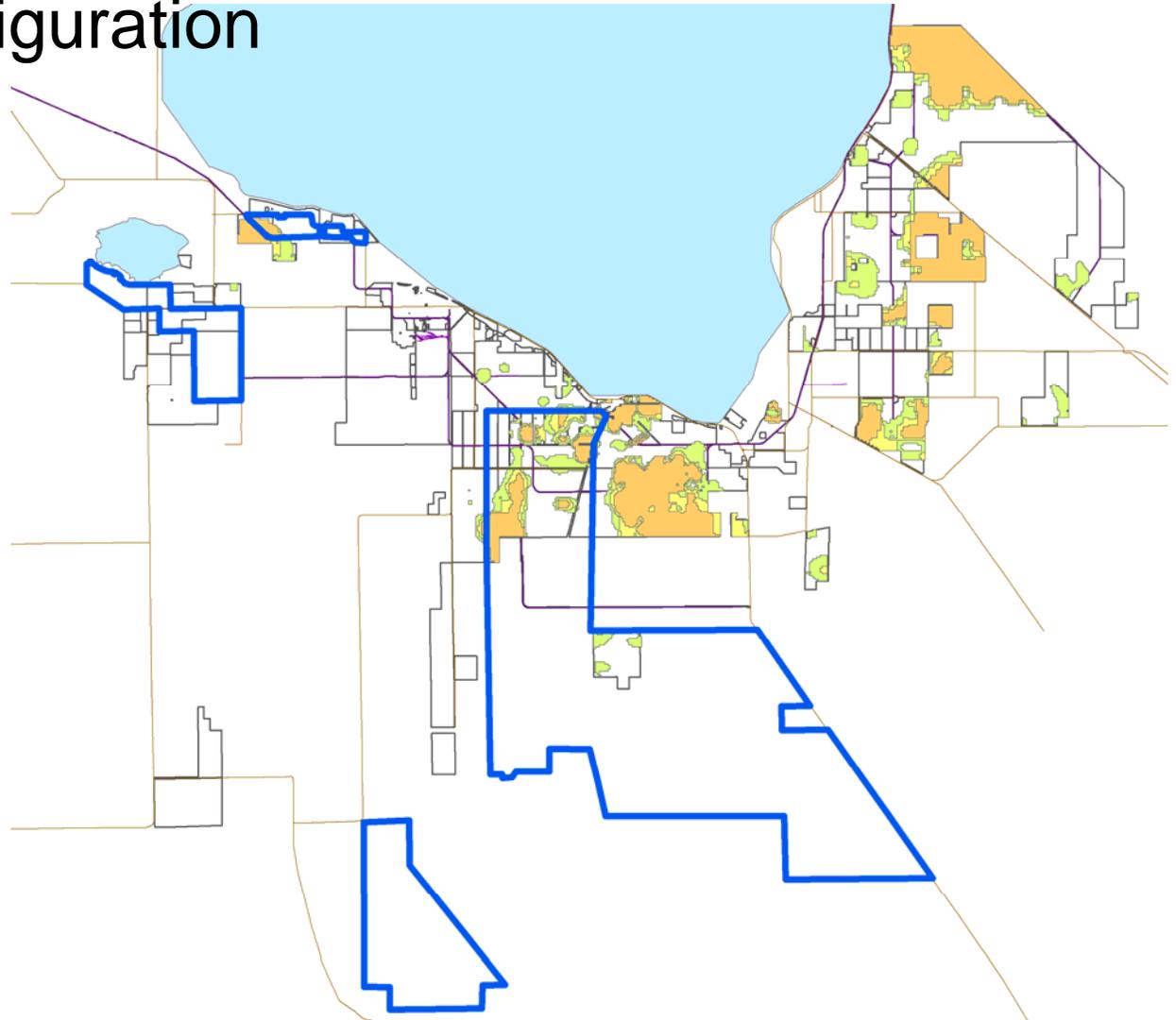


Restoration Construction Techniques

Approximate Area Suitable for Inversion

Rocking Chair Configuration

- Potentially 7,850 acres requiring corrective action.
- 3,150 acres suitable for inversion.
- 1,450 acres may require partial soil removal prior to inversion
- 3,250 acres are not expected to be suitable for inversion without removal of most of the surface soils



Environmental Assessments

Summary of Conclusions



- Based on the Environmental Assessment, areas of impairment were identified that will need to be addressed before a reservoir is constructed
- Impaired areas are almost exclusively located in muck soils (south and east of lake)
- Further studies may eliminate the need for corrective action in marginal areas, so current cost estimates should be conservative

Environmental Assessments Summary of Conclusions

- The identified contaminants at this site (e.g., arsenic, copper, pesticides) have been detected on the large majority of the previous acquisitions
- Results are very similar to previous experience on other agricultural properties that have been acquired under CERP
- The identified concerns can all be addressed through additional studies or using remedial techniques that have been demonstrated as effective
- Costs can also be controlled through manipulating the project footprint and construction characteristics



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Questions?



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Land Appraisals

Ray Palmer
Chief Appraiser

Due Diligence Land Appraisals



- Anderson & Carr, Inc and Sewell, Valentich, Tillis and Associates retained to conduct independent appraisals
- Appraisal 1 - draft appraisals of “all assets” of US Sugar Corp.
- Appraisal 2 - appraisals of the “land only”
- Appraisal 3 - addendum to previous appraisal
 - Estimate of fair market rent
 - Analyzed the impact of the proposed lease on the land value

Due Diligence Land Appraisals



- Difference in the land value analysis from Appraisals 1 and 2:
 - In Appraisal 1, all sugarcane land was to remain in sugarcane production to support the mill
 - This avoided a potential decrease in value to the mill due to fewer acres of land producing raw material (sugarcane)
 - In Appraisal 2, land was not restricted to sugarcane production, but was valued at its highest and best use regardless of historical ties to the mill

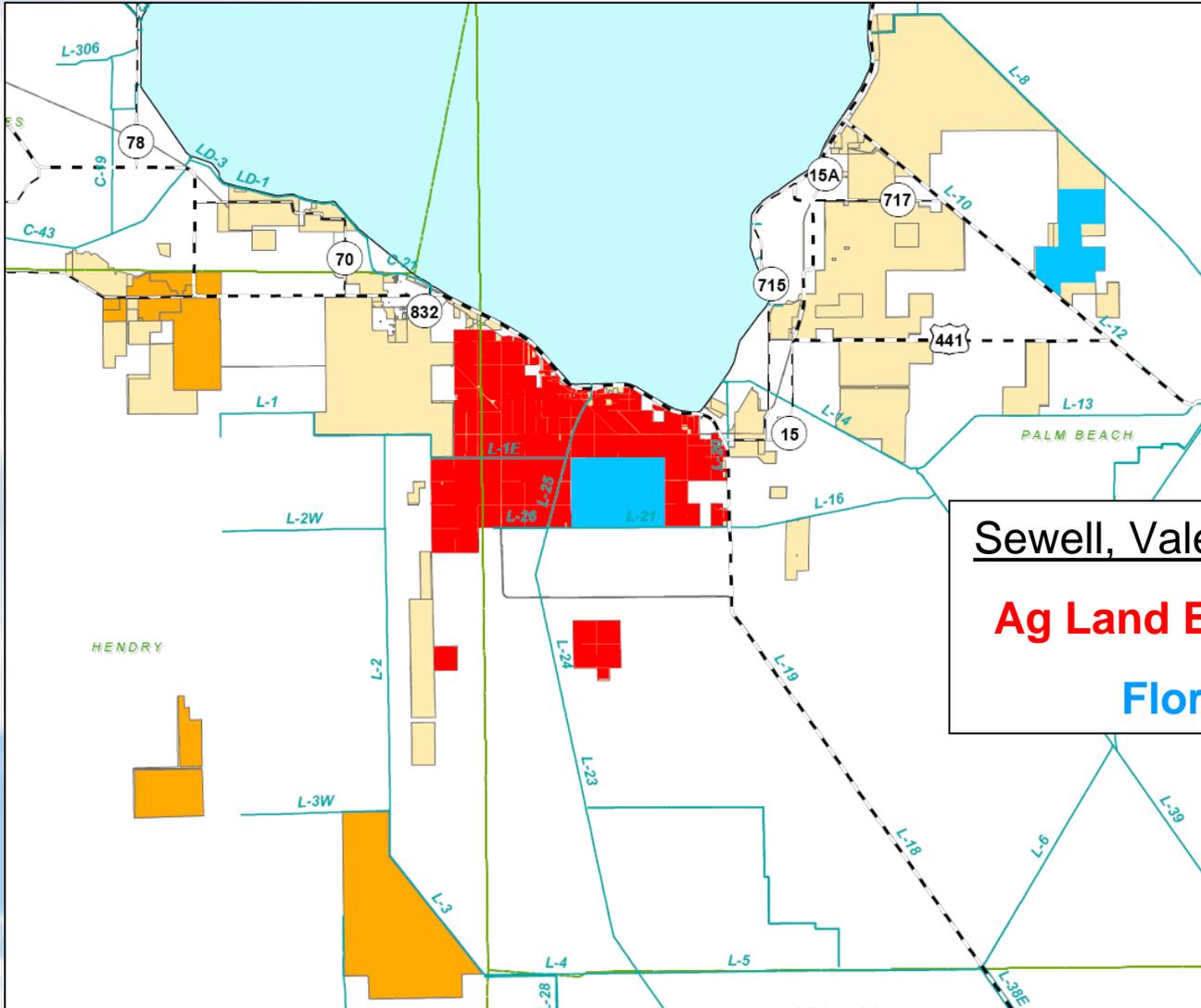
Due Diligence Land Appraisals

- Resulting value difference due to these assumptions:

Anderson & Carr

Land Type	Acres	\$ / Acre	Appraisal 1		Appraisal 2	
			Indicated Value	Acres	\$ / Acre	Indicated Value
Agricultural Land						
Agricultural Land	108,908.00	\$4,500	\$603,000,000	108,908.00	\$4,500	\$490,086,000
Agricultural - Future Transitional	25,000.00			25,000.00	\$7,500	\$187,500,000
Mining - Stewart	5,419.93	\$4,500	\$58,000,000	5,419.93	\$27,500	\$356,535,575
Mining - Florida Rock	7,545.00			7,545.00		
Transitional - Residential & Comm	<u>2,997.00</u>	<u>\$30,000</u>	<u>\$90,000,000</u>	<u>2,997.00</u>	<u>\$30,000</u>	<u>\$89,910,000</u>
<i>Agricultural Land total</i>	<i>149,869.93</i>	<i>\$5,004</i>	<i>\$750,000,000</i>	<i>146,872.93</i>	<i>\$7,041</i>	<i>\$1,034,121,575</i>
Citrus Groves	<u>32,604.00</u>	<u>\$5,367</u>	<u>\$175,000,000</u>	<u>32,604.00</u>	<u>\$5,367</u>	<u>\$175,000,000</u>
Indicated Land Value - Rounded	182,473.93	\$5,069	\$925,000,000	182,473.93	\$7,124	\$1,300,000,000
Change from Appraisal 1 to 2					\$2,055	\$375,000,000

Due Diligence Land Appraisals



Sewell, Valentich, Tillis & Associates
Ag Land East of Blumberg Road
Florida Rock Mining

Due Diligence Land Appraisals



- Resulting value difference due to these assumptions:

Sewell, Valentich, Tillis & Associates

Appraisal 1

Appraisal 2

Land Type	Acres	\$ / Acre	Indicated Value	Acres	\$ / Acre	Indicated Value
Agricultural - East of Blumberg	42,960.79	\$4,500	\$193,300,000	42,960.79	\$5,500	\$236,285,000
Mining - Florida Rock	7,545.00	\$4,500	\$33,900,000	7,545.00	\$20,000	\$150,900,000
Agricultural - West of Blumberg	30,695.00	\$5,000	\$153,500,000	30,695.00	\$5,000	\$153,500,000
Agricultural - Pahokee Area	56,985.08	\$7,500	\$427,388,100	56,985.08	\$7,500	\$427,388,000
Mining - Stewart	5,419.30	\$7,500	\$40,644,750	5,419.30	\$20,000	\$108,386,000
Transition Lands	<u>6,273.59</u>	<u>\$15,288</u>	<u>\$95,909,000</u>	<u>6,273.59</u>	<u>\$15,288</u>	<u>\$95,910,000</u>
<i>Agricultural Land total</i>	<i>149,878.76</i>	<i>\$6,303</i>	<i>\$944,641,850</i>	<i>149,878.76</i>	<i>\$7,822</i>	<i>\$1,172,369,000</i>
Citrus Groves	<u>32,603.00</u>	<u>\$6,073</u>	<u>\$198,000,000</u>	<u>32,603.00</u>	<u>\$6,073</u>	<u>\$198,000,000</u>
Indicated Land Value - Rounded	182,481.76	\$6,247	\$1,140,000,000	182,481.76	\$7,508	\$1,370,000,000
Change from Appraisal 1 to 2					\$1,260	\$230,000,000

Due Diligence Land Appraisals



- Which land value is correct?
 - The land value in Appraisal 1 is subject to the continued operation of the mill
 - Maintains mill value
 - The land value in Appraisal 2 increases because it is no longer dependent on the mill
 - Mill value decreases
- Therefore, both appraisals reflect reasonable market values depending on the acquisition – Land vs. Assets

Land Appraisals Lease Analysis



- Market lease analysis conducted by appraisers
- Two issues analyzed:
 - Market lease rate considering the proposed lease term and restrictions
 - Impact of the lease on the land values



Land Appraisals Lease Analysis



- Market Lease Rate for sugarcane land
 - Considered comparable leases in the area, further confirmed by discussion with land owners and lessees in the EAA who were willing to disclose existing lease details
 - Resulted in an annual market rent conclusion of approximately 5% of the land value
 - Further confirmed by verification of documented leases of sugarcane land

Land Appraisals Market Lease Rate Conclusions



- Market lease rate with proposed lease terms and restrictions:
 - \$175 per acre by Anderson & Carr, Inc.
 - \$200 per acre by Sewell, Valentich, Tillis and Associates

Land Appraisals Lease Analysis



- The process to estimate the impact on land value of the proposed lease
 - Appraisers considered lease term, restrictions, requirements, etc.
 - Spreadsheet was developed to show calculations of value of leased fee based on the potential income over a seven year term
 - Discounted the rental income back to a present value computation
 - Calculated the reversionary value of the land at the end of the lease when owner regains complete control of property

Land Appraisals Lease Analysis



- Conclusions of the analysis

Banting – Anderson & Carr, Inc.	
Market rent per acre	\$175
Appraised Value (Unencumbered)	\$1,300,000,000
Proposed lease rent per acre	\$50
Impact of lease on Land Value	<u>(\$300,000,000)</u>
Land Value encumbered with Lease	\$1,000,000,000

Land Appraisals Lease Analysis



- Conclusions of the analysis

Sewell, Valentich, Tillis & Associates	
Market rent per acre	\$200
Appraised Value (Unencumbered)	\$1,370,000,000
Proposed lease rent per acre	\$50
Impact of lease on Land Value	<u>(\$275,000,000)</u>
Land Value encumbered with Lease	\$1,095,000,000

Land Appraisals

Land Value Conclusions



- In summary:
 - Banting (Anderson and Carr, Inc.):
 - \$1,000,000,000 Effective Land Value encumbered with the lease
 - \$175 per acre annually
 - Sewell (Sewell, Valentich, Tillis & Associates):
 - \$1,095,000,000 Effective Land Value encumbered with the lease
 - \$200 per acre annually





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Economic Value of Estuaries

Tommy Strowd, P.E.
Assistant Deputy Executive Director,
Everglades Restoration

Economic Values of Northern Estuaries

Indian River Lagoon	Annual Value (2007)
• Entire Estuary	\$3,726,000,000
• Martin and St. Lucie Counties	\$915,000,000

Source Data: Indian River Lagoon Economic Assessment and Analysis Update, IRL National Estuary Program (2008)

Charlotte Harbor National Estuary	Annual Value (1998)
• Entire Estuary	\$1,800,000,000

Source Data: Estimated Economic Value of Resources, Charlotte Harbor National Estuary Program (1998)

Economic Values of Florida Bay



- Monroe commercial catches landed 20.8 million lbs in 1999
- 6,723,592 commercial lobster caught in 1999
- \$24 million was spent on recreational lobster fishing in 2001
- In 1996, visitors spent an estimated \$1.19 billion
contribution to employment = 21,848 jobs
- Destination spending = \$1.67 billion

Source Data: NOAA Coastal and Oceans Economic Study (2003)



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Public Input and Involvement

Deena Reppen

Deputy Executive Director, Government and Public Affairs

Everglades Land Acquisition Project Outreach Activities



Since June 24, 2008

Media Hits

1,112 state
693 national
94 international

E-Newsletter

5 issues - *The Ripple Effect*

Community/Government Meetings

261
80 public comments during Board meetings

Local Government Resolutions

43 (33 in support; 10 economic concerns)

River of Grass Web Site

12,701 hits
Includes due diligence reports, contracts

Everglades Land Acquisition Project

www.sfwmd.gov/riverofgrass



- Home
- About SFWMD
- Governing Board
- Regional Service Centers
- News, Events & Meetings
- What We Do
- Water Conservation
- Water Restrictions
- Procurement & Contracts
- Career Opportunities
- Recreation
- Education & Publications
- Technical Data & Docs
- Emergency Management
- Weather
- Water Conditions
- FAQs
- Contact Us
- Site Info
- ☞ Northern Everglades
- ☞ Kissimmee
- ☞ Lake Okeechobee
- ☞ Everglades
 - Reviving the River of Grass
 - ☞ Everglades Forever
 - ☞ After Hurricane Wilma
- ☞ Coastal Areas

GOVERNOR CRIST UNVEILS HISTORIC PLAN TO REVIVE THE RIVER OF GRASS

South Florida Water Management District to negotiate acquisition of agricultural land to reestablish an historic connection between Lake Okeechobee and the Everglades

On June 24, 2008, Governor Charlie Crist announced that the South Florida Water Management District will begin negotiating an agreement to acquire as much as 187,000 acres of agricultural land owned by the Area would th and America's time, safegua

Acquiring the to store and d and to better appraisals an in certificates

Benefits from

- Increase coastal
- Improv
- Prevent
- Elimina
- Sustain

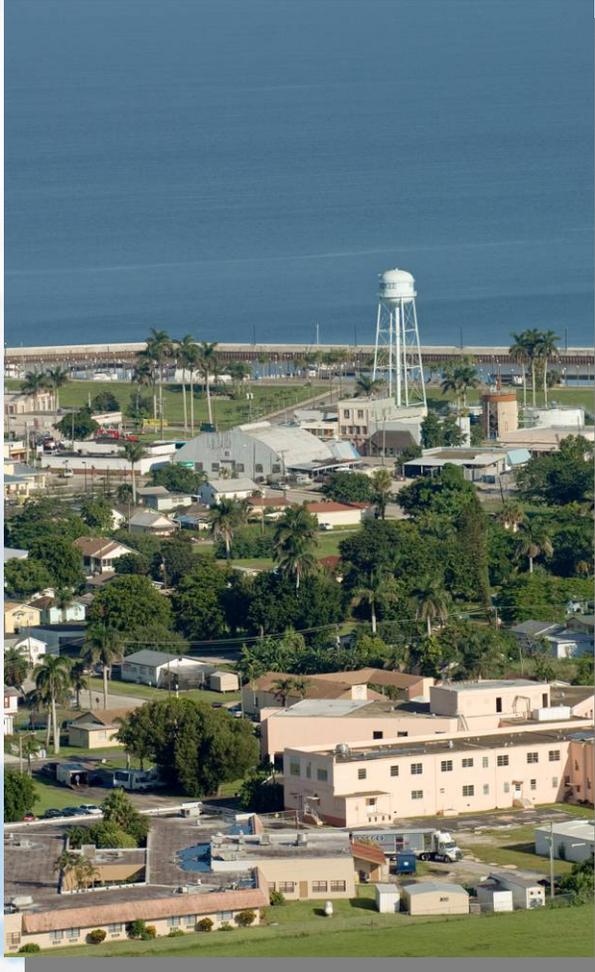
RELATED MATERIALS

- ☞ News Rele
- ☞ Presentati
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- ☞ Resolutions, Letters and Proposals
- ☞ Public Records Requests
- ☞ Acquisition Documents: Contracts and Due Diligence

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Everglades Land Acquisition Project Public Input

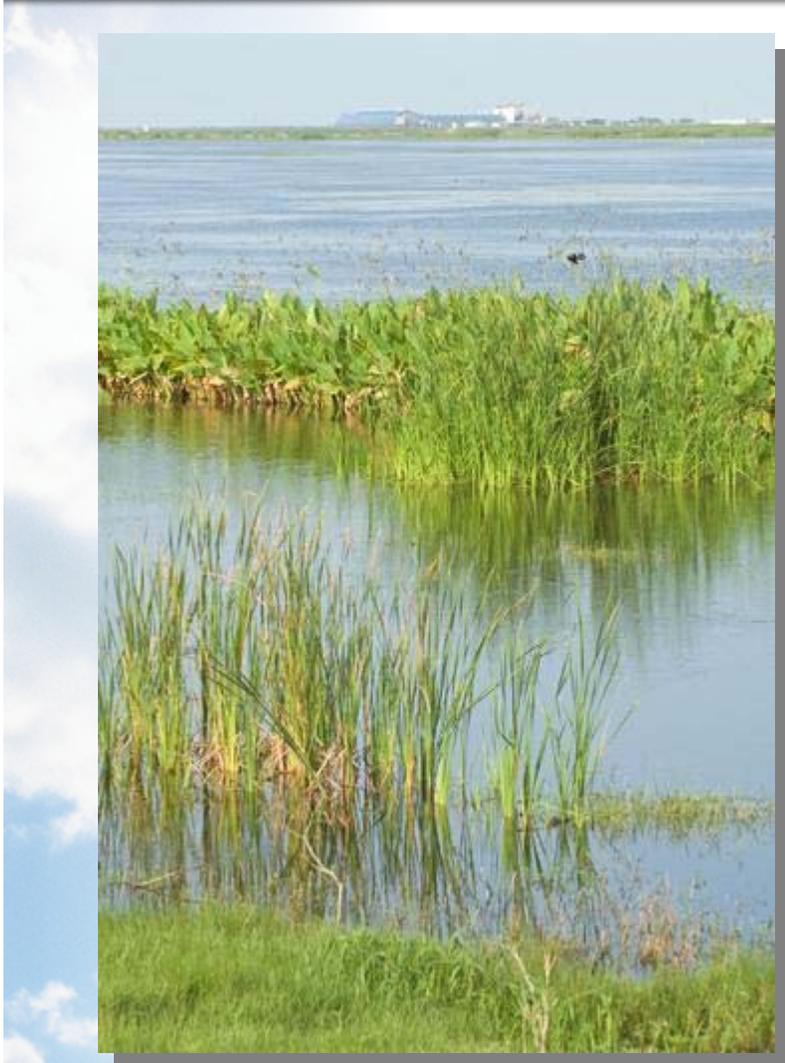


Who We've Heard From

- U.S. Congress
- Florida Legislature
- City and County Commissions
- Miccosukee and Seminole Tribes
- Federal Partners
- Glades Communities
- Environmental Interests
- Agricultural Interests
- Government Associations
- WRAC
- Residents and Business Owners

Everglades Land Acquisition Project

Public Input



What We've Heard: Support

- Bold and visionary action
- Unprecedented, once-in-a-lifetime opportunity
- Narrow window of opportunity – this is the right time to buy
- Achieves restoration goals for water storage, phosphorus reduction, coastal estuary protection
- No other current solutions available

Everglades Land Acquisition Project Public Input



What We've Heard: Support

- Demonstrates the State's commitment to the federal partnership
- Provides significant quality of life and environmental return on public investment
- Provides local governments an opportunity for economic development; self-sufficiency
- Long-term positives for the Everglades outweigh any drawbacks

Everglades Land Acquisition Project Public Input



What We've Heard: Concerns

- Timeline for Board decision
- Cost to the taxpayers
- Lease terms
- Funding availability
- Restoration project planning
- Impact on other restoration initiatives: CERP, Northern Everglades, Modified Water Deliveries
- Opportunity for Legislative review
- Local economic impacts
- Transparency, participation and representation



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Questions?



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Financing
Paul Dumars
Chief Financial Officer

Financing Bond Validation Proceedings



- District requested continuance of hearing until after December 16, 2008
- Court granted request and rescheduled hearing to February 6, 2009



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Financial Analysis

Paul Dumars

Chief Financial Officer

Doug Bergstrom

Budget Director & Public Financial Management (PFM)

Purpose

- Present 10-year projections of revenue sources and uses
 - Each based on different revenue and debt service assumptions
 - Incorporate uncertainty of future state funding for current known obligations
- Review revenue trends and assumptions
- Review debt service estimates based on current market conditions
- Review results

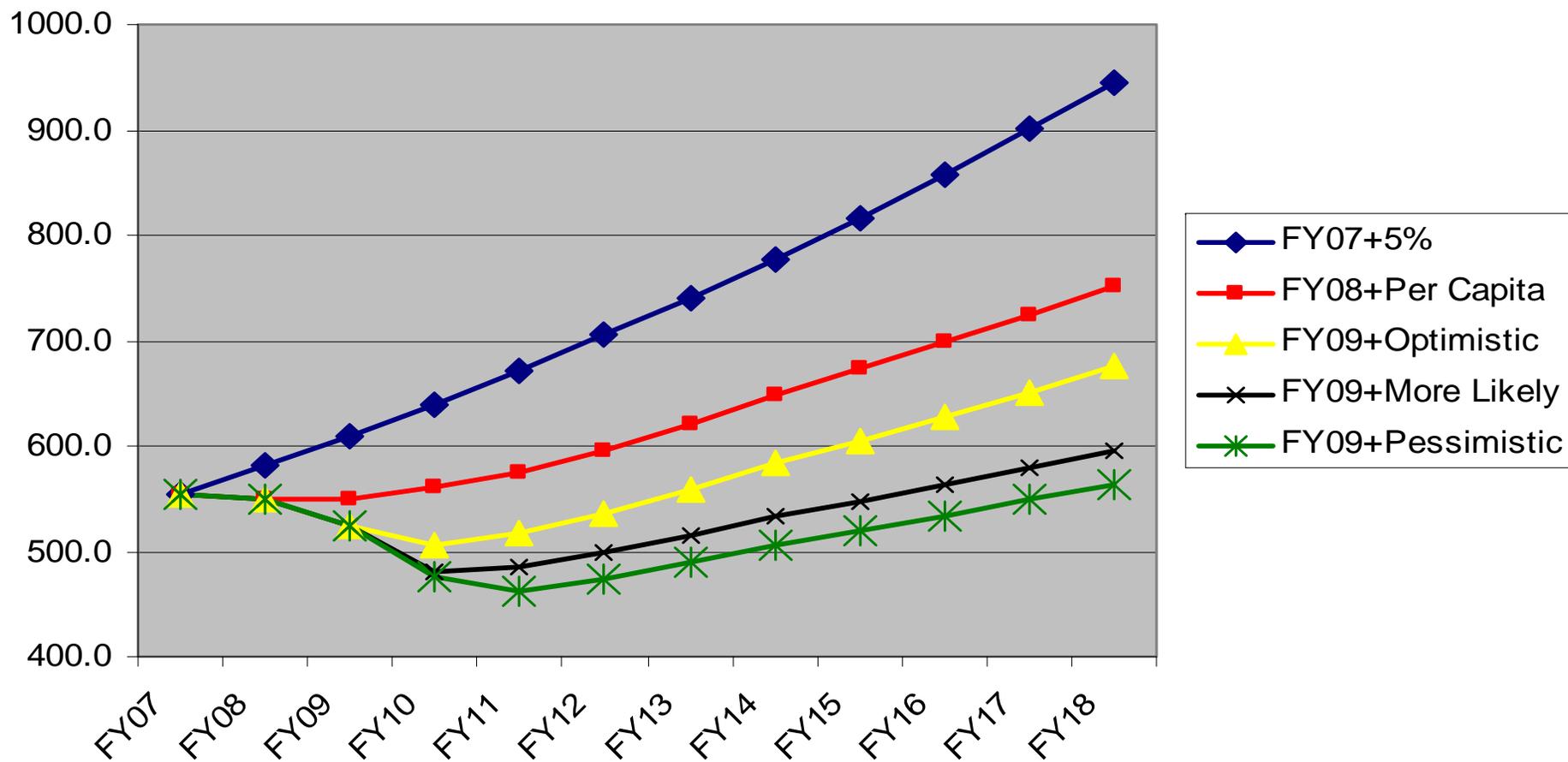
Ad Valorem Estimates

- Anticipated that taxroll growth would 'revert to the mean' at some point
- Forecasts of debt capacity were based on a modest 5% annual growth in taxroll
- Tax reform had not been discussed
- The current economic crisis and negative taxroll growth was not expected

Ad Valorem Estimates



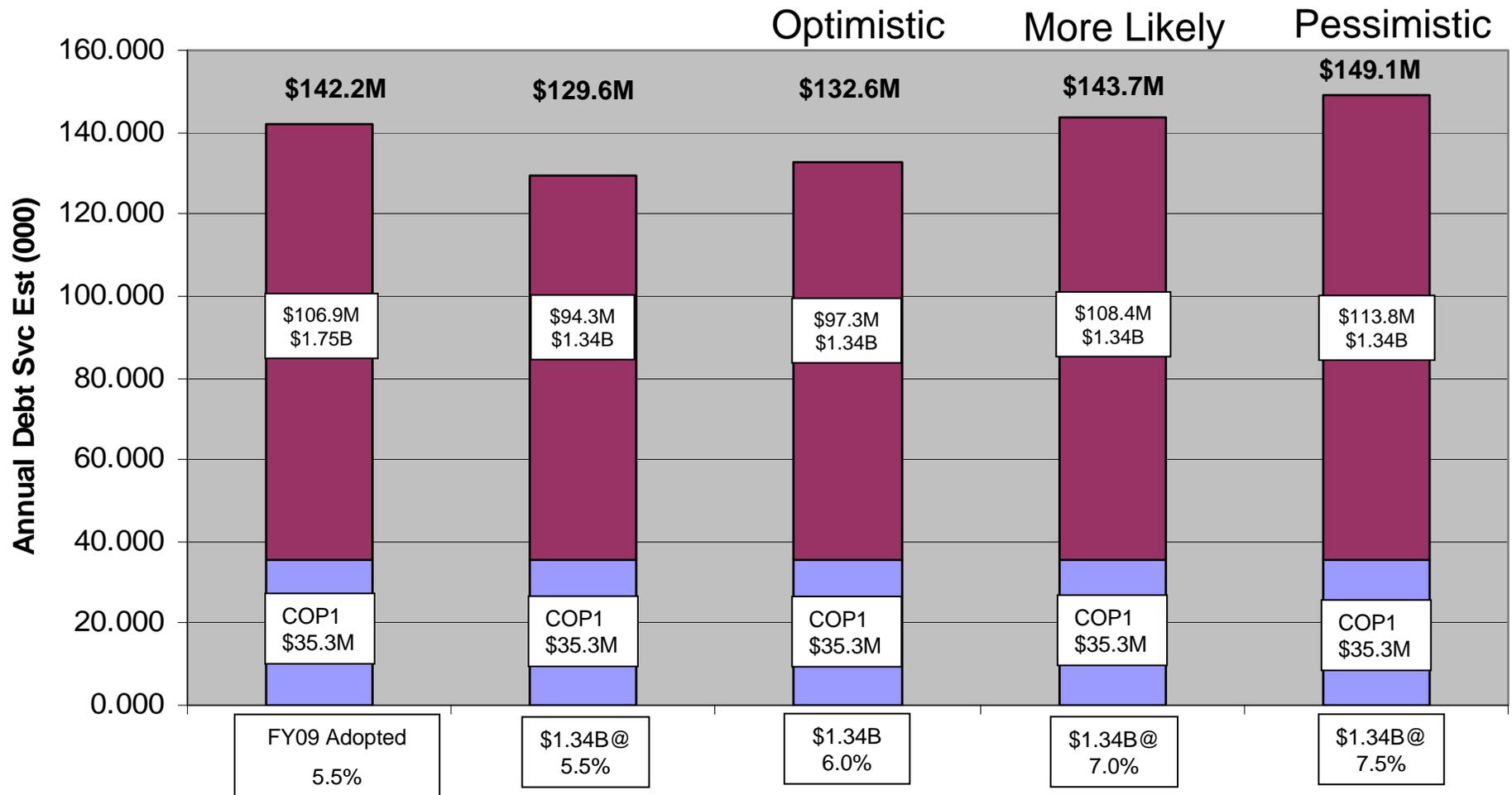
Evolving Revenue Picture



Debt Service Estimates



Evolving Debt Picture



Forecast Scenarios

	Tax Roll Change	Per Cap	Total Chg	Interest Rate	Est. Total Debt Cost	Est. Max. Debt Ratio	State Funding - FY10	State Funding - Beyond FY10
Optimistic	-6.0%	2.2%	-3.8%	6.0%	\$2.9B	25.2% in FY10	\$48M available to fund existing land management and acquisition costs	Future year funding available for existing land management and acquisition obligations
More Likely	-8.6%	0.0%	-8.6%	7.0%	\$3.2B	28.7% in FY10	\$7M available to fund bond debt service -- \$41M shift to ad valorem	Future year funding shift to ad valorem: FY11 \$15M, FY12 \$13M, FY13 and beyond \$10.7M
Pessimistic	-9.3%	0.0%	-9.3%	7.5%	\$3.4B	31.0% in FY11	No state funding available -- ALL obligations shift to ad valorem	

Forecast Scenarios



Expenditures:

- Inflationary cost increases only
- Levels of contingency and emergency reserves remain intact
- O&M refurbishment funding remains intact
- Debt service based on 6.0, 7.0 and 7.5%
- No increase in staffing levels
- Factors in potential loss of state revenues for ongoing obligations
- Change in revenue or debt service could impact core ongoing operations

Forecast Scenarios

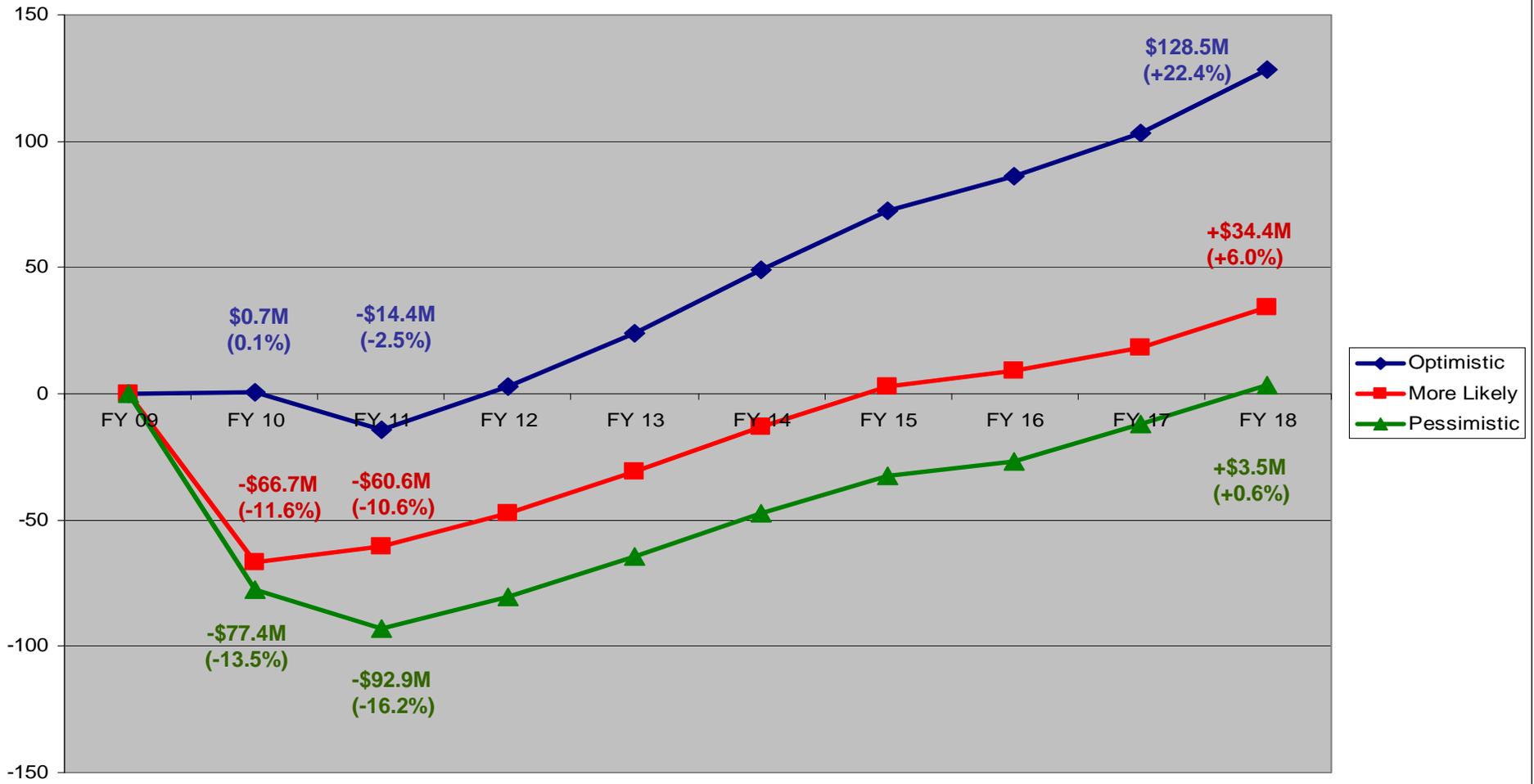


Core operations includes:

- Flood control operating costs for fuel, commodities, supplies and equipment
- Regulation
- Water Supply planning and AWS
- Watershed research and monitoring
 - Kissimmee, Lake O, Everglades, estuaries, water quality
- CERP planning, science, and monitoring
- Land Management/Exotics/Bond Debt Service/PILT
- Administration/Maintenance
- Funding levels could be re-visited based on board policy

Forecast Results

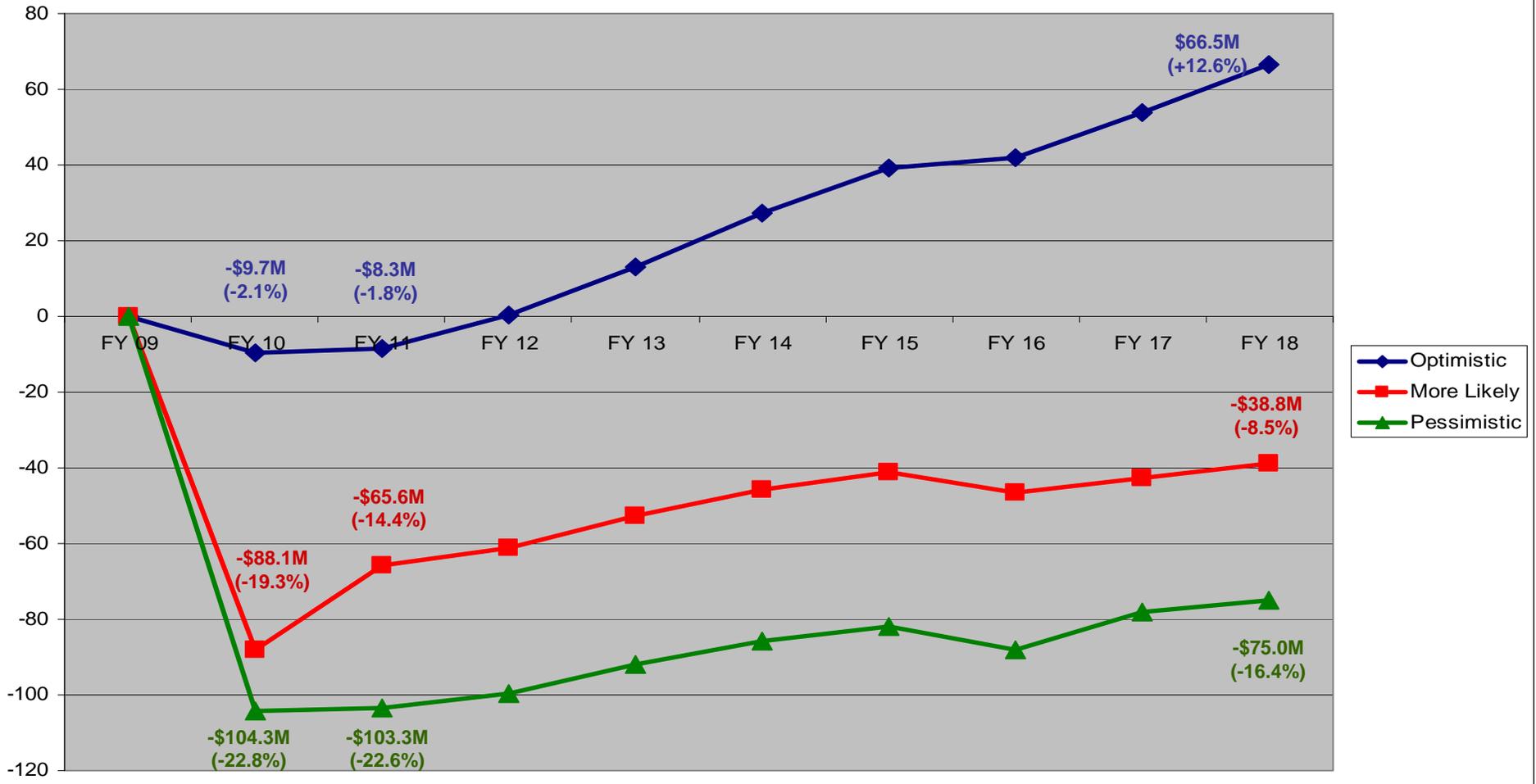
Cumulative Change in Revenues



Forecast Results



Annual Surplus/Deficit



Optimistic Scenario Summary

Optimistic Revenue Estimate	575.1
Total Sources	575.1
Core Operations	456.7
Existing Land Contracts	30.8
Optimistic Debt Service Estimate	97.3
Total Uses	584.8
Surplus/(Deficit)	-9.7
% Core Operations	-2.1%

Cash Banking Scenario



- Assumes 105,000 AC purchased as needed:
 - 35,000 AC in FY11
 - 35,000 AC in FY17
 - 35,000 AC in FY24
- Estimated cost of \$612M
 - Based on \$4500/AC + annual cost increase
- Could be funded in More Likely scenario with no impact on core operations
- Could be funded in Pessimistic scenario with 5-6% annual impact on core operations

Summary

- Taxroll values and revenues likely to decrease for at least the next year – how much is the key
- Potential impact of declining state revenues
- Debt ratio only exceeds 30% in FY10–12 IF:
 - Revenues drop 17% over next two years (pessimistic)
 - Interest rate for debt issuance is 7.5%

Summary

- Scenarios maintain funding levels for:
 - Reserves to respond to emergencies and unanticipated events
 - O&M capital refurbishments
 - Debt service
- For the scenarios outlined, impact on core operations of -2% to -22% over next two years is possible



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