



Agriculture & Natural Resources Appropriations Subcommittee

September 24, 2013
3:30 PM – 5:30 PM
Reed Hall



AGENDA

Agriculture & Natural Resources Appropriations Subcommittee
September 24, 2011
3:30 p.m. – 5:30 p.m.
Reed Hall

- I. Call to Order/Roll Call
- II. Opening Remarks
- III. Presentation by the Department of Environmental Protection on the Petroleum Tank Clean-up Program
 - Jorge Caspary, Director, Division of Waste Management, DEP
- III. Staff Presentation on Long-Range Financial Outlook Major Drivers for Fiscal Years 2014-15 through 2016-17
- V. Closing Remarks/Adjournment

Florida Department of Environmental Protection



Petroleum Restoration Program

Jorge Caspary, P.G.
Director, Division of Waste Management

House Agriculture and Natural Resources Appropriations
Subcommittee
September 24, 2013





Program Status

- As of August 2013:

Eligible sites cleaned up	7,100
• Eligible sites underway	3,500
• Eligible sites awaiting clean up	6,700
	=====
Total eligible for state funding	17,300

- Approximately 8,000 sites are not eligible for State funding and are being cleaned up by site owners and insurance companies.
- Over \$2B has been spent on site cleanup since program inception in 1987.



Proviso and Implementing Bill

- In FY 2013-14, the Legislature appropriated \$125 million for site rehabilitation.
- The Proviso and Implementing Bill provide up to \$50 million to fund task assignments, work orders and contracts entered into prior to June 30, 2013.
- After June 30, 2013, the Department can only enter into competitively procured contracts.
- The balance of appropriation would be subject to approval of the Department's plan by the Legislative Budget Commission and rule adoption.



LBC Approval

- The LBC met on September 12, 2013, and approved our plan to move forward.
 - Regain control of site cleanup process, focus on sites posing the greatest threat.
 - New program procurement process to competitively procure qualified contractors to conduct site rehabilitation at state-funded sites.
 - Revising site priority ranking to improve the effectiveness and efficiency of the program.
 - No changes to cleanup standards or closure process proposed.



Program's Vision Going Forward

- The Petroleum Restoration Program must:
 1. Provide more fiscal accountability.
 2. Lower the cost of site rehabilitation.
 3. Address the backlog of 6,700 sites with little to no assessment information since the 1980s.
 4. Prioritize and fund site cleanup using a risk-based cleanup approach required by the 1996 Legislature.



Strategic 5-Year Plan

- Strategic 5-year plan based on mission in paragraph 376.3071(5)(b), F.S.:

...to protect the health of all people under actual circumstances of exposure by incorporating to the maximum extent feasible, risk-based corrective action principles to achieve protection of human health and safety and the environment in a cost-effective manner.

- Two strategic focus areas.
- Measurable performance objectives.
- Designed with \$125M as baseline for Program funding.



Plan's Strategic Focus Areas

- Focus Area #1 – Refining the actual potential risk posed by a site.
- Focus Area #2 – Incorporating risk and sound science into determining the endpoint of active cleanup.



Performance Objectives FY 2013-14

- Target all sites scored 75 and above.
- Close a minimum of 400 sites.
- Improve Low Score Site Initiative (LSSI) closure rate to >75%
- Reduce operational expenditures by \$6M
- Reinvest those savings in reducing backlog of sites with little to no assessments.
- Assess a minimum of 400 sites in backlog.



Performance Objectives

- FY 2014-15:
 - Site Assessments of 550 sites.
 - Close 600 sites.
- FY 2015-16:
 - Site Assessments of 650 sites.
 - Close 700 sites.
- FY 2016-17:
 - Site Assessments of 750 sites.
 - Close 800 sites.



Current Status

- FY 2013-14 Initial Appropriation \$50,000,000
 - Total obligated to-date in work orders and task assignments -\$15,886,028
 - Total obligated to-date in change orders for O&M, supplemental site assessments, excavations, well abandonments, cost-shared rehabs, and utility payments -\$17,400,000
- Balance of \$50M Appropriation \$16,713,972
- Developed funding priorities for \$16.7M.



Projected Funding Obligations

- Remaining Balance \$16,713,972

Projected Funding Obligations

- Low Score Site Initiative (236 sites) \$6,000,000
- Imminent Threat Sites \$500,000
- Site Remediation \$8,000,000
- Cost-shared remediation \$1,000,000
- Free Product Initiative sites \$500,000

Balance after projected obligations \$713,972



Procurement to date

- The Program has initiated the following competitive procurement procedures for site cleanup:
 - Invitation to Bid.
 - Request for Proposals.
 - Electronic Quotes.



Conclusions

- The Department has responded to concerns
- Refocused on Program mission
- Reinvigorated Program management
- Systems in place to drive program performance
- Rules under development to solidify changes



Questions?

Jorge Caspary, P.G.

Director, Division of Waste Management

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KEY BUDGET DRIVERS

Agriculture & Natural Resources Appropriations
Three-Year Outlook Summary

	Fiscal Year 2014-15				Fiscal Year 2015-16				Fiscal Year 2016-17				
	Total GR	Recur	NR GR	Trust	Total GR	Recur	NR GR	Trust	Total GR	Recur	NR GR	Trust	
Tier 1													
	Debt Service Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	Tier 1 Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Tier 2													
	Environmental Programs Funded with Documentary Stamp Tax	14.0	0.4	13.6	66.2	14.0	0.4	13.6	68.8	14.0	0.4	13.6	63.9
	Environmental Land Acquisition and Restoration	20.2	0.0	20.2	24.6	20.2	0.0	20.2	25.3	20.2	0.0	20.2	25.6
	Other Agriculture & Environmental Programs	52.1	2.9	49.2	0.0	53.5	2.9	50.6	0.0	42.7	2.9	39.8	0.0
	Tier 2 Total	86.3	3.3	83.0	90.8	87.7	3.3	84.4	94.1	76.9	3.3	73.6	89.6
Statewide	Agriculture & Natural Resources Critical Repairs (Life/Safety)	1.0	0.0	1.0	0.0	1.2	0.0	1.2	0.0	0.9	0.0	0.9	0.0
	Environment Totals	87.4	3.3	84.1	90.8	88.9	3.3	85.6	94.1	77.8	3.3	74.5	89.6

Other High Priority Needs

Natural Resources (Drivers #39 - #41)

39. Environmental Programs Funded with Documentary Stamp Tax

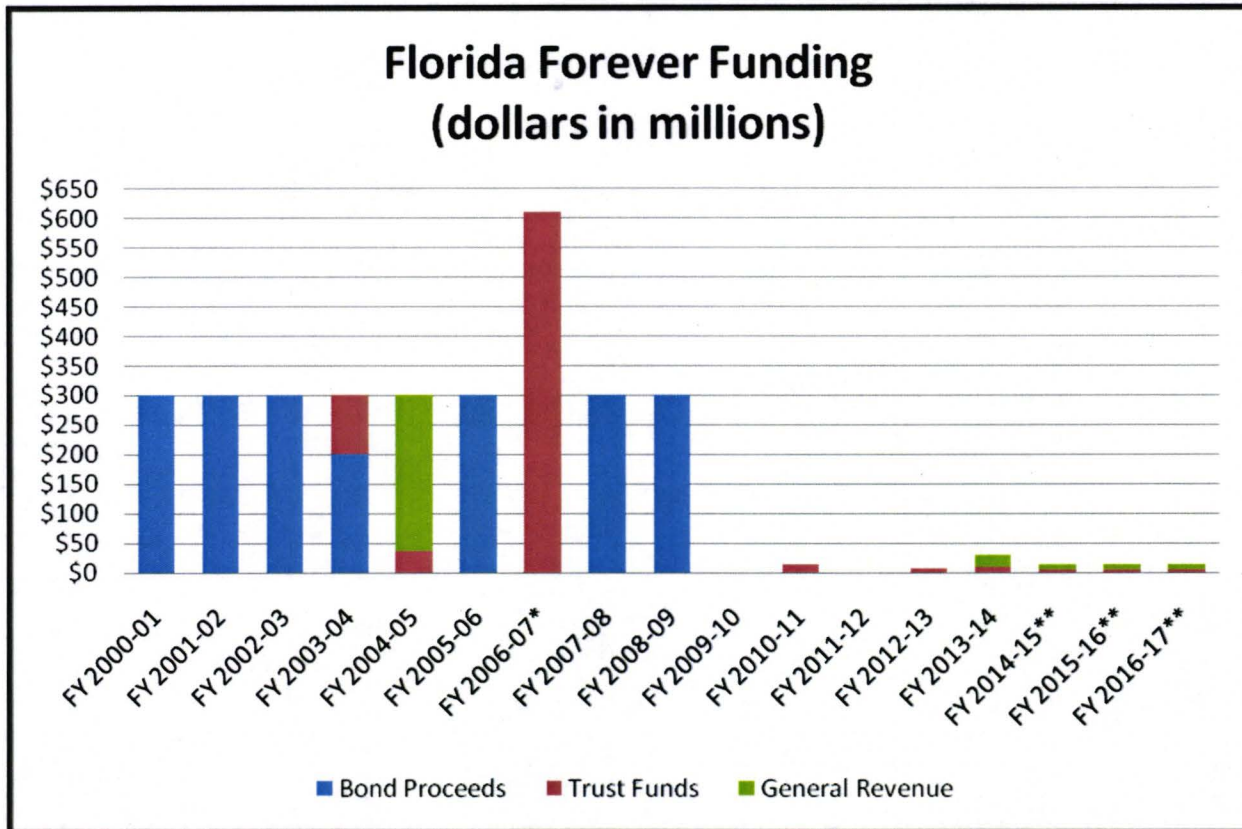
The Outlook assumes continued funding for programs with Documentary Stamp Tax revenues within the Department of Agriculture and Consumer Services, the Department of Environmental Protection, and the Fish and Wildlife Conservation Commission. The majority of funds are directed toward land acquisition and management of recreation, conservation, and water areas and related resources, including construction, improvement, enlargement, extension, operation, and maintenance of capital improvements and facilities. Funds are also used for developing best management practices for water quantity and water quality issues involving agricultural and non-agricultural activities, which includes water conservation, nonpoint source pollution prevention in priority watersheds and ground water protection, and public education programs on nonpoint source management. In addition, funds are used for invasive plant control, which eliminates or reduces aquatic or non-native plants destructive to the state's natural ecosystems, and lake restoration, which includes freshwater aquatic habitat enhancement. Funds are also used for beach restoration, which serves to repair and restore the state's critically eroded beaches. Finally, a small portion of the distribution is used to fund oyster management and restoration programs in Apalachicola Bay and other oyster harvest areas in the state, including the relaying and transplanting of live oysters and shell planting to construct or rehabilitate oyster bars. The funding level is based on the current statutory distribution levels projected by the August 2013 Revenue Estimating Conference – \$66.2 million for Fiscal Year 2014-15, \$68.8 million for Fiscal Year 2015-16, and \$63.9 million for Fiscal Year 2016-17.

As a result of the decline in Documentary Stamp Tax revenues and the targeted redirects from trust funds to the General Revenue Fund over the last several years, the Outlook provides nonrecurring General Revenue for a portion of beach restoration. The Outlook assumes funding of \$11.2 million each year from nonrecurring General Revenue for Fiscal Years 2014-15 through 2016-17 using a four-year historical funding average methodology. The Outlook does not specifically address beach restoration for future tropical storms, hurricanes, or other natural disaster damages yet to occur. In addition, the Outlook provides General Revenue for a portion of the development and implementation of total maximum daily loads – threshold limits on pollutants in surface waters. Using a four-year historical funding average, the Outlook assumes additional recurring General Revenue of \$0.4 million and nonrecurring General Revenue of \$2.4 million for Fiscal Years 2014-15 through 2016-17.

40. Environmental Land Acquisition and Restoration

Florida Forever Program - In 1998, Florida voters amended the state constitution by ratifying a constitutional amendment that re-authorized bonds for land acquisition. The 1999 Legislature responded with the 10-year \$3.0 billion Florida Forever program to acquire and manage land for conservation. This was extended another 10 years in 2008 for a total of \$6.0 billion. Originally, the Legislature authorized bonds for the state's land acquisition programs secured by a pledge of Documentary Stamp Tax revenue. As revenues declined, however, the Legislature appropriated nonrecurring General Revenue and trust fund balances to fund the program in lieu of authorizing the full \$300.0 million annual debt (see graph on following page). The debt service for environmental bonds will decrease by \$230.6 million in Fiscal Year 2013-14 as the Preservation 2000 bonds are retired. Although Documentary Stamp Tax revenues have begun to recover, the bonding capacity for the Florida Forever program is statutorily limited to debt service increases of no more than \$30.0 million in any fiscal year, and total annual debt service of no more than \$300.0 million. The annual debt service for outstanding Florida Forever bonds is approximately \$150.0 million in Fiscal Years 2013-14 through 2020-21 and declines thereafter. Because it is unknown whether

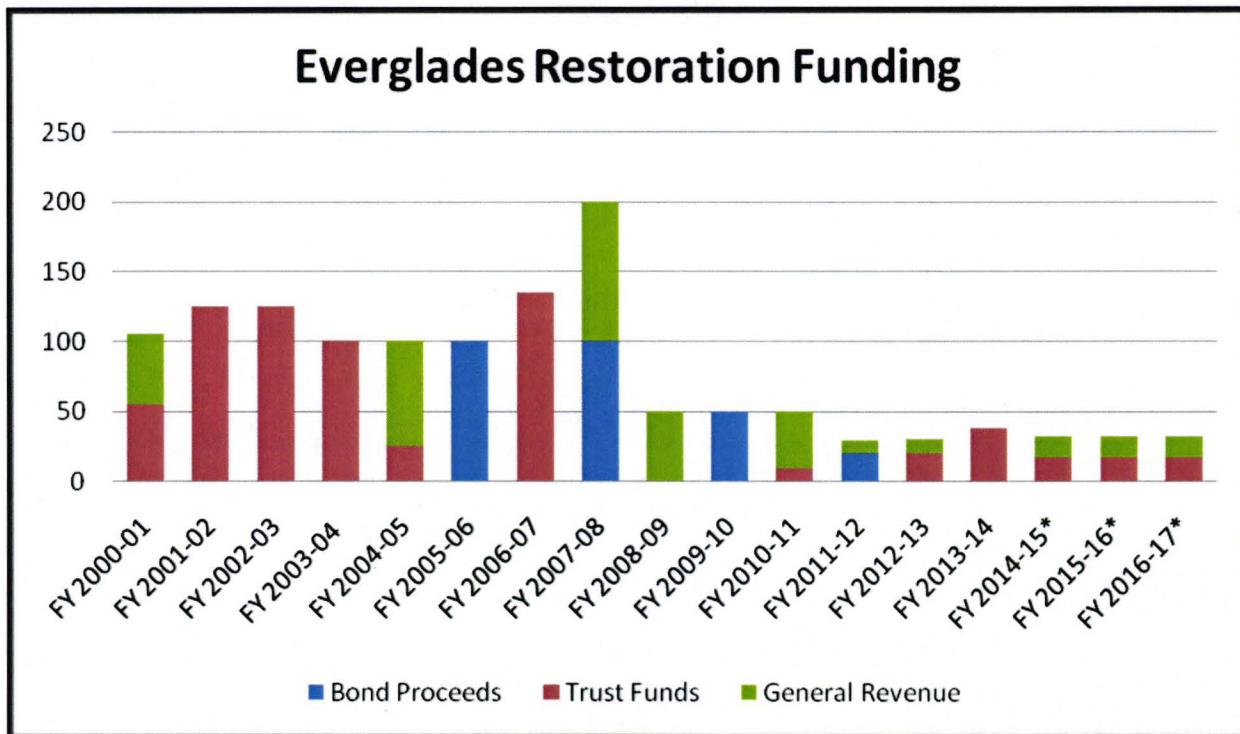
the Legislature will authorize additional bonding, the Outlook assumes funding using a four-year historical average that includes the Rural and Family Lands Protection Program of \$5.3 million each year from nonrecurring General Revenue and \$8.5 million from the Land Acquisition Trust Fund for Fiscal Years 2014-15 through 2016-17.



*Includes \$310 million for the cash purchase of Babcock Ranch

**Projected funding

Everglades Restoration - The Comprehensive Everglades Restoration Plan (CERP) is a large, comprehensive, long-term 50-50 partnership with the federal government to restore the Everglades. The plan originally approved in the 2000 federal Water Resources Development Act includes more than 60 projects that will take more than 30 years to complete and will cost an estimated \$13.5 billion. In 2000, the Legislature passed the Everglades Restoration Investment Act, which provided the framework for the state to fund its share of the partnership – bonds to finance or refinance the cost of acquisition and improvement of land and water areas necessary for implementing CERP. In 2007, the Legislature expanded the use of the Save Our Everglades Trust Fund and bonds issued for Everglades Restoration to include the Lake Okeechobee Watershed Protection Plan and the River Watershed Protection Plans through Fiscal Year 2019-20. The Legislature has authorized bond proceeds and appropriated nonrecurring General Revenue funds and trust fund sources to support this restoration program (see graph on following page). Bonds for Everglades Restoration may not be issued in an amount exceeding \$100.0 million per fiscal year, unless specifically approved by the Legislature. The annual debt service for outstanding bonds is \$23.5 million for Fiscal Years 2013-14 through 2024-25 and declines thereafter. Because it is unknown whether the Legislature will authorize additional bonding, the Outlook assumes funding of \$14.9 million from nonrecurring General Revenue and \$17.0 million from the Water Management Lands Trust Fund each year for the Everglades Restoration plan using a four-year historical funding average methodology.



*Projected funding

41. Other Agriculture and Environmental Programs

The Outlook includes funding for major programs within the Departments of Environmental Protection and Agriculture and Consumer Services based on historical funding levels. These programs include:

Water Projects - The Outlook includes funding for traditional water projects. These projects were historically funded by the statutory Sales Tax distribution based on the Revenue Estimating Conference. In Fiscal Year 2009-10, this funding was redirected to the General Revenue Fund. The Outlook assumes a four-year historical funding level of \$11.7 million funded from nonrecurring General Revenue for each fiscal year for the duration of the three-year period.

Drinking Water and Wastewater Revolving Loan Programs - The Outlook provides a state match to all estimated federal dollars available to maximize low interest loans to the state's local governments for needed infrastructure. For the three-year forecast period, the Outlook includes nonrecurring General Revenue as the fund source. For the 2014-15 fiscal year, \$5.1 million is provided for the drinking water program, and \$8.3 million is provided for the wastewater program. For the 2015-16 and 2016-17 fiscal years, \$5.5 million is provided for the drinking water program, and \$9.0 million is provided for the wastewater program.

Other Agricultural Programs - Agriculture continues to be an important industry in Florida. Based on historical funding averages, \$13.6 million in nonrecurring and \$2.9 million in recurring General Revenue are included for each fiscal year in the Outlook. This includes funding for sensor-based technology for agricultural irrigation and nutrient management and water quality improvement initiatives. The Outlook includes aquaculture research grants to develop and implement innovative production techniques, including ornamental fish and aquatic plant production and biotechnology. Funds are also included for the replacement of critical wildfire suppression equipment, promotional campaigns for agricultural commodities, citrus greening research and citrus health management areas, agricultural promotional and educational facilities, and the distribution of food to needy families through food pantries, soup kitchens, and shelters. Finally, the Outlook assumes the use of General Revenue funds to support the Agricultural

Emergency Eradication Trust Fund. Section 570.1912, Florida Statutes, requires a transfer from the General Revenue Fund in an amount equal to the previous year's transfer into the trust fund from motor fuel tax collections until the unobligated balance of the trust fund exceeds \$20.0 million. Transfers are then discontinued until the unobligated balance of the trust fund falls below \$10.0 million. The Outlook provides nonrecurring General Revenue of \$10.5 million in Fiscal Year 2014-15 and \$10.8 million in Fiscal Year 2015-16.

Administered Funds and Statewide Issues (Driver #43)

43. Maintenance, Repairs, and Capital Improvements – Statewide Buildings – Critical

Natural Resources - The Outlook assumes funding for life and safety repairs for agricultural infrastructure located throughout the state. These improvements include state offices, forestry wildfire prevention facilities, and state farmers markets. The Outlook includes nonrecurring General Revenue of \$1.0 million for Fiscal Year 2014-15, \$1.2 million for Fiscal Year 2015-16, and \$910,000 for Fiscal Year 2016-17.

The entire Long-Range Financial Outlook for Fiscal Years 2014-15 through 2016-17 can be viewed at

<http://edr.state.fl.us/Content/long-range-finacial-outlook/index.cfm>.

