

Strategic Planning/Budget Guidance



April 9, 2009

Strategic Planning Approach

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

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 Hearing

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
 - Increasing water conservation
 - Establishing and maintaining water reservations
 - Utilizing regulatory and compliance authority

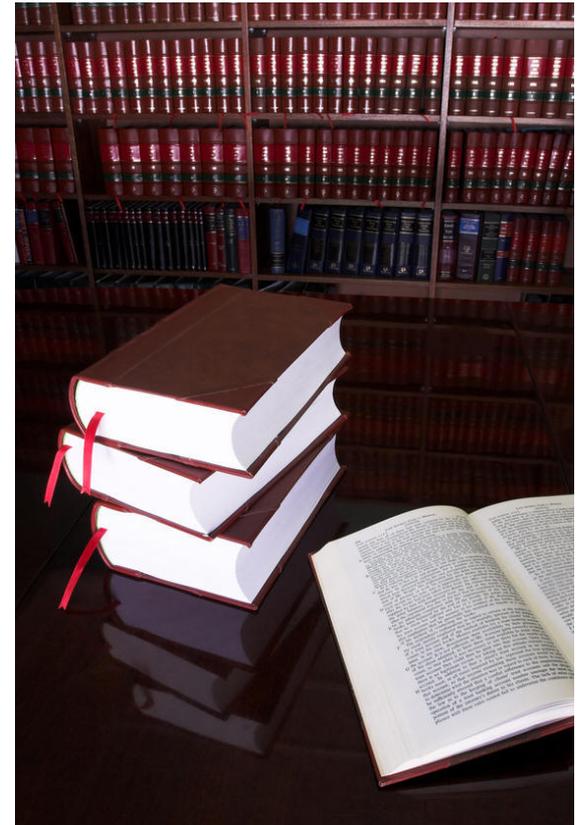
REVISED Strategic Priority

- 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

Central & Southern Florida Project

- Federal Flood Control Acts of 1936 & 1948 (House Document 642)
- 33 Code of Federal Regulations, Section 208
- Sections 373.149, 373.1501 & 373.470(2)(g), Florida Statutes
- PL 84-99 (Rehabilitation & Inspection Program)

Chapter 373 Florida Statutes

- Part I – State Water Resource Plan
- Part II – Consumptive Uses of Water
- Part III – Water Wells
- Part IV – Management and Storage of Surface Waters
- Part V – Finance and Taxation
- Part VI - Miscellaneous

Other Florida Statutes

Including, but not limited to:

- Chapter 120 – Administrative Procedures
- Chapter 163 – Intergovernmental Programs
- Chapter 189 – Special Districts
- Chapter 380 – Land and Water Management
- Chapter 403 – Environmental Control

Federal Laws

- Central & Southern Florida Project
- Water Resources Development Acts
- Clean Water Act
- Endangered Species Act

Court Orders

- Consent Decree in *United States v. South Florida Water Management District*, Case No 88-1886-Civ-Moreno (S.D. Fla.).

Permits Issued to District

- Federal Permits
 - Clean Water Act - Section 404 (USACE - wetlands)
 - Endangered Species Act - Biological Opinions (USFWS)
 - National Pollutant Discharge Elimination System (NPDES) Permits for stormwater treatment areas

Permits Issued to District

- State Permits
 - Environmental Resource Permits (ERPs) – Ch. 373, Part IV, Fla. Stat.
 - Comprehensive Everglades Restoration Plan Resource Act (CERPRA) – Sec. 373.1502, Fla. Stat.
 - Everglades Forever Act Permits – Sec. 373.4592, Fla. Stat.
 - Lake Okeechobee Permit – Sec. 373.4595, Fla. Stat.

Contractual Obligations

- Project Cooperation Agreements with the USACE
- Intergovernmental Agreements
- Contracts with other Parties
- Seminole Tribe Water Rights Compact (Sections 373.200 & 285.165, Fla. Stat.)

Questions?

THE 50-YEAR PLAN



The 50-Year Plan Past & Present

2002 - 2003

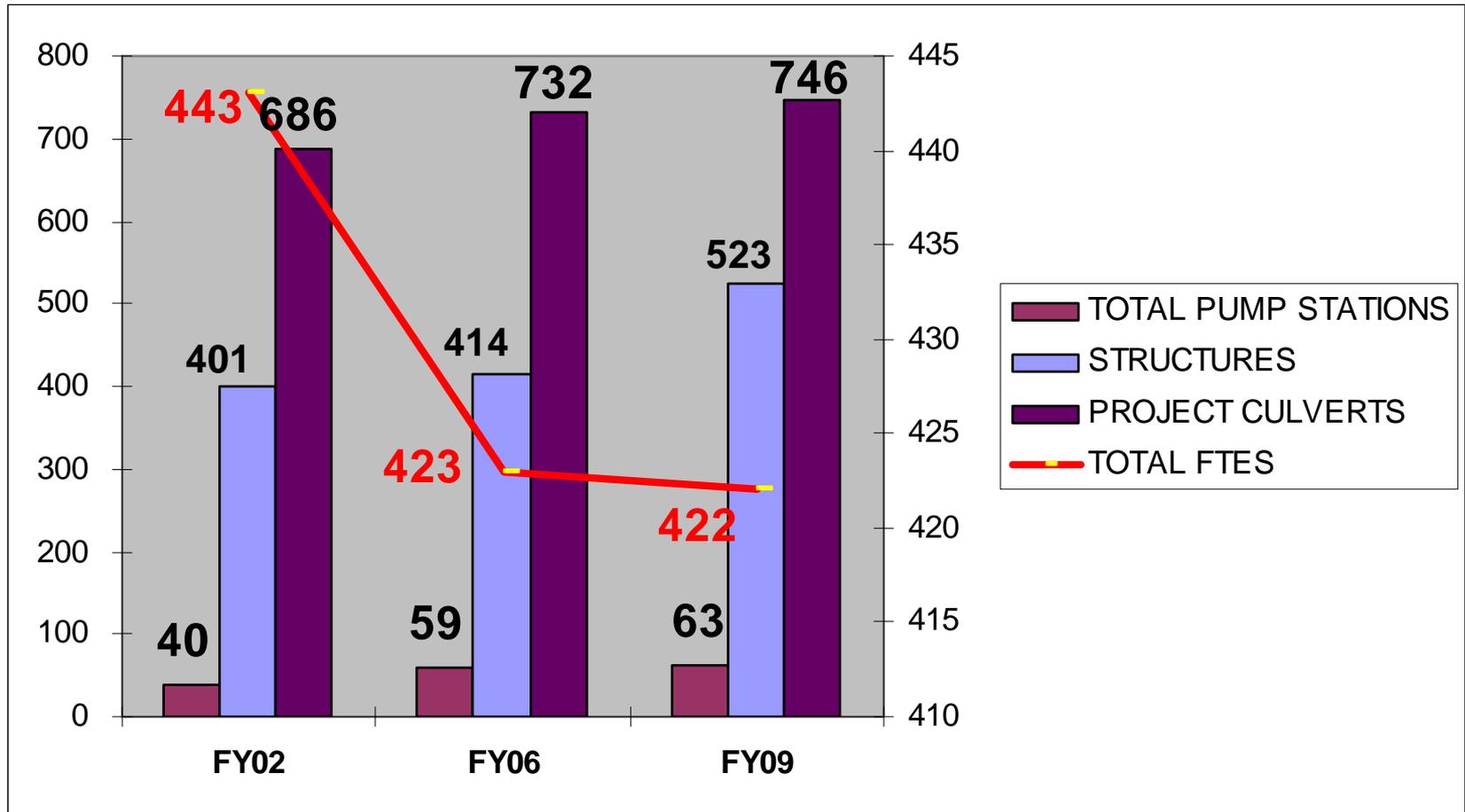
- Pump Stations
- Structure Maintenance
- Canal/Levee/Project Culverts
- Vegetation
- Fleet/Shops
- Facilities/Electrical/Fuel
- Electronics/Automation

2008 - 2009

- Pump Stations
- Structure Maintenance
- Canal/Levee/Project Culverts/Bridges/Vegetation
- Shops/Facility Maintenance/Fleet
- Electrical/Electronics
- SCADA/Automation
- Buildings/Facilities
- Operations Control Room
- Land Management
- Right of Way

50-Year Plan Methodology

1. Infrastructure Inventory/Classification



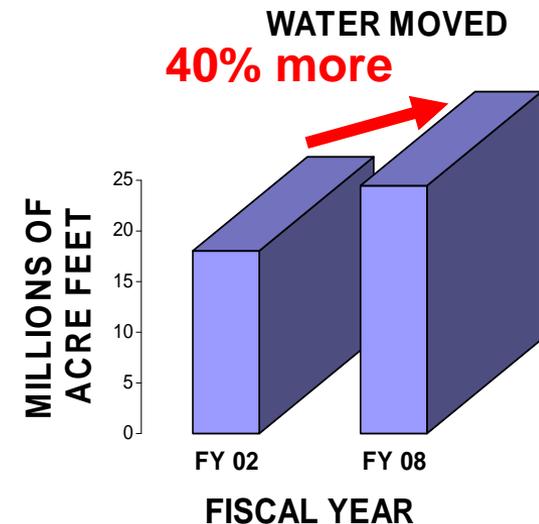
50-Year Plan Methodology

2. How much water we move

- 2002 – 18 Million acre-feet
- 2008 – 25 Million acre-feet

3. How much maintenance we need to do

- Standard Operating Procedures
- Workload Indicators/Staffing Analysis
- Comparisons with similar industries



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

50-Year Plan Methodology

4. Infrastructure Estimated Replacement Value

- 2002: \$4 Billion
- 2009: \$5.4 Billion

5. What is the right budget for maintenance?

- The US General Accounting Office released statement relating to all federal agencies:
“The facilities using 1.5% or less of Estimated Replacement Value are severely deteriorating”

National Research Council Report

- The National Research Council findings, adopted by NASA, recommended:
 - "An appropriate budget allocation for routine Maintenance and Repair (M&R) for a substantial inventory of facilities will typically be in the range of 2 to 4 percent of the aggregate current replacement value of those facilities."
- 2009 O&M estimate based on 2% - 4% of \$5.4B of Estimated Replacement Value = \$108M - \$216M only after Backlog is reduced to comfortable levels (2.5% of ERV)

Sherman - Dergis Method

Method used by *National Association of State Budget Officers*

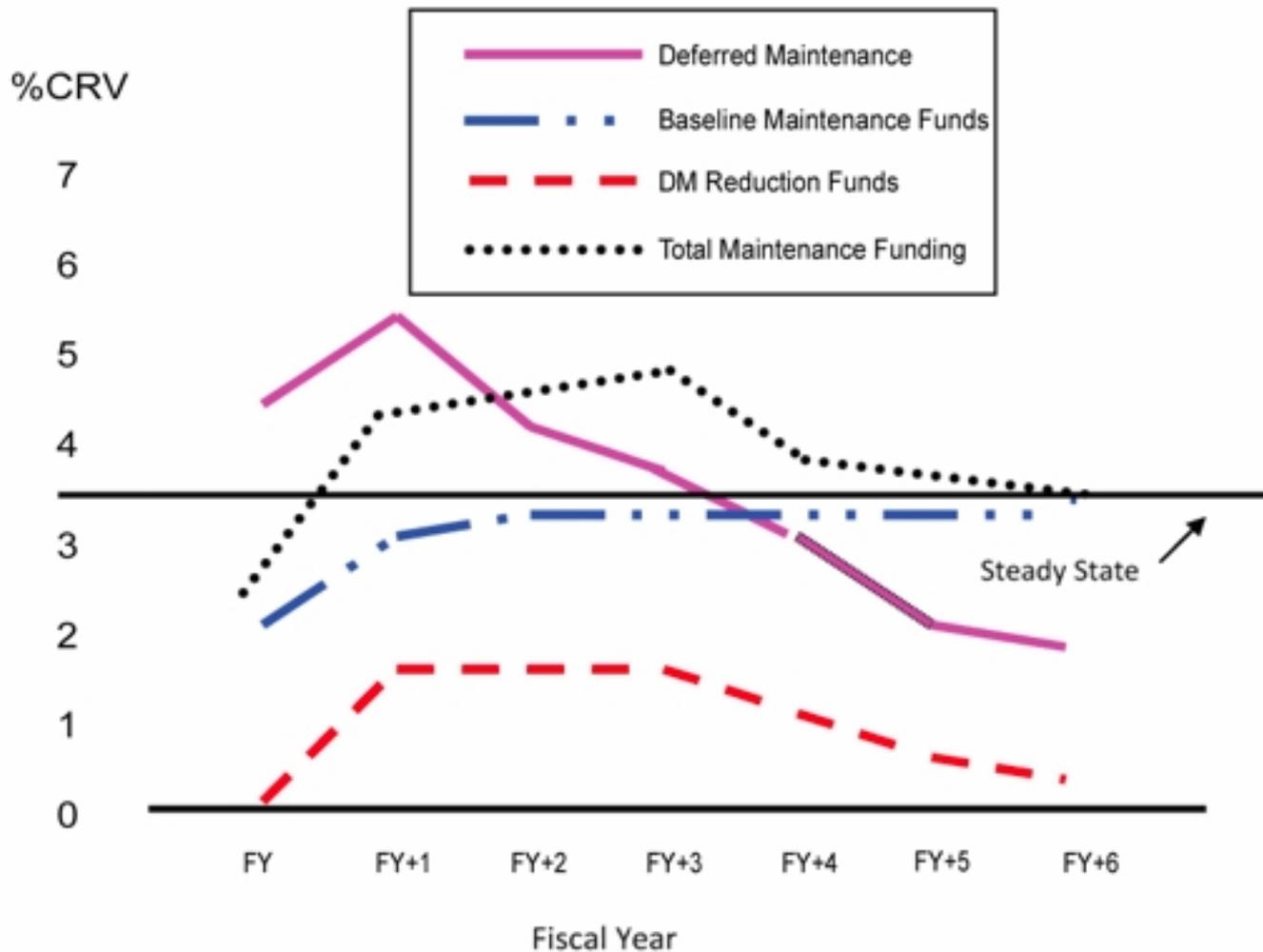
- Estimated Replacement Value (ERV)
- Maintenance & Repair Cost (M&R)
 - To be applied, only after reaching acceptable levels of Backlog

$M\&R = ERV \times 0.75 \times (AGE \text{ of Structure} / 1275)$

$M\&R = \$5.4B \times 0.75 \times (50 / 1275) = \$158M$

Represents about 2.9% of current Estimated Replacement Value of our infrastructure

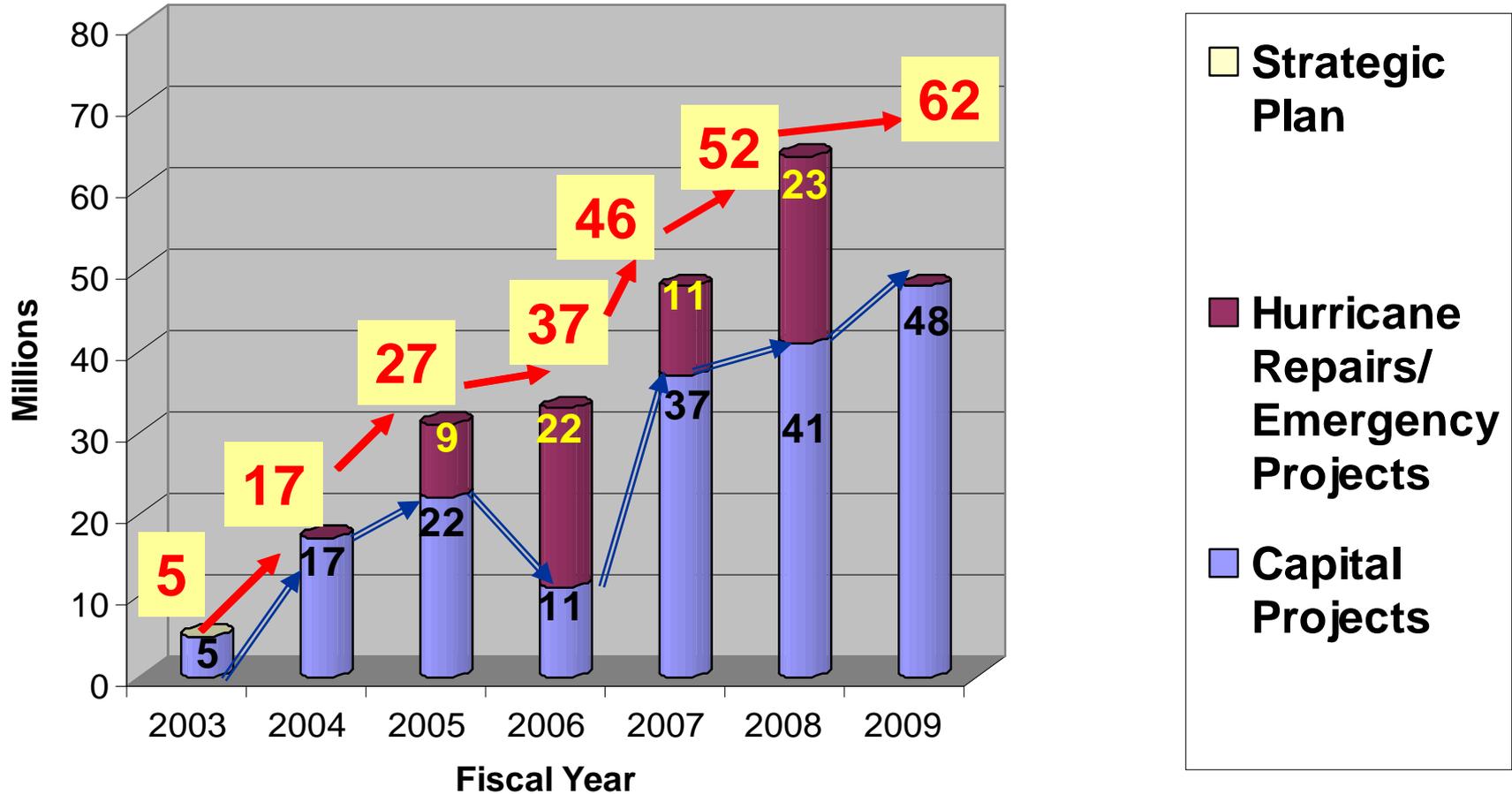
NASA Benchmarking Maintenance Guideline



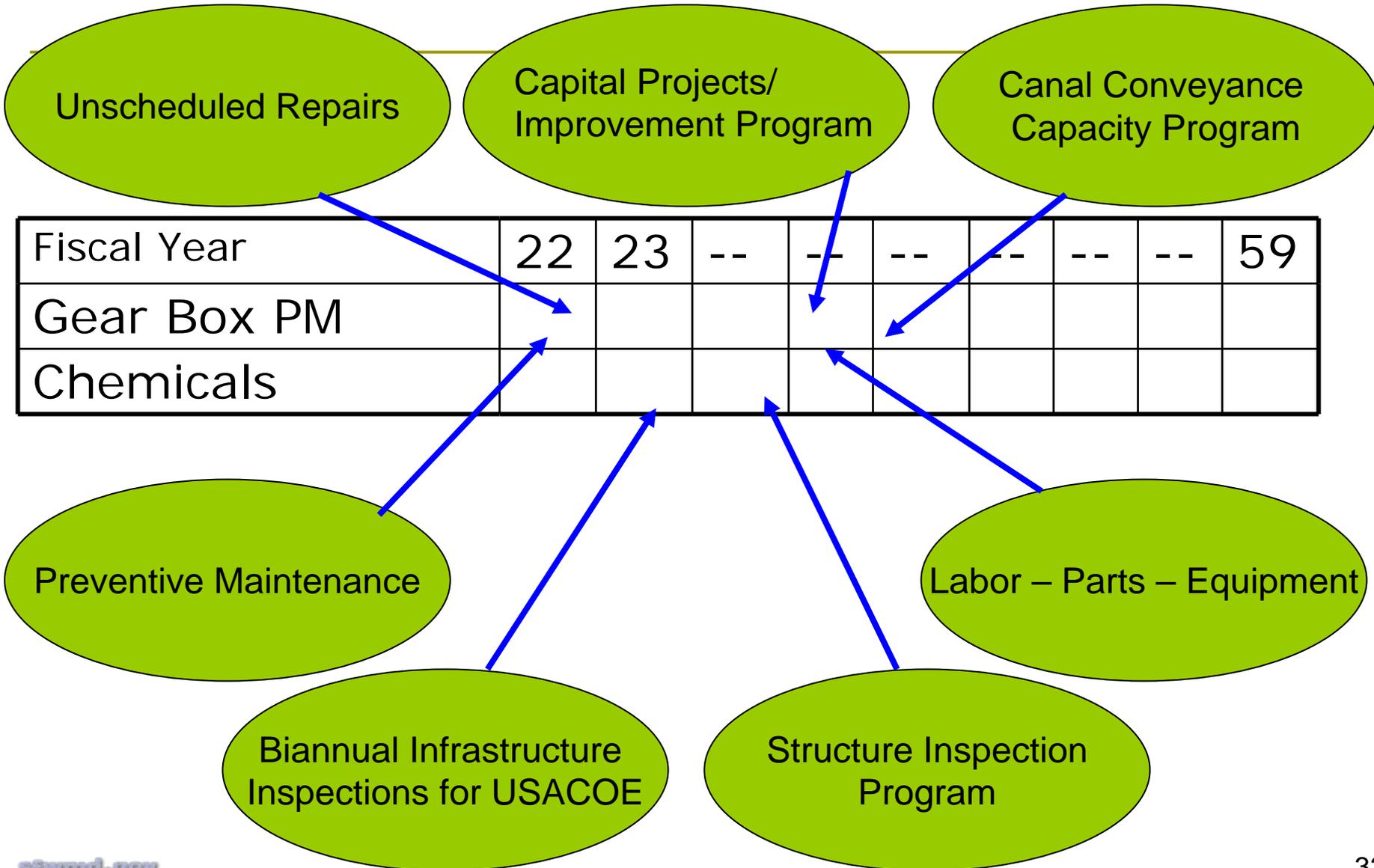
Backlog Dynamics

- Capital Projects funds were minimal in O&M budgets until FY2002
- Severe hurricane seasons 2004-2005 reduced Capital Projects allocation as well as Non Capital Work, thus contributing to additional backlog
- Any event/emergency drawing resources from scheduled preventive maintenance is generating further backlog

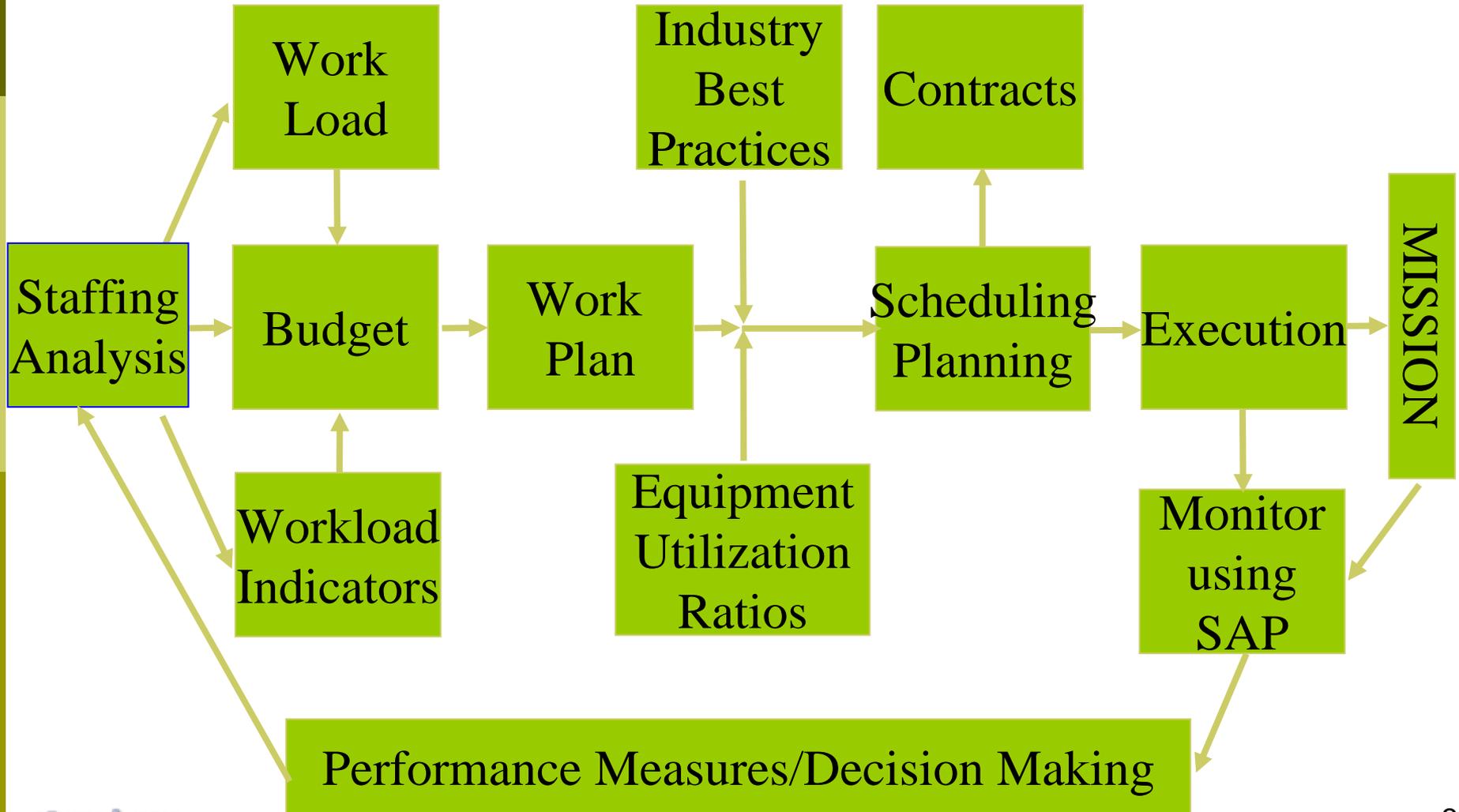
Capital Projects Dynamics



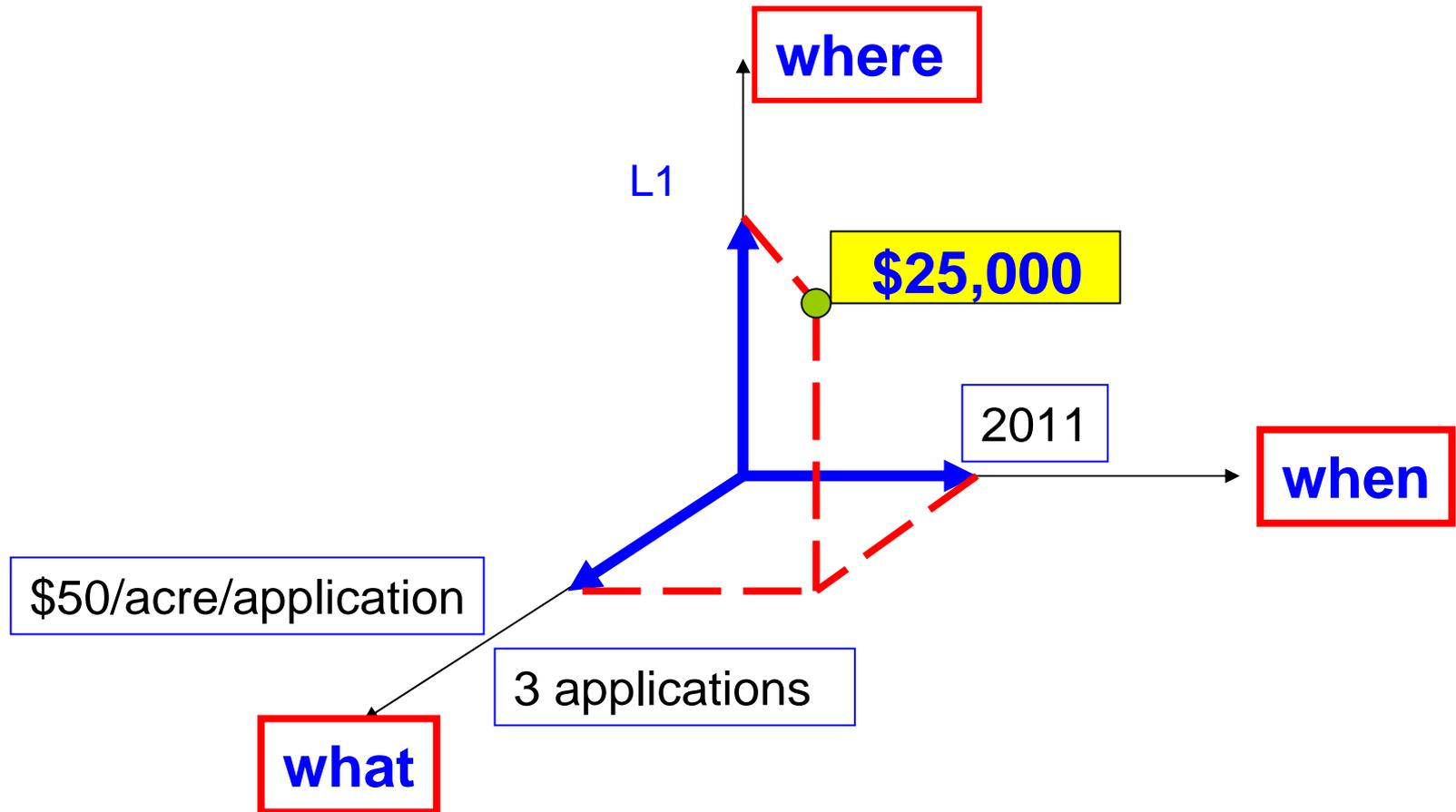
50-Year Plan Input Method



Using the 50-Year Plan (The Boat Concept)



Example: Chemical Expenses for Canal L-1 in 2011



Estimated Replacement Value

2009 - \$5.4 Billion

C&SF Project

- Pump Stations \$1.9B
- Structures \$2.1B
- Communication, Telemetry,
Automation \$0.2B
- Field Stations, Buildings, Bridges,
Roads, Vehicles, Equipment \$0.5B

Everglades Construction Project \$0.7B

Total Estimated Replacement Value \$5.4B

Sources for Maintenance Cost

NASA

http://nodis3.gsfc.nasa.gov/displayDir.cfm?Internal_ID=N_PR_8831_002E_&page_name=Chapter9

National Association of State Budget Officers

<http://www.nasbo.org/Publications/PDFs/CapitalBudgeting1999.pdf>

DOI

<http://www.doi.gov/pam/CRVandDMFINAL.ppt>

South Carolina College System

<http://www.che.sc.gov/Finance/FacilitiesInformation/DefMaint03Report.doc>

Texas College System

<http://www.thecb.state.tx.us/reports/PDF/0834.PDF>

GAO – 1990 – The facilities using 0.9 to 1.5% of ERV are severely deteriorating

National Academies Press

http://www.nap.edu/openbook.php?record_id=9189&page=55

Alaska Department of Health

http://www.gov.state.ak.us/omb/09_omb/budget/HSS/Veto/2009proj45641.pdf

Consulting Companies

http://books.google.com/books?id=JSSFybhFrCoC&pg=PA199&lpg=PA199&dq=maintenance+of+estimated+replacement+value&source=bl&ots=TMyZaq8Kg0&sig=e_EEICWasF1TYYV9bUldCpLvz5l&hl=en&ei=0ODQSZObMZKktwfu8PDhCQ&sa=X&oi=book_result&resnum=2&ct=result#PPA199,M1

Future Restoration Projects - North

C-23/24 STA

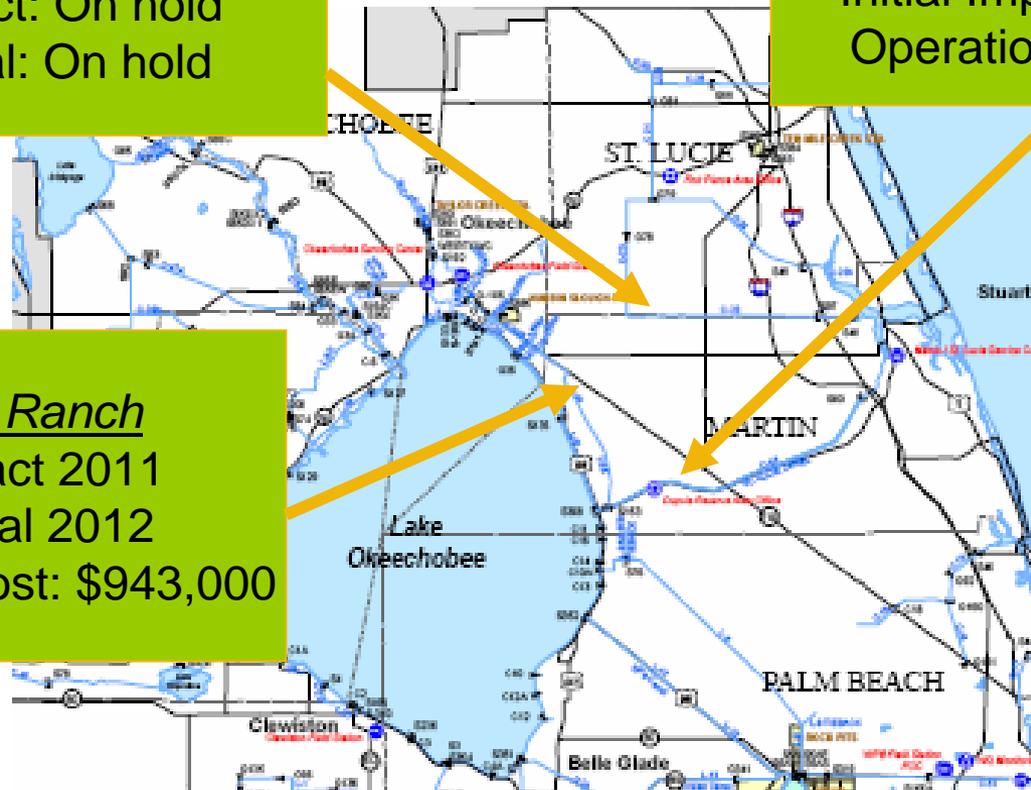
Initial Impact: On hold
Operational: On hold

C-44 Reservoir

Initial Impact: On hold
Operational: On hold

Lakeside Ranch

Initial Impact 2011
Operational 2012
O&M Annual Cost: \$943,000



Future Restoration Projects - Central

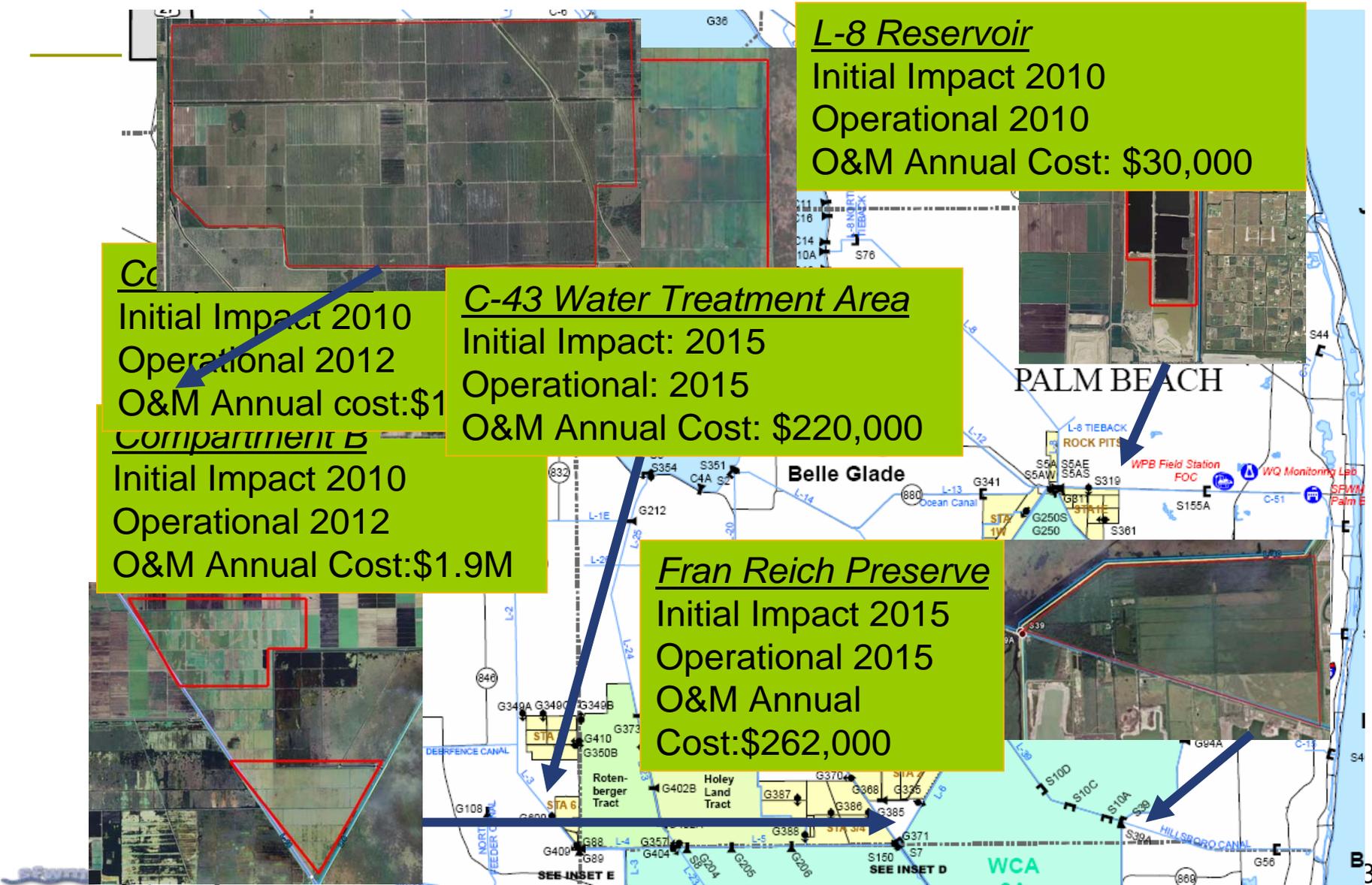
L-8 Reservoir
 Initial Impact 2010
 Operational 2010
 O&M Annual Cost: \$30,000

Compartment B
 Initial Impact 2010
 Operational 2012
 O&M Annual cost: \$1.9M

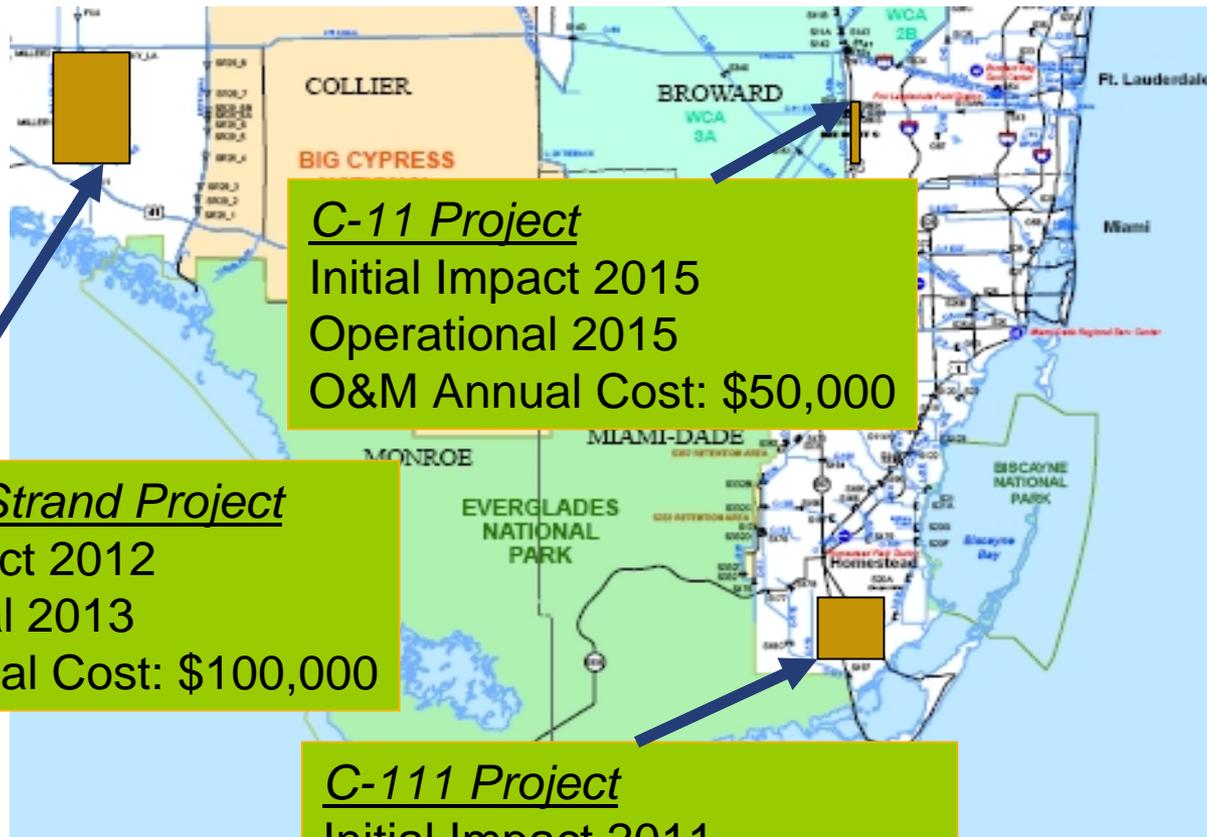
C-43 Water Treatment Area
 Initial Impact: 2015
 Operational: 2015
 O&M Annual Cost: \$220,000

Compartment B
 Initial Impact 2010
 Operational 2012
 O&M Annual Cost: \$1.9M

Fran Reich Preserve
 Initial Impact 2015
 Operational 2015
 O&M Annual Cost: \$262,000



Future Restoration Projects - South



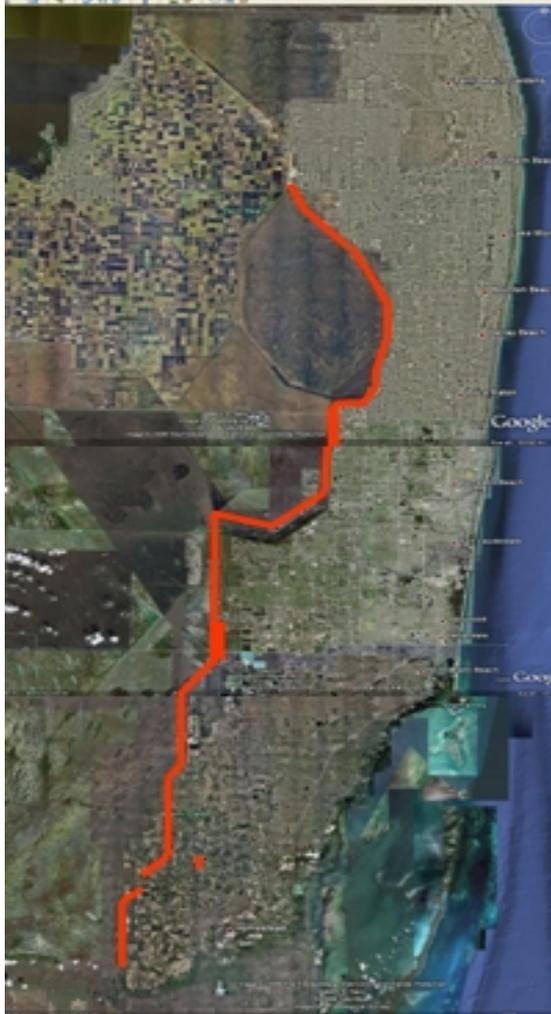
C-11 Project
 Initial Impact 2015
 Operational 2015
 O&M Annual Cost: \$50,000

Picayune Strand Project
 Initial Impact 2012
 Operational 2013
 O&M Annual Cost: \$100,000

C-111 Project
 Initial Impact 2011
 Operational 2012
 O&M Annual Cost: \$682,000

Future Projects

East Coast Protection Levees

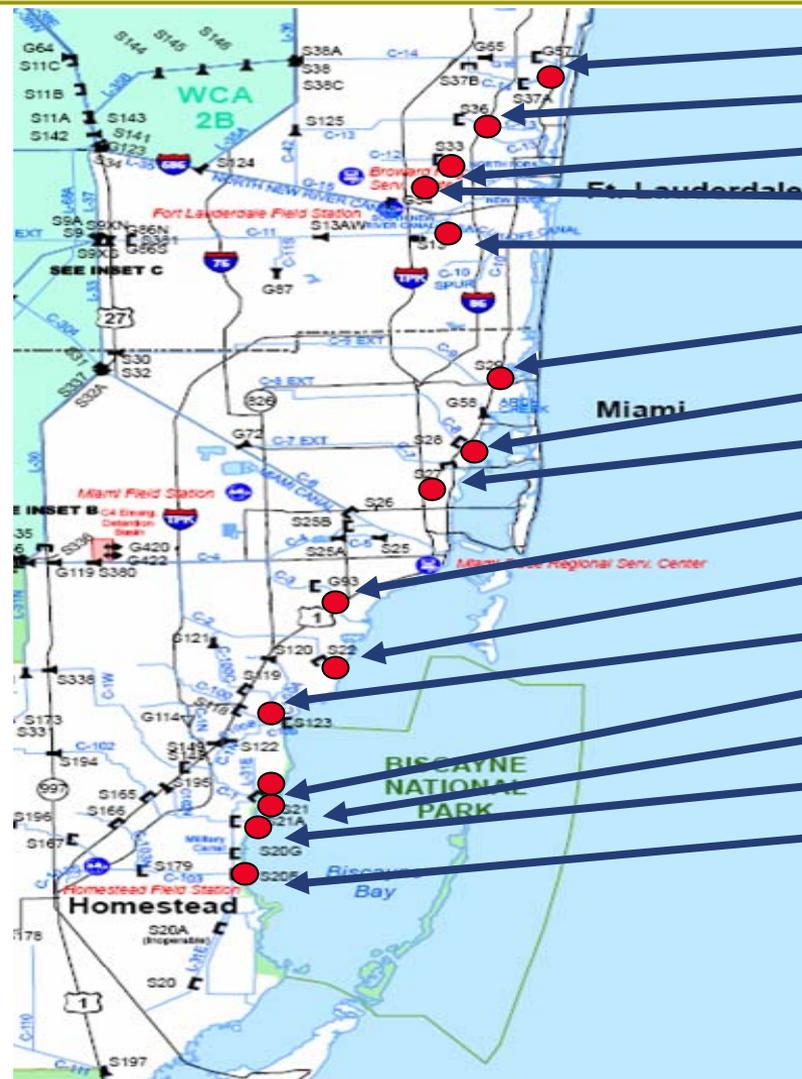


East Coast Protection Levees

Eight Segments - 105 miles long

Estimated cost \$55M - \$65M
for the next 5 years to become
compliant with current codes

Potential Projects Coastal Structures Pump Stations



- S-37A
- S-36
- S-33
- G-54
- S-13
- S-29
- S-28**
- S-27**
- G-93
- S-22
- S-123
- S-21
- S-21A
- S-20G
- S-20F

Estimated Cost: \$200M

Future Projects O&M Costs

(In Thousands of Dollars)

LOCATION	FY10	FY11	FY12	FY13	FY14	FY15
Lakeside Ranch	\$0	\$412	\$943	\$769	\$795	\$838
Compartment B	\$0	\$144	\$1,906	\$1,711	\$1,782	\$1,887
Compartment C	\$0	\$12	\$1,237	\$1,313	\$1,360	\$1,424
C-111	\$0	\$333	\$683	\$689	\$696	\$606
Alternative Water Storage	\$228	\$237	\$246	\$256	\$267	\$277
EAA Site 1 Impoundment	\$0	\$0	\$72	\$75	\$78	\$82
C-43 Water Treat/Test Facility	\$0	\$0	\$0	\$0	\$0	\$224
Mod Waters	\$62	\$63	\$65	\$67	\$75	\$114
Fran Reich Preserve	\$0	\$0	\$0	\$0	\$0	\$262
L-8 Reservoir	\$20	\$30	\$22	\$21	\$24	\$38
C-23/24 STA	\$0	\$0	\$0	\$0	\$0	\$0
C-44 RASTA	\$0	\$0	\$0	\$0	\$0	\$0
Picayune Strand	\$0	\$0	\$0	\$100	\$100	\$100
C-11	\$0	\$0	\$0	\$0	\$0	\$50
TOTAL	\$310	\$1,231	\$5,174	\$5,002	\$5,177	\$5,902
Eastern Coast Levee Maintenance	\$20,000	\$20,000	\$20,000	\$1,000	\$1,000	\$1,000
GRAND TOTAL	\$20,310	\$21,231	\$25,174	\$6,002	\$6,177	\$6,902

Questions?



PERMIT COMPLIANCE



Permit Compliance Summary

- District must obtain a variety of state and federal permits to construct and operate projects and facilities
- District must comply with all general and specific conditions listed in each of these permits
- Conditions evolve from statutes, mandates, consent decrees, settlement agreements, etc.
- Conditions include monitoring, structure/levee inspections, cultural resources, vegetation control, etc.
- Fulfilling permit obligations requires support from across the entire agency



PUMP STATIONS



GATED SPILLWAYS



CULVERTS

Permit Compliance Summary

- Current annual budget needed to comply with state and federal permit conditions is estimated to be \$55 million (*FTEs and operational costs*)
- Approx. 75% of this budget (\$41.4 million) is to maintain compliance with the Everglades Forever Act Permits
- Compliance costs will increase annually as new projects come on line
- District staff work diligently with regulatory agencies to limit, reduce or remove permit conditions.
- Technical/legal staff are evaluating the levels of effort necessary to meet permit conditions



Federal Permits Clean Water Act (CWA)

- Section 404 “Dredge and Fill” Permit (includes Endangered Species Act) issued by U.S. Army Corps of Engineers
- Section 402 National Pollutant Discharge Elimination System (NPDES) Permit
 - ✓ *Everglades Stormwater Treatment Areas*

4.1 FEDERAL PERMITS

4.1.1 Section 404 – Dredge and Fill Permit

Section 404 Clean Water Act permit (File Number 199404532) for the Everglades Construction Project as described in the contract (Burns and McDonnell, Inc., 1994). This permit was modified to include authorization for construction of STA 2 Cell 4, STA 5 FY 2004, STA 6 FY 2004, STA 3 FY 2004, STA 4 FY 2004, STA 2 (STA 6-2) and modifications to STA 1.

STATE OF FLORIDA PERMIT TO DISCHARGE TREATED WATER

PERMITTEE:

South Florida Water Management District
3301 Gun Club Road
West Palm Beach, FL 33406

NPDES PERMIT NUMBER

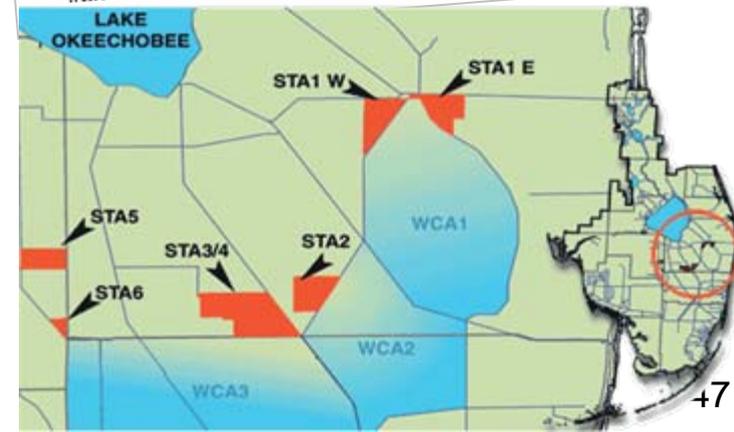
FL0177962-001 Minor Non-POTW

ISSUANCE DATE:

May 11, 1999

EXPIRATION DATE:

May 10, 2004



State Permits

Florida Department of Environmental Protection

- **Everglades Forever Act/Long Term Plan**
(comprises 75% of the permit compliance budget)
- Comprehensive Everglades Restoration Plan
Resource Act
- Northern Everglades and Estuaries Protection Act
- Lake Okeechobee Operating Permit
- Environmental Resource Permits

Other Operating Permits

- Reservoir Certifications
- Air Emissions
(Title V, State, County)
- Fuel Storage Tank Systems
- County Operating Licenses
(pump stations, field stations
and telemetry towers)
- Vegetation Management
- Mitigation Bank Permits
- Consumptive Use Permits (Irrigation/Drinking)
- Dewatering Permits (Chapters 40E-2 and 40E-20)



CWA Section 404 Dredge & Fill Permit Picayune Strand Restoration Project

(50% cost share with USACE)

Monitoring: \$300,000 Annually/40 years

- 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



CWA Section 404 Dredge & Fill Permit Picayune Strand Restoration Project

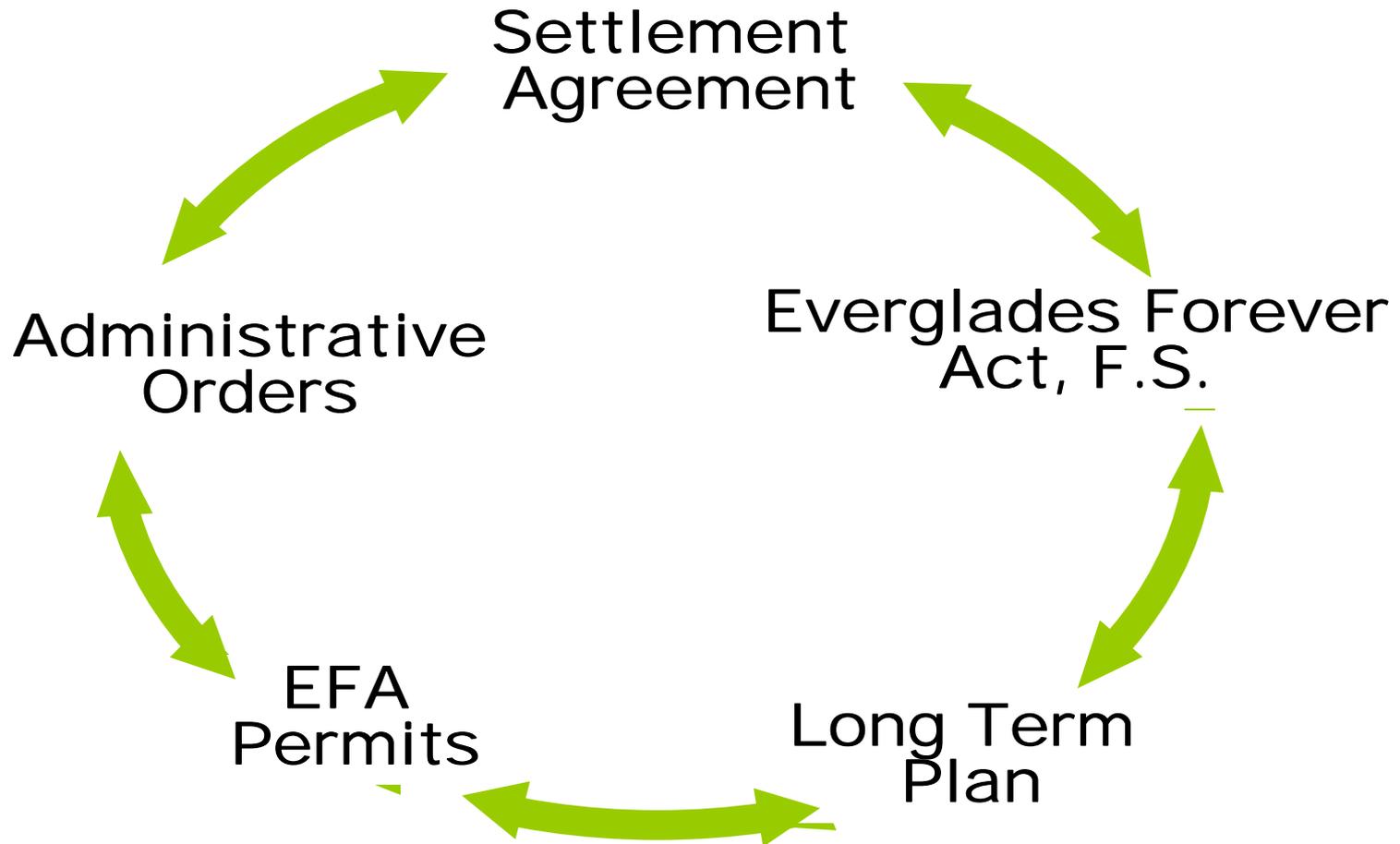
(50% cost share with USACE)

Nuisance/Exotic Vegetation Control

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



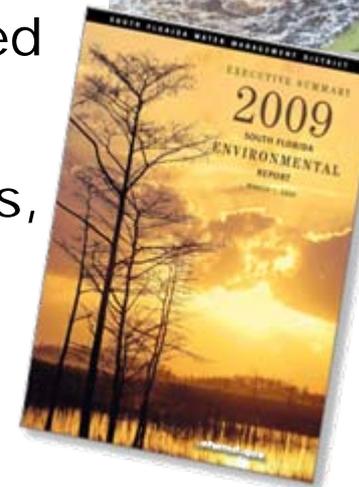
Everglades Forever Act/Long-Term Plan Permits



Everglades Forever Act/Long-Term Plan Permits

Monitoring and Reporting: \$3.4 Million Annually

- Water quality monitoring at inflow/outflow and downstream transects
- Flow/stage monitoring
- Downstream hydropattern restoration monitoring (periphyton, other flora and fauna)
- Development of technology-based effluent limits (TBELs), water quality-based effluent limits (WQBELs), operational envelopes, and other numerical criteria
- Annual Reporting



Home WCA-3A Discharge Monitoring Pesticide Settlement Agreement

REPORTS

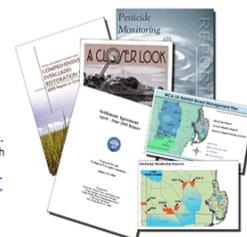


Reports

- ▶ District Scientific & Technical Publications
- ▶ District Reports & Plans

Many water management projects, programs and plans are overseen and described in detail in comprehensive documents that may be issued once a year, or every few years.

Many of these documents may be of interest primarily to technical audiences, but also to members of the general public. Most are also listed under topic areas such as "CERP/Everglades Restoration" and "Ecosystem Restoration," as well as under "Kissimmee," "Okeechobee," "Everglades" or "Coastal Systems".



Everglades Forever Act/Long-Term Plan Permits

Other Recurring Conditions: \$38 Million Annually

- Operations and Maintenance
- Levee/Canal Conveyance Improvements
- Structure and Levee Inspections (annual/every 5 years)
- Source Control Program (BMPs)
- Operations Monitoring
- STA Performance and Optimization

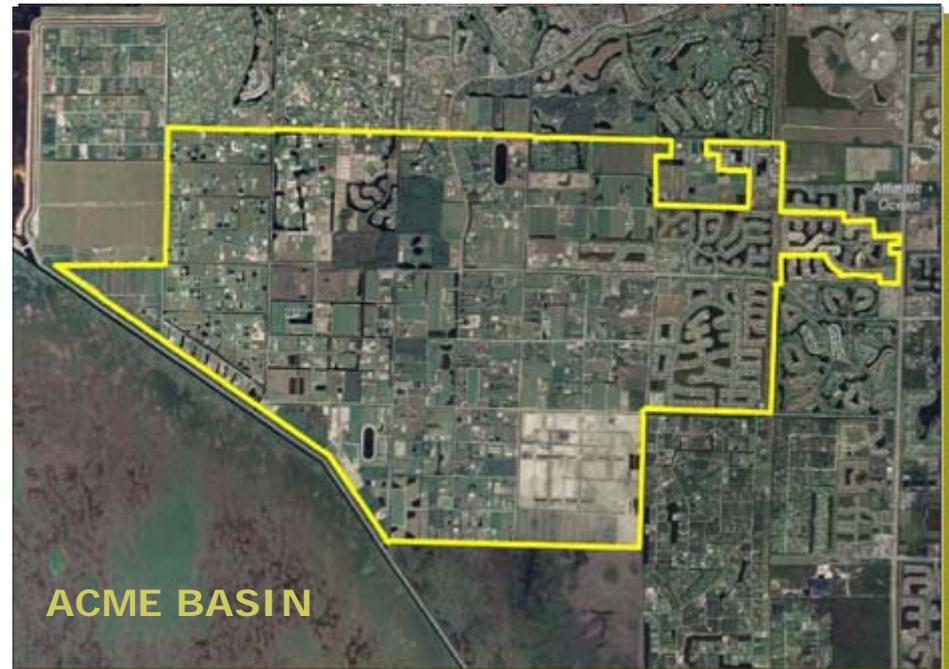


LOCAL STRUCTURE

Everglades Forever Act/Long-Term Plan Permits

Construction of Long Term Plan Projects required by Administrative Orders: \$600 million until 2013

- Compartments B&C
- ECART
- ACME Basin
- Hydropattern Restoration



PERMIT NON-COMPLIANCE

Failure to carry out any of the above conditions would constitute non-compliance with a permit

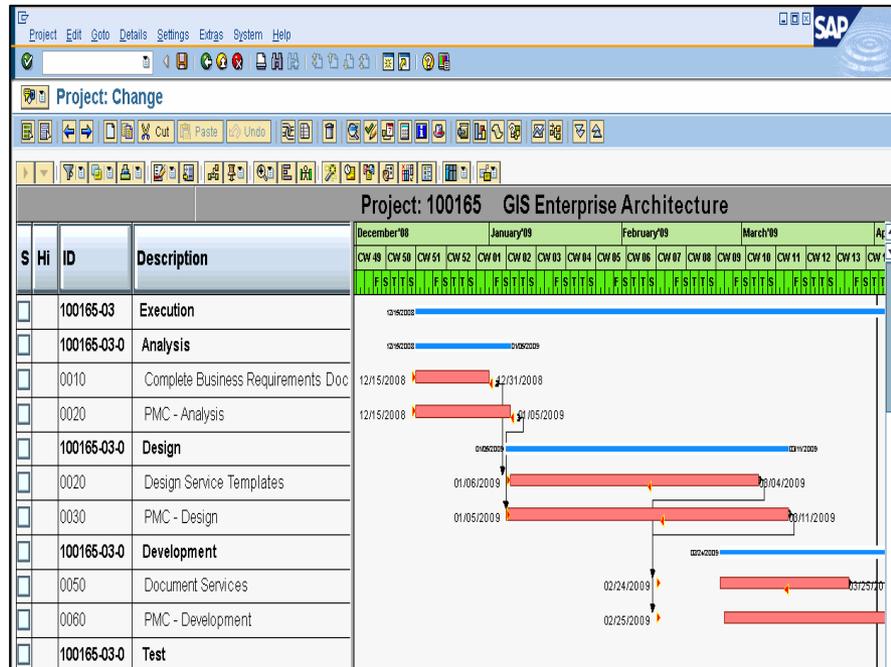
Efforts to Limit Permit Requirements and Contain Costs

- District technical and legal experts participate in permit negotiations
- District staff challenge many proposed conditions in new permits, resulting in elimination or modification
- Existing permits reviewed to identify conditions that could be reduced or eliminated through permit modifications (must be approved by regulatory agency)
- Levels of effort required to fulfill certain permit conditions are being re-evaluated
- Re-engineering of water quality monitoring system may reduce permit-required monitoring in a number of permits

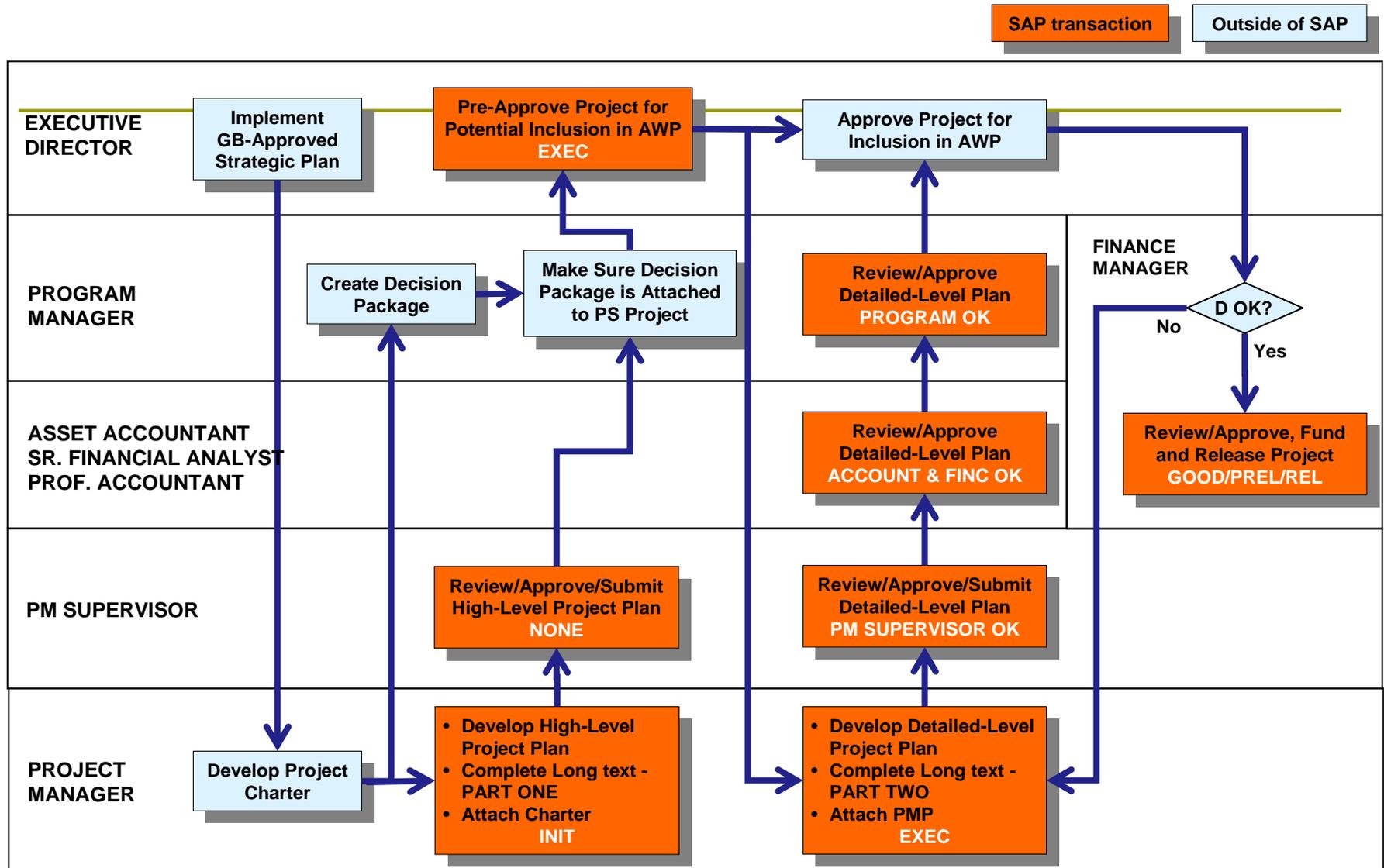
Questions?



Project Planning Overview



Project System Project Approval Process Integration with AWP



SFWMD Project Definition

- Projects are temporary endeavors, with a budget, undertaken to create a specific product, service or result.
 - **Temporary** - every project has a definite beginning and a definite end
 - **With a Budget** - management is committing funds and/or resources for accomplishment

Existing Priority Process

- Strategic Plan provides long term goals
- Annual Work Plan project listing to achieve strategic goals developed from “bottom up” and “from above” input
- Budget Office provides individual Program budget targets
- Programs individually determine fully funded projects and maintain unfunded listing of projects

Prioritization of Resources Toward Projects

Because Of:

District's commitment to continuous improvement and recent economic conditions require a comprehensive planning methodology to allocate limited resources across all District projects

Moving Away From:

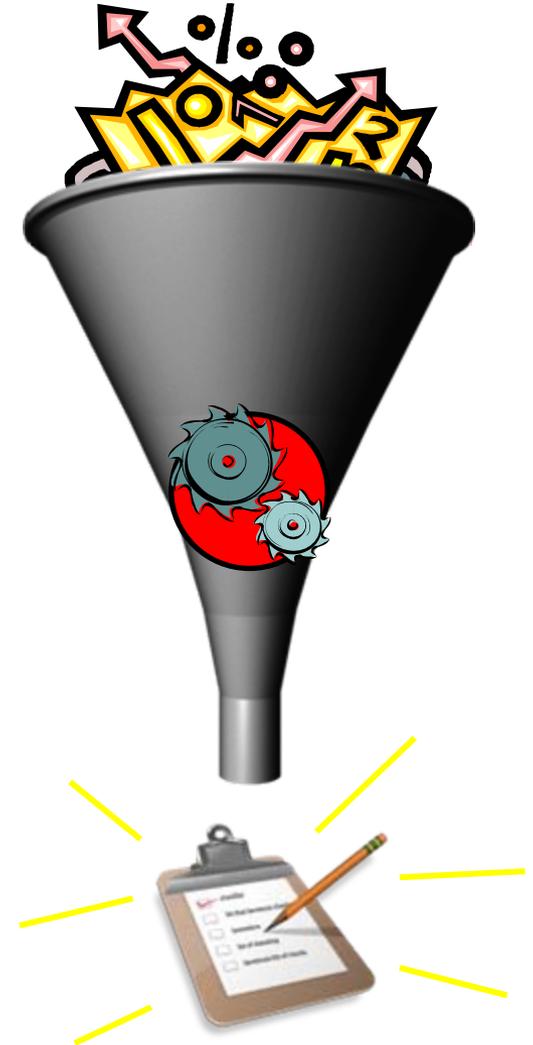
Projects being evaluated within the 11 Program Annual Work Plans but not across the District as a whole

And Moving To:

"Straight Forward" criteria evaluation supplemented by "ground-truth" analysis by Project Portfolio Management Team & Governing Board Directives

Efforts to Date to Prioritize District Project Workload

- “Alpha Team” review of FY09 Annual Work Plan concludes \$39.8 M reduction in lower-priority efforts
- Change Control Process very effective in realigning available resources to match FY09 work load
- Internal improvement processes have removed project duplication across Programs and aligned work load to available resources



Portfolio Management Tenets

Project Governance Practices

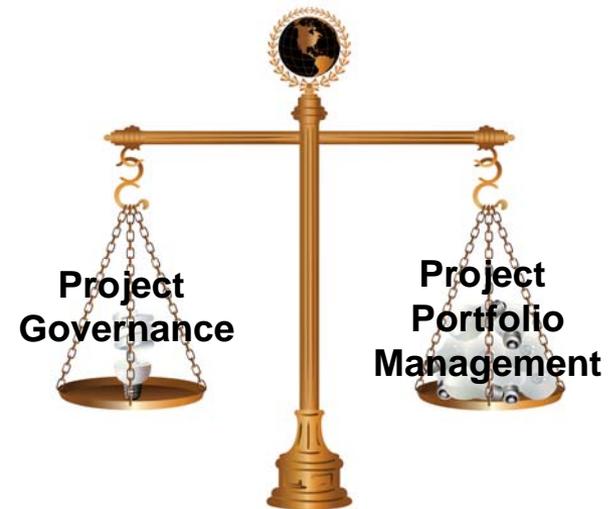
(Reviews Status of Projects)

- Weekly project reporting & Semi-Annual status presentations to management teams
- Transparent agency decision-making
- Establish guiding direction to executing projects

Portfolio Management Practices

(Focuses on Performance Measures & Resource Utilization)

- Maintains the right inventory of projects to ensure achievement of Strategic Plan
- Executes a set of project evaluation criteria to provide prioritization of work load for resource allocation



Project Portfolio Evaluation Criteria

(Established by Executive Director)

Criteria Category	Evaluation Scale	Intent (Point System)
Mandate	Project/Process specifically Mandated	Highly Important
	Range of flexibility in legal requirements	Important
	No legal requirement	Less Important
Mission Criticality/Strategic Plan	Clearly supports Strategic Plan priorities	Highly Important
	Somewhat/indirectly supports Strategic Plan	Important
	No support to strategic plan	Less Important
Risk/Urgency	Public Health & Safety	Highly Important
	Limited Liability	Important
	No Foreseeable Risk	Less Important

Project Portfolio Evaluation Criteria Cont.

(Established by Executive Director)

Criteria Category	Evaluation Scale	Intent (Point System)
Status of Implementation	Likelihood of Completion of Existing Initiative within FY/Readiness of Execution	Highly Important
	Existing Multi-year Project Milestone completion	Important
	New Initiative	Less Important
Investment Benefit	Significant Resource or Agency Benefit	Highly Important
	Provides Moderate Resource or Agency Benefit	Important
	Provides Low or Localized Resource or Agency Benefit	Less Important

Summary

- Formalize project evaluation across District as a whole with a funded/unfunded break point
- Complete existing work
- Begin “unfunded” priority projects as existing projects are completed

Questions?



Expense Projections Going Forward



Expenditure Issues Summary

- Summary of estimated costs for strategic issues from March Workshop:
 - Projects with established District costs and timelines – Federal levee standards, O&M costs for future projects, Compartment B&C, C-9/C-11, condemnation/inverse cases
 - Projects dependent on River of Grass acquisition – EAA Reservoir site, ECART
 - Projects to be implemented through intergovernmental partnerships, with specific cost shares not yet established – Lake O Watershed Construction Project, Rivers Watershed Protection Plans, Sea Level Rise

Expenditure Issues Summary

Expense Issue	Cost In Millions	Time Horizon	Partners
Potential Federal Levee Standard Changes	65.0	5 years	
Compartments B&C Construction	335.8	3-5 years	
C-9/C-11 Construction	8.0	10 years	Federal
Condemnation/Inverse Condemnation Trends	214.5	3-5 years	
O&M Costs for Future Projects	16.9	5 years	
River of Grass Debt Service	45.7	Annual Estimate	
Subtotal	685.9		
Less: Compartment B&C FY09 funding	-245.8		
Total	440.1		

Projects Subject to River of Grass Acquisition & Planning

EAA Reservoir A1	TBD	TBD	
ECART	TBD	TBD	

Implemented through Intergovernmental Partnerships

Sea Level Rise Planning/Analysis	3.5	10 years	Federal/State/Local
Total Maximum Daily Loads (TMDLs)	TBD	TBD	TBD
Lake O Watershed Construction Project Phase 2	1,720.0	2008-2011	Federal/State/Local
Rivers Watershed Protection Plans --			
Caloosahatchee	1819.2	2009-2012	Federal/State/Local
St. Lucie	1222.7	2009-2012	Federal/State/Local
Total	4,765.4		

Grand Total 5,205.5

Current Status of FY10 State Budget

	FY09 Budget	Governor's Proposal	Legislative Proposal as of 3/26
Save Our Everglades	47.0	75.0	0.0
Florida Forever	31.5	31.5	0.0
WMLTF - Land Management	17.7	9.9	6.9
AWS	3.8	10.0	0.0
Alligator Alley Tolls	2.0	2.0	0.0
Total	102.0	\$128.4	\$6.9

Updated Financial Forecast

December Scenarios	FY2010		FY2011	
	% Change	Revenue	% Change	Revenue
Optimistic	-3.8%	-\$20.4	2.3%	\$11.4
EDR "More Likely"	-8.6%	-\$46.3	1.3%	\$6.1
Pessimistic	-9.3%	-\$50.0	-3.2%	-\$15.5
March 4 EDR Estimate	-14.9%	-\$80.4	-7.5%	-\$34.2
March 16 EDR Update	-15.2%	-\$81.8	-7.4%	-\$33.9

EDR - Office of Economic and Demographic Research

FY2010 Ad Valorem Reductions/Redirections

Ad Valorem Reduction	81.8
Redirections:	
Land Management	5.8
AWS Match	0.0
Total	\$87.6

How does it all fit together?

- Projected revenues no longer allow us to afford everything we may want to fund
- Redirection within baseline necessary to fund future strategic work
- A more affordable River of Grass acquisition helps immensely, but we'll still have challenges
- Internal budget development underway:
 - Staff development of an "achievable" budget plan
 - Review requests based on statutory requirements
 - Reduce or eliminate lower priority and non-mandated projects
 - Internalize currently contracted work to reduce costs

5-Year Sources & Uses

Five-Year Planning Forecast Ad Valorem and Related Revenues (In-Millions)							
EDR March Update -15.21% revenue change and 7.4% debt service							
		-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	6.0	6.0	6.0	6.0	6.0
5	Water Mgt Lands Trust Fund	17.7	6.9	17.7	17.7	17.7	17.7
6	Future FL Forever		0.0	31.5	31.5	31.5	31.5
7	Future Use of One-Time Cash Balances		41.0	76.0	33.0	9.5	9.5
8	Total Estimated Sources	555.7	510.1	553.5	521.6	512.3	527.4
9	Uses:						
10	Long-Term Debt Service	144.3	81.2	81.2	81.2	81.2	81.2
12	Personnel Costs	175.2	177.6	177.6	181.2	184.8	188.5
13	Contracts/Operating Costs	150.1	113.9	97.1	97.1	97.1	97.1
14	O&M Capital+Cost Increases for Future Projects	45.3	60.6	61.5	65.5	65.5	65.5
15	Contingency/Hurricane/Fuel/STA O&M Reserves	23.1	23.1	23.1	23.1	23.1	23.1
16	Land Management/Bond Debt Service/PILT	17.7	12.7	17.7	17.7	17.7	17.7
17	Compartment B&C Construction		0.0	66.5	23.5	0.0	0.0
19	Condemnation/Inverse Cases		41.0	41.0	41.0	41.0	41.0
20	Total Estimated Uses	555.7	510.1	565.7	530.3	510.4	514.1
21	Annual Surplus/(Deficit)	0.0	0.0	-12.2	-8.7	1.9	13.4
22	Estimated Debt Ratio	26.8%	17.8%	19.2%	18.7%	18.1%	17.5%

O&M Capital includes \$15M for 4 years for levee standard work; current COE schedule \$60M over 3 years is subject to negotiation

Assumptions Going Forward for Planning and Budgeting

- Budget will include River of Grass debt service at \$43-\$46M per year
- Ramp up O&M Capital budget by \$15M above current year levels and fund projected O&M cost increases for new projects
- Personnel costs flat in short run with 2% cost increases in years 3-5
- Reserves will be maintained at current levels

Assumptions Going Forward for Planning and Budgeting

- Anticipated ad valorem reductions will be absorbed through reduced contract and operating expenses (historical fund balances)
- Personnel costs and +/- \$100M in contracts and operating costs is roughly equal to the minimum ad valorem budget necessary to meet statutory flood control, permit, and other requirements

Assumptions Going Forward for Planning and Budgeting

- Due to funding constraints of the District, Federal, State, and Local governments, the time frames within the Lake Okeechobee Watershed Construction Project Phase II and the Rivers Watershed Protection Plans will need to be revisited
- When state appropriations for Save Our Everglades and Northern Everglades are restored, funds will be used for restoration construction as well as land acquisition

Future Policy Decisions

- Allocation of estimated one-time available fund balances and any available recurring ad valorem revenue (\$300M+):
 - Funding balance of Compartments B&C (\$90M)
 - Funding C-111 Spreader Canal construction (\$60M)
 - Funding balance of Acme Basin B construction (\$10M)
 - Funding L-8 Pump Station construction (\$50M+)

Future Policy Decisions

- Buy down long-term debt service cost
- Set aside reserve to smooth out/offset short-term future revenue limitations
- More aggressively address O&M backlog
- Fund other restoration project construction (EAA A1 Reservoir, C-43 Reservoir, C-43 Water Quality project, C-44 Reservoir, Lakeside Ranch Phase II, etc.)
- Increasing reserves (capital replacement reserve, debt service reserve, etc.)

Board Discussion/Direction



Next Steps

- **May–June:** Finalize 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 Hearing