



**RICK SCOTT**  
GOVERNOR

August 24, 2011

Mr. Paul Senft  
Chair, Governing Board  
Southwest Florida Water Management District  
2379 Broad Street  
Brooksville, Florida 34604-6899

Dear Mr. Senft:

In accordance with Section 373.536 Florida Statutes, I have reviewed the Southwest Florida Water Management District's tentative budget for Fiscal Year 2011-12. As you know, during the last eight months I have worked with you to refocus the efforts of your district on the core missions of water supply, flood protection, water quality, and natural systems; to bring all districts' operations more in line with those of state agencies; and to ensure consistency across district boundaries while providing the most efficient and effective use of taxpayer dollars. To that end, I charged the Department of Environmental Protection with exercising its statutory oversight authority in this regard.

First, I want to note that I appreciate the Governing Board and its staff for cooperating with the Department in finding efficiencies and savings, thus enabling the submission of your district's Fiscal Year 2011-12 Tentative Budget at a savings of \$122.1 million. Your submission included the reduction of \$18.9 million in land acquisition, \$4.1 million in salary and benefits, \$816,000 in deferred compensation payments to employees, and \$239,000 which will no longer be used to buyout excess employee leave.

I also applaud the district's forward thinking in meeting the region's water supply needs into the future. Your financial engine has allowed you and your partners to construct vital infrastructure like surface water reservoirs and a seawater desalination plant that have been instrumental in supporting the growth of your region over the last decade. Without the means of increasing the quantity of reliable and affordable water resources, your region and the state as a whole would face an uncertain economic future.

I do caution your district, however, against allowing fund balances to outgrow your long-term demand. Building reserves to meet growing resource demands is an appropriate use of taxpayer dollars, but without the ability to easily ascertain the quality and value of the use of those dollars, your well-intentioned efforts can lead to mistrust and a lack of confidence from taxpayers. Since it is their money you are spending, it is imperative that your actions, as well as your intentions, are well known by all of your constituents. I would like to personally commend the district on its substantial financial commitment to water resource development and protection without burdening taxpayers with more debt. Our communities and neighborhoods rely on your district's ability to carry out core mission activities like water

supply and flood protection in an effective and efficient manner, and the district's partnerships ensure that people, property, and the environment remain protected without the wasteful payment of debt service. Your work to sustain your cooperative funding program is laudable and public-private partnerships like FARMS program help to protect our water resources by making the district a cooperator, rather than an adversary.

Consistent with the changes in law pursuant to Chapter 2011-67, Laws of Florida, I am charged with disapproving all or part of the district's Fiscal Year 2011-12 Tentative Budget. Pursuant to statute, any disapproved provision shall not be included in the district's final budget. My disapprovals are identified below:

- Operating Reserve (Economic Stabilization Reserve; Workers Compensation Reserve):  
I disapprove the district's scheduled Operating reserves in the amount of \$2,400,000. In response to inconsistencies among the districts, I have set a consistent operating reserve cap at 16.5 percent (representing two months of operating expenses). The maintenance of an Operating Reserve is a prudent practice to ensure continuity of service and the ability to respond to unexpected circumstances. However, as we search for strategies that promote consistency between the five water management districts, we must be open to finding common operational ground. This is the start of a renewed focus on that goal.
- Personnel Reductions:  
I disapprove the district's scheduled Salary and Benefits expenditure by \$1,575,000. I appreciate the efforts of your district to examine your staffing levels prior to your tentative budget submission in order to ensure the efficient expenditure of taxpayer dollars, and I am grateful for your continued openness to additional efficiencies.
- Salary & Benefits:  
I disapprove the district's scheduled Salary and Benefits expenditure by \$259,000. While I recognize the difficult task that water management district staff faces, there is great concern regarding the generous compensation levels of some district staff, especially at the highest levels of the agency. Though I have instructed my staff to work with the districts to reexamine all salaries and benefits in the coming year, I feel it is necessary to provide a new starting point for senior level staff. Therefore, this disapproval amount for Salary and Benefits will be reached through the use of the following scale:
  - Executive Director: Salary no more than \$165,000 per year
  - General Counsel: Salary no more than \$160,000 per year
  - Assistant Executive Director: Salary no more than \$150,000 per year
  - Deputy Executive Director (or equivalent): Reduction of 10 percent or \$135,000 per year, whichever leaves the larger salary
  - Other Staff over \$100,000 per year: Reduction in salary of 5 percent or a salary of \$100,000 per year, whichever is greater.

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I want to thank you and your fellow Governing Board Members for your commitment to serving Floridians and I look forward to working with you during the coming year as together we continue to strive for the most efficient and effective manner to protect Florida's water resources. I have enclosed further direction to the Department and the district as we move forward into the new fiscal year.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott", with a stylized flourish at the end.

Rick Scott  
Governor

Enclosure

cc: William Bilenky, Interim Executive Director  
Secretary Herschel Vinyard, Department of Environmental Protection

## *ISSUES TO ADDRESS IN THE COMING YEAR*

Though each of your districts has unique resources, challenges and constituencies, ascertaining the potential for meaningful performance measures and measurable savings and efficiencies will be nearly impossible over time, so long as the districts speak five different "languages". If the districts are to be more transparent and consistent, there are some fundamental issues that should be addressed during the 2011-2012 Fiscal Year. They include:

### **Organizational Analysis**

Districts should be structurally organized to provide the most effective achievement of core mission, to provide predictable and measureable outcomes to Floridians, and to provide the most efficient service delivery. The following will need to be analyzed and addressed during the next year:

- Structural Efficiency and Effectiveness - Strategies for flattening district organizational structures.
- Staffing Level Analysis - Ensuring staffing levels are sufficient to meet district mission.
- Span of Control - Finding consistent spans of control that can work between districts.

### **Personnel Analysis**

Each district practices the use of unique nomenclature applicable to full-time and contractual employees and securing and retaining professional and other services outside of their full-time employment base. Additionally, the benefits provided to employees must represent a level consistent with those enjoyed by other state employees. Therefore, the following will need to be analyzed and addressed during the 2011-2012 Fiscal Year:

- Nomenclature Consistency (FTE, Contract, Temporary, OPS, Contingent)
- Benefit Level Consistency (May need statutory change)
- Contracted Personnel Consistency
- Standardizing Salary Ranges

### **Salary Analysis**

A review of salaries across the districts indicates inconsistencies between the districts and other state agencies. These inconsistencies must be addressed during the coming year. Specifically, the following need to be analyzed and addressed with the goal of achieving a salary range consistency across the districts and with other state agencies:

- Executive Level Salaries
- Manager Level Salaries
- Other Employee Salaries

## **Benefits Analysis**

Similarly, a review of employee benefits across the districts shows an inconsistency between the districts and in comparison with other state agencies. The following items need to be analyzed and addressed in FY 2011-12:

- Health Insurance - Evaluation of Aggregated Benefit Plan Savings
- Tuition Reimbursement - Development of consistent application between districts
- Retired Employee Insurance Subsidy - Restructure to ensure program sustainability

## **Operating Capital Outlay and Related Expenses Analysis**

- Vehicle Lifespan - Consistent benchmarks for vehicle replacement
- Lease Opportunities - Review district operations for new or expanded lease opportunities
- Fuel Purchasing Review
- Vehicle and Aircraft Maintenance Analysis
- Computers and Other Equipment - Consistent replacement strategies

## **Land Management Strategies**

- Develop consistent and coordinated strategies for the management of district lands.

## **Land Acquisition & Disposition**

- Develop a consistent and coordinated prioritization of land acquisition and disposition.

## **GASB 54 Compliance Oversight**

- Reserves/Carry-Forward Balances - Development of consistent Definitions and Categorization
- Operating Reserves - Develop consistent benchmark for Budget Stabilization/Operating Reserves