



**Ensuring Water Supply:
Pompano Beach Reclaimed
Water Supply Facility**



**Providing Flood Control:
Emergency Operations at S-357
Pump Station**



**Improving Water Quality:
Flamingos at Stormwater
Treatment Area in Palm Beach
County**



**Restoring Natural Systems:
Loxahatchee River Restoration**

SFWMD Fiscal Year 2019-20

DRAFT Preliminary Budget Development Update

Ernie Marks
Executive Director
December 13, 2018

Purpose of Today's Discussion

- Overview of Budget Development Cycle
- Status Update of Budget Development
 - Preliminary Revenue & Expenditure Pie Charts
 - Ad Valorem Trend
 - Investment Earnings Trend
 - Preliminary Revenue Summary
 - State Revenues
 - Preliminary Expenditure Summary
- Uncertainties
- Governing Board Guidance:
 - Concurrence of Investment Earnings Revenue Increase
 - Concurrence of Budgeting 96% of Ad Valorem vs. 95%
 - Utilization of Estimated Additional Ad Valorem
 - Guidance to Staff for Further Development of FY2019-20 Budget
- Looking Forward – FY2020-21 Legislative Budget Request (LBR)
- Next Steps

Overview of the Budget Development Cycle

South Florida Water Management District

Annual Budgeting Cycle

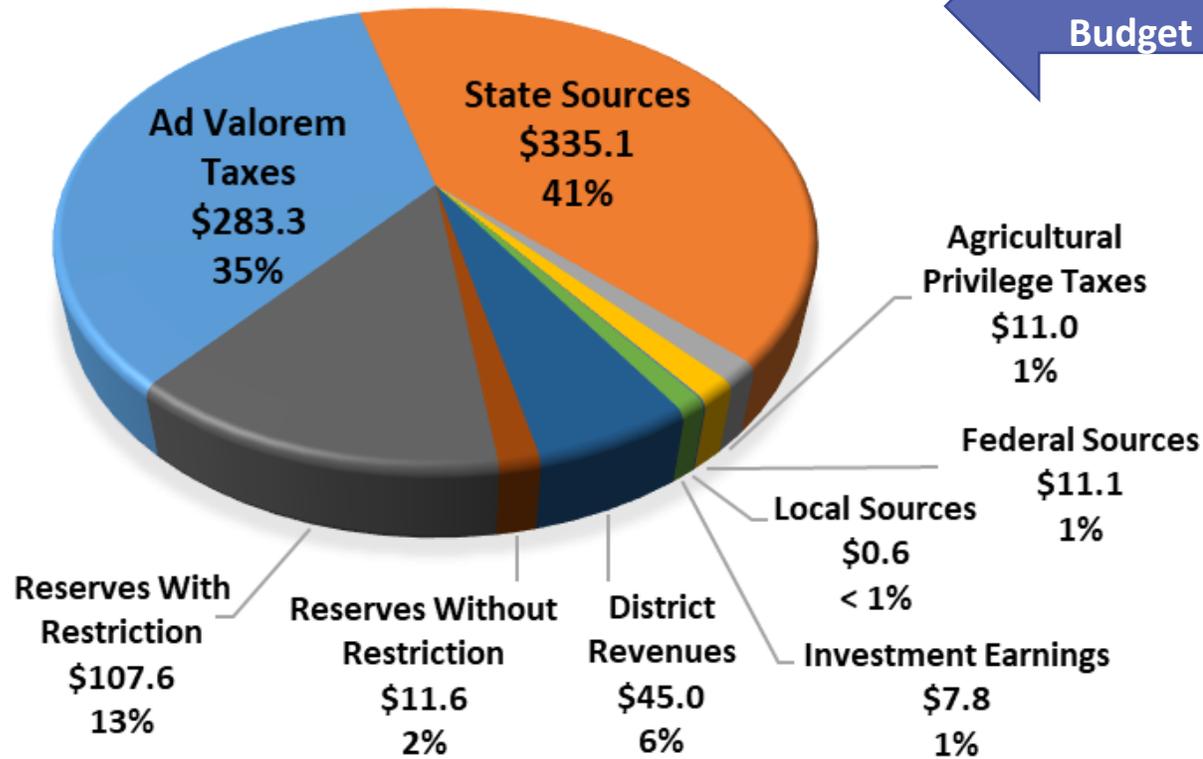


Detailed Calendar Provided at End of Presentation

Fiscal Year 2019-20 DRAFT Preliminary Status

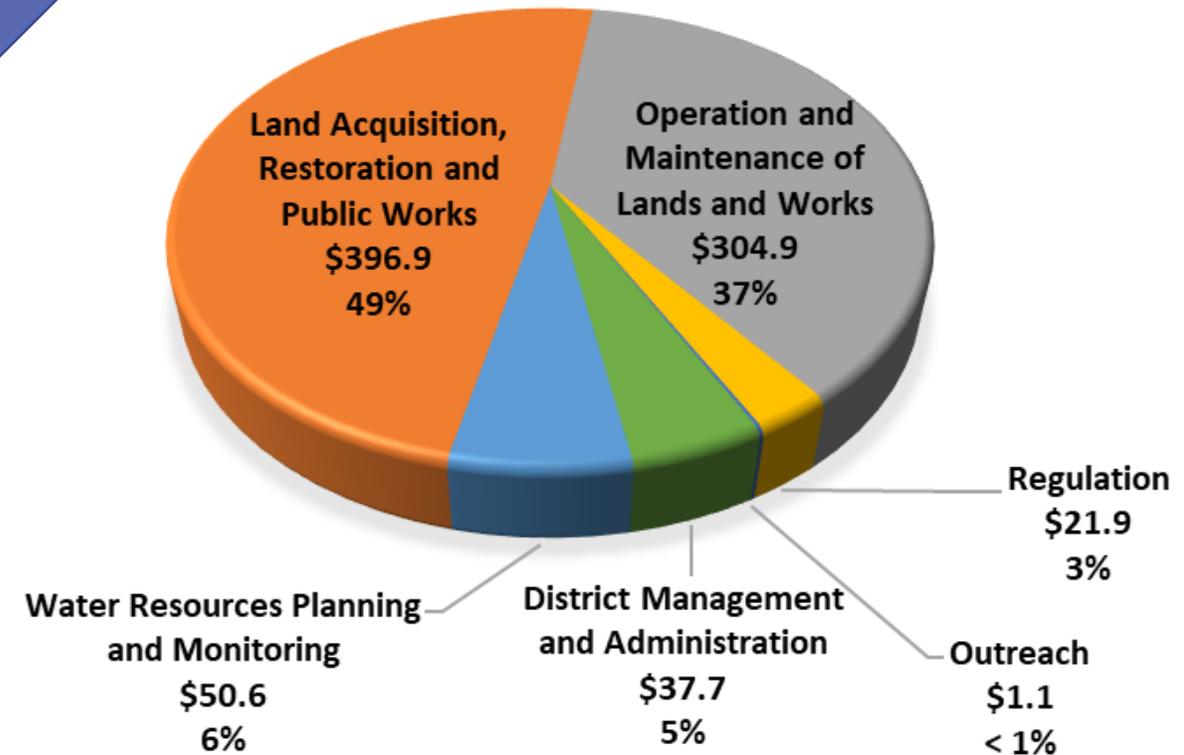
\$813.1 Million

REVENUE SOURCES



Balanced Budget

EXPENDITURE USES



Ad Valorem Budgeted Revenue Trend

Budgeted Revenue (Discounted)	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Projected Fiscal Year 2019-20	Variance FY2018-19 to FY2019-20
Baseline Revenue	\$266.5	\$265.9	\$266.9	\$269.5	\$274.0	\$277.3	\$3.3
Value Adjustment Board Impact	(3.4)	(2.9)	(2.2)	(1.5)	(1.8)	(1.9)	(0.1)
New Construction	2.8	3.9	4.8	6.0	5.1	5.0	(0.1)
Total Budgeted at 95%	\$265.9	\$266.9	\$269.5	\$274.0	\$277.3	\$280.4	\$3.1
Budget at 96% versus 95%					\$0.0	\$2.9	\$2.9
Total					\$277.3	\$283.3	\$6.0
Estimated FY2019-20 Budgeted Collection Levels Based on Gross Levy of \$295.3 Million							

Investment Earnings Trend (millions)

Category	Fiscal Year 2016-17 Budgeted Revenue	Fiscal Year 2016-17 Revenue Earnings	Fiscal Year 2017-18 Budgeted Revenue	Fiscal Year 2017-18 Revenue Earnings	Fiscal Year 2018-19 Budgeted Revenue	Fiscal Year 2018-19 Estimated Earnings	Fiscal Year 2019-20 Proposal /Estimated	Variance FY2018-19 to FY2019-20
With Restrictions (1)	\$0	\$2.3	\$1.3	\$3.2	\$1.2	\$3.9	\$1.5	\$0.3
Without Restrictions (2)	\$4.6	\$5.9	\$4.8	\$7.6	\$4.9	\$9.1	\$6.3	\$1.4
Total	\$4.6	\$8.2	\$6.1	\$10.8	\$6.1	\$13	\$7.8	\$1.7

(1) Due to the restrictions of the usage of revenues With Restrictions, investment earnings are more restrictive on their usages and not used as a revenue source to fund general budget during the planning process. Funds are available for appropriation, unless they are state revenue funds, for future restricted usages.

(2) Funds Without Restrictions are used as a revenue source to fund any portion of the budget since there are no restrictions on the usage.

DRAFT Preliminary Revenue Budget Summary

\$813.1 million

- Ad Valorem \$283.3 million
 - Estimated Increase of \$6 million over FY2018-19 Adopted \$277 million (Details on slide 5)
- Ag Tax \$11 million Estimated at the Same Level as FY2018-19 Adopted
- Investment Earnings \$7.8 million
 - Estimated Increase of \$1.7 million over FY2018-19 Adopted \$6.1 million (Details on slide 6)
 - \$0.3 million funds with restrictions and \$1.4 million without restrictions
- District Revenues \$45 million (Includes Health Insurance, Permits and Fees, Lease Revenues, Sale of District Property)
- State Sources \$335.1 million (Details on slide 8)
- Federal Sources \$11.1 million (Includes USACE O&M, USFWS Loxahatchee Refuge, NRCS for Allapattah Dispersed Water)
- Local Sources \$0.6 million (Includes Gate Overhaul, Model Archiving with WMD's)
- Reserves \$119.2 million
 - With Restrictions \$107.6 million (Updated 2nd Year of 5-Year Reserves Allocation Based on Expenditures)
 - Without Restriction \$11.6 million (Added 2nd Year of 5-Year Reserves Allocation + Any Projected Unspent Balances from FY2018-19 as Re-Budgeted Revenue & Expenditure)

State Revenues - \$335 Million

➤ FY2019-20 Requested Legislative Funding Included in District Preliminary Budget:

- \$241.5 million Everglades Restoration (CERP/Restoration Strategies)
- \$34.9 million Northern Everglades (NEEPP)
- \$2.4 million Land Management
- \$7 million FWC for Exotics

➤ Prior Year Appropriation Funding Included:

- \$47 million (CERP)
- \$2 million (BBCW Phase II & Corbett)

DRAFT Preliminary Expenditure Budget Summary

\$813.1 million

- Debt Service \$30.3 million (Updated based on Debt Service Schedule)
- Land Acquisition Restoration and Public Works \$366.6 million (Excludes Debt Service)
 - Includes Continuation of:
 - CERP/Restoration Strategies/NEEPP
 - Dispersed Water Management (Public & Private Lands)
 - Estuary Protection Wells
- Operations and Maintenance of Lands and Works \$304.9 million
 - Includes Base Funding for:
 - O&M Capital, Operations for Field, Land Management, Vegetation Management from FY2018-19 Adopted
 - Includes a Significant Increase for C-139 Restoration Project (funded with Lake Belt Mitigation Funding)
- Water Resources Planning and Monitoring \$50.6 million
 - Water Management Planning (Water Supply Planning & Other Water Resource Planning)
 - Research, Data Collection, Analysis & Monitoring
- Regulation \$21.9 million
 - Regulation & Consumptive Use Permitting, Environmental Resource Permitting, Other Regulatory & Enforcement Activities
- Outreach and District Management and Administration \$38.8 million
 - Less than 5% of the Overall Budget

The background of the slide features a collage of four images: a water treatment facility with large pipes and tanks, a wide river or canal, a group of pink flamingos in a wetland, and a close-up of water splashing over a dam or spillway.

Uncertainties

- USACE Revenues to Fund O&M
 - FY2019-20 Revenues Estimated at \$7.6 million
- Impact of Value Adjustment Board (VAB) Results to Ad Valorem
- New Construction Growth
- Results of 2019 Legislative Session - State Revenues
- FY2017-18 Year End Fund Balance
- Health Insurance Increase
 - Historical Upward Trend in Claims & Prescription Costs
 - District has Implemented Several Cost Savings Measures

Governing Board Guidance

- \$7.4 million of recurring funding available to be allocated.
 - Funding is currently in the \$813.1 million DRAFT Preliminary Budget but it is not Allocated to Specific Items to Maintain a Balanced Revenue & Expenditure Budget.

- Proposals/Options Consistent with Prior Board Discussion:
 - Health Insurance
 - O&M Capital
 - O&M Field Operations & Maintenance
 - O&M New Works
 - Coastal Resilience Project - Tidal Structures (S-22, S-27)
 - Flood Control Communication Equipment (SCADA)
 - Field Station Rehabilitation
 - Land Management

Looking Forward

FY2020-21 DRAFT Legislative Budget Request (LBR)

- \$348.4 million Everglades Restoration
 - \$316.5 million Everglades Restoration (CERP/Restoration Strategies)
 - Planning, Design, Construction, Land Acquisition
 - \$31.9 million Northern Everglades (NEEPP)
- \$32.3 million Other
 - Land Management \$10.8 million
 - Central Florida Water Initiative \$8 million
 - Florida Bay \$3.5 million
 - Dredging \$3 million
 - Lake Okeechobee Low Lake Enhancement Plan & Estuary Research & Water Quality Plan \$7 million
- The Districts Fiscal Year 2020-21 LBR is Submitted to DEP April 2019 – June 2019 in preparation for the 2020 Legislative Session.

Next Steps

- **December** - Finalize Preliminary Submission Report & Spreadsheets for DEP Review.
- **January 10** - Governing Board Meeting – Fiscal Year 2019-20 Preliminary Budget Presentation.
- **January 15** - Pursuant to section 373.535 Florida Statute Submit Preliminary Budget for Legislative review.
 - Distribution includes President of the Senate, Speaker of the House of Representatives, Chairs of legislative committees and subcommittees with substantive or fiscal jurisdiction over water management districts, Governor's Office and DEP
 - Conduct follow up with Tallahassee staff as needed; report back to Governing Board as issues arise
- **February– July**– Schedule Governing Board Budget Discussions
- **March 1** - Legislative Comments on Preliminary Budget to the Districts
- **March 5** - 2019 Legislative Regular Session Convenes
- **March 15** - Districts To Respond in Writing to Legislative Comments
- **March 31** – Comprehensive Annual Financial Report (CAFR) - Audited Fund Balances/Reserves Completed
 - Update 5-Year Reserves Allocation Governing Board Line



**Ensuring Water Supply:
Pompano Beach Reclaimed
Water Supply Facility**



**Providing Flood Control:
Emergency Operations at S-357
Pump Station**



**Improving Water Quality:
Flamingos at Stormwater
Treatment Area in Palm Beach
County**



**Restoring Natural Systems:
Loxahatchee River Restoration**

Discussion