

APPROVED

MINUTES OF THE MEETING

First Public Budget Hearing for the Tentative Fiscal Year 2009 Annual Service Budget

Governing Board Southwest Florida Water Management District

Tampa, Florida

September 16, 2008

The Governing Board of the Southwest Florida Water Management District met at 5:01 p.m. on September 16, 2008, at the Tampa Service Office. The following persons were present:

Board Members Present

Neil Combee, Chair
Jennifer E. Closshey, Secretary
Ronald E. Oakley, Treasurer
Hugh M. Gramling, Member
Albert G. Joerger, Member
H. Paul Senft, Member
Judith C. Whitehead, Member

Board Members Absent

Todd Pressman, Vice Chair
Bryan K. Beswick
Patricia M. Glass, Member
Martiza Rovira-Forino, Member
Sallie Parks, Member (arrived after
the meeting due to traffic)

Staff Members Present

David L. Moore, Executive Director
Lou Kavouras, Deputy Executive Director
Richard S. Owen, Deputy Executive Director
Eugene A. Schiller, Deputy Executive Director
Bruce C. Wirth, Deputy Executive Director
Karen A. West, Deputy General Counsel
Daryl F. Pokrana, Director, Finance Dept.
Linda R. Pilcher, Assistant Director, Finance Dept.
Cathy A. Linsbeck, Senior Budget Analyst, Finance
Eloise M. Buzbee, Senior Budget Analyst, Finance
Alan Lynch, Senior Budget Analyst, Finance
Michael Cacioppo, Staff Budget Analyst, Finance

Recorded by

Randy Emberg, Video Production Spec. Supervisor
Joyce Morra, Administrative Coordinator, Finance

A list of others present who signed the attendance roster is filed in the permanent files of the District. The meeting was video conferenced to District headquarters in Brooksville.

1. Call to Order

Chair Combee called the meeting to order and noted a quorum was present.

2. Open Public Hearing

Chair Combee welcomed the hearing attendees, and stated the budget hearing is for the purpose of adopting tentative millage rates and budgets for the District and Basins comprising the Southwest Florida Water Management District, pursuant to sections 373.536, 200.065 and 200.185, Florida Statutes, as amended. Chair Combee stated that anyone wishing to address the Governing should fill out and submit a speaker's card. He stated that comments would be limited to three minutes per speaker.

Chair Combee led the Pledge of Allegiance to the Flag of the United States of America and then introduced Mr. Oakley, Chair of the Finance and Administration Committee.

Mr. Oakley said the purpose of this first Public TRIM Budget Hearing is to adopt tentative millage rates and a budget for the District. The final millage rates and budget will be adopted at the second public hearing to be held on September 30, 2008 at 5:01 p.m., at the District headquarters in Brooksville. This budget is the culmination of months of Board and staff

development; over 60 public meetings were held this fiscal year. The budget development process began back in the fall when the Basins held their annual planning workshops and the Governing Board approved the Budget Priorities and Assumptions. The process will end with the adoption of the final budget by this Board at our next public hearing.

Mr. Oakley said the District's combined Fiscal Year 2009 (FY2009) budget is \$376.5 million, a decrease of \$18.5 million from the current year. This decrease reflects a \$21.4 million or nine percent reduction in ad valorem revenue. This is offset by a net increase of \$2.9 million in other revenues. All millage rates are below the rolled-back millage rates and maximum millage rates for FY2009.

Mr. Oakley said the budget had to again be developed during challenging times in the economy. Last year there was tax reform legislation enacted by the Florida Legislature. This year, Constitutional Amendment 1 was passed by Florida voters in January, increasing property tax exemptions. Further, property values have declined this year due to the real estate market. The impact of these changes resulted in ad valorem taxes being reduced when property values were certified in July.

Mr. Oakley said the reduction in ad valorem revenue has affected the amount of funding dedicated to the District's regional water supply and water resource development projects. As a result, the District must review current and future project viability and timing with local governments and other partners. At the October Governing Board meeting, the Board will receive an update on the District's Long-Range Water Supply and Water Resource Development Funding Plan through 2025.

Mr. Oakley said the FY2009 budget includes \$166.6 million, which is 45 percent of the budget, for the District's cost-share programs: Water Supply and Resource Development program and Cooperative Funding program. These dollars will be leveraged through public and private partnerships for a potential investment of over \$310 million in sustainable alternative water supply development and other water resource management projects. This is down from an estimated \$339 million for FY2008. The District expects this level of investment to decline further at least through 2010, due to declining property values.

In summary, Mr. Oakley said he believes this budget reflects the District's goal of providing cost-effective quality services while protecting and enhancing the public's water resources, and it achieves the strategic priorities of the Governing and Basin Boards. He thanked the Governing and Basin Boards and staff for the special efforts required to develop this budget.

3. **Budget Overview**

Mr. Schiller provided a brief overview of the budget provided in the public hearing budget booklet. He began by introducing Budget staff present today: Ms. Linda Pilcher, Assistant Finance Director; Mesdames Eloise Buzbee and Cathy Linsbeck, and Mr. Alan Lynch, Senior Budget Analysts; Mr. Mike Cacioppo, Staff Budget Analyst; and Ms. Joyce Morra, Administrative Coordinator. Also, on behalf of staff, he personally thanked the Governing Board and Basin Boards for their cooperation, understanding, and flexibility during this challenging budget year, which again included additional tax reform.

Mr. Schiller reviewed the budget calendar for the balance of the fiscal year. The District is in the last phase of the budget adoption process for FY2009. This is the first of two public hearings on the budget. On September 23, comments are due from Governor Crist. The budget will be advertised on September 25. The second and final hearing will be held on September 30 at 5:01 p.m., following the September Governing Board meeting, at the District's headquarters in Brooksville.

Mr. Schiller said page four of the public hearing budget booklet shows the District's combined FY2009 budget of \$376.5 million, which is \$18.5 million or 4.7 percent below FY2008. The budget has not changed since it was last presented to the Governing Board in August. The budget was delivered to Board members in June, and updates were provided in July and August regarding any proposed changes to the FY2009 budget. The budget includes the Districtwide General Fund budget which is overseen by the Governing Board, and the eight separate Basin Funds, which are developed by the local Basin Boards. The Basin Boards adopted their final millage rates and budgets as presented, along with resolutions requesting the Governing Board levy ad valorem taxes at the adopted rates and include the Basin budgets as recommended as part of the District's final combined budget for FY2009.

As mentioned by Mr. Oakley, Mr. Schiller said the FY2009 budget includes \$166.6 million for the District's cost-share programs: Water Supply and Resource Development program and Cooperative Funding program. This represents a decrease of \$17.8 million from FY2008 due to a reduction in ad valorem and state funding. The FY2009 budget of \$166.6 million will be matched by an estimated \$144 million through public and private partnerships for a potential investment of over \$310 million for additional water resource management projects. This planned outsourcing combined with the District's funding of the Water Supply and Resource Development and Cooperative Funding programs which is substantially outsourced by the District's private and public partners will result in \$231 million or 61 percent of the budget outsourced to private industry. This is a significant step in continuing to fund the Long-Range Water Supply and Water Resource Development Funding Plan on a "pay-as-you-go" basis.

Mr. Schiller noted that the FY2009 millage rates were held at the same levels as FY2008, with the exception of the Pinellas-Anclote River Basin. The Pinellas-Anclote River Basin Board reduced its millage rate from 0.3701 to 0.3600. Millage rates maintained at the FY2008 levels, combined with the passage of Amendment 1 and declining property values, resulted in a decrease of \$21.4 million in total ad valorem revenue from FY2008.

Mr. Schiller stated the District continues to operate without debt and with no increase in staffing. Additional information on the FY2009 budget is available in the public budget hearing booklet which has been provided.

Mr. Schiller presented page four of the hearing booklet which shows District revenues summarized for all funds, by revenue source.

- Ad Valorem revenues represent 59 percent of the District's total revenues, a decrease of \$21.4 million from FY2008. This is based on the same millage rates as FY2008 except for the Pinellas-Anclote River Basin which reduced its millage rate from 0.3701 to 0.3600. The decrease is due to the impact of Constitutional Amendment 1 and declining property values.
- Balances brought forward from prior years represent 17 percent which is up from \$44.8 million for FY2008, a \$19.5 million increase. This is due primarily to \$13.3 million from the canceled Tampa Bay Regional Reclaimed Water project.
- State funding represents 19 percent of revenues at \$71.0 million, compared to \$76.0 million for FY2008. The budget includes:
 - \$1.425 million from the State's Water Protection & Sustainability Trust Fund for alternative supply development, down from \$13.0 million for FY2008.
 - \$22.5 million from Florida Forever Trust Fund for land acquisition (equal to annual appropriation), down from \$26.25 million for FY2008.
 - \$26.0 million from the Water Management Lands Trust Fund (\$20.6 million for land management and land acquisition ancillary costs and \$5.4 million for SWIM).
 - \$15.0 million in first year funding for the West-Central Florida Water Restoration Action Plan.
 - \$6.1 million from other state revenue.
- Federal funding represents less than one percent of revenues at \$0.8 million, down from \$1.4 million for FY2008. This is due to a reduction in funding from the Federal Emergency

Management Agency (FEMA). The District is cooperating with FEMA to modernize the Flood Insurance Rate Maps. The budget for FY2009 is for reimbursement of management support costs.

- Local funding is \$4.1 million and one percent of revenue. This is funding the District will receive from cooperators for projects where the District will be the lead party.
- All other funding (i.e., local/county/city funding, permit fees, interest on investments, and other miscellaneous income) represents four percent or \$13.7 million, down from \$24.3 million in FY2008. The majority of this decrease is due to a decrease in interest earnings on District investments (\$12.6 million).

Mr. Schiller presented a chart (page 21 of the hearing booklet) which shows how the District allocates funds:

- 58 percent or \$214.5 million of the District's budget is for acquisition, restoration and public works. This includes water source development, land acquisition and surface water projects.
- 12 percent or \$43.6 million is allocated to water resources planning and monitoring. This includes water supply planning, minimum flows and levels, mapping activities and watershed management planning.
- District Management and Administration is 15 percent or \$56.3 million which includes:
 - Administration and Operations support at six percent or \$21.3 million.
 - District's entire information technology systems and support at four percent or \$16.8 million.
 - Contingency reserves at three percent or \$11.5 million.
 - Tax commissions at two percent or \$6.7 million.
 - These numbers do not include the interfund transfers of approximately \$6.5 million. These transfers among funds, which must be appropriated, have been excluded from the water resources planning and acquisition and restoration and public works program areas.

In summary, Mr. Schiller said staff concurs with Mr. Oakley's initial statement that this budget achieves all of the program priorities of the Governing and Basin Boards while holding millage rates steady.

4. **Public Announcement of the Name of the Taxing Authority, Rolled-Back Rates, Percentage Decreases, and Millage Rates to be Levied for FY2009**

Ms. Pilcher presented the required public announcement of the name of the taxing authority, the rolled-back rates, the percent of tax decrease below the rolled-back rates, and the millage rates to be levied for FY2009, and read into the record as required for the District and each of the eight Basins. It was noted that the Governing Board serves as the Board for the Green Swamp Basin; therefore, there is no separate Basin millage for the Green Swamp Basin.

5. **Public Comments**

a. **Letters/Resolutions Received**

Mr. Oakley noted that no letters or resolutions have been received as of today's date. Staff has received 36 taxpayer calls in response to receiving their tax notices.

b. **Persons Wishing to Address the Board**

Mr. Oakley requested that anyone wishing to address the budget come forward, and state their name, address, and group affiliation, if any. There were no requests to speak.

6. **Adopt Tentative FY2009 Millage Rates**

The millage rates are as follows:

General Fund Districtwide	0.3866
Alafia River Basin	0.2163
Hillsborough River Basin	0.2547
Northwest Hillsborough Basin	0.2421

Coastal Rivers Basin	0.1885
Pinellas-Anclote River Basin	0.3600
Withlacoochee River Basin	0.2308
Peace River Basin	0.1827
Manasota Basin	0.1484

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

RESOLUTION NO. 08-10

**ADOPTION OF TENTATIVE MILLAGE RATES
FISCAL YEAR 2009**

This resolution is made a part of these minutes as if set forth in full but, for convenience, is filed in the permanent resolution files of the District.

Following consideration, **Ms. Whitehead moved to adopt Resolution No. 08-10, Adoption of Tentative Millage Rates. Ms. Closshey seconded the motion, and it carried unanimously.**

7. Adopt Tentative FY2009 Budget

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

RESOLUTION NO. 08-18

**ADOPTION OF TENTATIVE BUDGET
FOR FISCAL YEAR 2009**

This resolution is made a part of these minutes as if set forth in full but, for convenience, is filed in the permanent resolution files of the District.

Following consideration, **Ms. Closshey moved to adopt Resolution No. 08-18, Adoption of Tentative Budget for Fiscal Year 2009, in the amount of \$376,489,390. Mr. Gramling seconded the motion, and it carried unanimously.**

8. Announcement of Second and Final Public Hearing

Mr. Oakley announced the second public hearing will be held on September 30, 2008, 5:01 p.m., at the District's headquarters in Brooksville, 2379 Broad Street. Final action on the FY2009 budget will be taken at that time.

9. Adjournment

Mr. Joerger moved, seconded by Mr. Senft, to adjourn the Tentative FY2009 Budget Hearing. The motion carried unanimously.

The public hearing was adjourned at 5:20 p.m.

Attest:

Chairman

The Southwest Florida Water Management District does not discriminate upon the basis of any individual's disability status. This non-discrimination policy involves every aspect of the District's functions including one's access to, participation, employment, or treatment in its programs or activities. Anyone requiring reasonable accommodation, as provided for in the Americans with Disabilities Act, should contact the Executive Department, telephone 1-800-423-1476 (Florida only), extension 4610; TDD ONLY 1-800-231-6108 (Florida only); FAX 352-754-6874.