

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 972

SPONSOR: Governmental Oversight and Productivity Committee and Senator Bronson

SUBJECT: Water Management District Fiscal Matters

DATE: April 5, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Gee</u>	<u>Voigt</u>	<u>NR</u>	<u>Fav/1 amendment</u>
2.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill revises budgeting, auditing, capital improvement planning, and fiscal reporting requirements for water management districts. It also provides for an alternative appraisal method for a designated land area in Miami-Dade County.

This bill amends ss. 373.501, 373.536, 373.59 and 373.079 and repeals ss. 373.507 and 373.589, of the Florida Statutes. It also creates a new, undesignated section of law.

II. Present Situation:

Over the years concerns have been raised about the accountability of water management districts (WMDs). The Legislature has addressed these concerns in several ways, most notably by requiring the review and approval of WMD budgets by the Governor. A number of reports and submissions to the Governor, Legislature and others have also been required. Currently, budget review requirements are found in ss. 373.079, 373.507, 373.536 and 373.589, F.S. In some instances, the statutory requirements found in these sections are duplicative and unnecessary. For example, these statutes currently require the WMDs to submit two separate five-year capital improvement plans to the Governor, Legislature, DEP and others, one in August and one in November. The WMDS are required to submit a report each November concerning their past fiscal year's expenditures even though that year's expenditures have not yet been finalized and audited. (The WMD fiscal year ends on September 30.) At a later date, as required by another section, the WMDs are required to submit audited financial statements of that same fiscal year to the Legislature. Located in several places and not necessarily in sequence regarding the timing of responsibilities, these provisions can be confusing.

The Executive Office of the Governor (EOG), the Department of Environmental Protection (DEP) and the WMDs have jointly worked to revise the existing requirements to eliminate duplication and house all budget review provisions in a single statute to increase efficiency. This bill represents their efforts.

III. Effect of Proposed Changes:

Section 1. This bill reorganizes s. 373.536, F.S., to contain the budget review provisions currently contained in several separate provisions, i.e., ss. 373.079(4)(b)3., 373.507, and 373.589, F.S., which are repealed. Specifically the bill:

- Re-orders the subsections in 373.536, F.S., to be in logical sequence: notice of budget hearings and workshops; budget controls; tentative budget submission, review and approval; final budget and other annual report submission.
- Recognizes the appropriate means by which the WMDs budget (by funds) and provides for WMD submission to the EOG of information concerning WMD budget control mechanisms.
- Allows the WMDs to publish a notice of any budget amendment in the notice of the governing board meeting at which the amendment will be considered. Such notice will include a summary of the proposed amendment.
- Requires the South Florida WMD to include in its budget document separate sections on the costs associated with both the Everglades Construction Project and the Comprehensive Everglades Restoration Plan.
- Clarifies that the EOG will complete a report each December 15 concerning its just-concluded review of the WMD budgets for the current fiscal year.
- Eliminates the requirement that the WMDs submit a financial report in November concerning their expenditures for the fiscal year just completed on September 30. (These reports are, of necessity, unaudited, and are, therefore, not very useful. The WMDs will continue to submit audited financial statements to the Governor, Legislature, DEP, Auditor General, and others within 10 days of the statements' acceptance by WMD governing boards, usually early in the calendar year.)
- Eliminates one of the five-year capital improvement plan reporting requirements, so that the districts will submit an annual plan in November of each year.
- Changes the time frame for submission of the districts' 5-year Water Resource Development Work Plans from August 1 to November of each year.
- Changes the responsibility for completion of the review of the 5-year Water Resource Development Work Plans from the Governor's Office to DEP. (The DEP has been performing the review for the past two years.)

Section 2. Section 373.079, F.S., is amended to delete the requirement of current law relating to the distribution of a district's capital improvement plan.

Section 3. Section 373.501, F.S., is amended to provide that funds appropriated by the Legislature for a WMD project shall be transferred upon project review by the secretary and receipt of a governing board resolution requesting same.

Section 4. Subsection 373.59(11), F.S., is amended to delete a prospective repeal and to authorize the use of proceeds from the Water Management Land Trust Fund for purposes supplemental to land acquisition, specifically, water supply and water resource development, as provided in s. 373.0831, F.S.

Section 5. The South Florida Water Management District is authorized to acquire mining and quarry lands in the Model Lands area in Miami-Dade County using methodologies contained in s. 4 of ch. 2000-130, Laws of Florida.¹

Section 6. The act takes effect July 1, 2001.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

It is not clear which appraisal method would prove more beneficial to the landowner. But the effect of the recognition of an appraisal method, such as the income approach as provided in the cross-reference to s. 4 of ch. 2000-130, L.O.F., would permit the

¹ Chapter 2000-130, Laws of Florida, provides for the environmental remediation of Lake Okeechobee by initiating a multi-agency protection plan and related construction projects. Section 4 of the act provides authorization to the South Florida Water Management District to acquire lands for the Kissimmee River Headwaters revitalization project and specifies the considerations to be used in the appraisal methods. SB 872's cross-reference to this provision permits the recognition of income from *permanent* plantings as part of the appraisal process and applies it to the valuation of mining and quarry lands.

consideration of another one potentially more advantageous to the landowner. In any subsequent eminent domain proceeding it would be difficult for a taking government agency to refute any assertion that it could have used a different appraisal method to achieve a result more advantageous to the owner.

C. Government Sector Impact:

The bill should produce unspecified savings through reduced workloads for the EOG, DEP, and WMDs. Reducing the number of required reports should result in savings in staff time now spent in report preparation and review.

Any alternative appraisal method that proves more advantageous to the landowner ultimately becomes more expensive for the public agency.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Miami-Dade Model Lands area is not defined by statute but is a specific tract of land southeast of Miami. The 43,000-acre parcel is bounded on the east by Biscayne Bay, on the west by U.S. Highway 1, on the north by Florida City, and on the south by Florida Bay. Most of the parcel is wetlands or wet prairie unsuitable for development while other parts are already quarried or are uplands. The parcel is zoned as environmentally protected land with about one-third of the land in government ownership or leasehold. The land is valued at about \$1,000 per acre, with a range between \$800 and \$1,500, due to its limited development potential.

The term “permanent plantings” is not defined by statute, except for its use in ch. 2000-130, L.O.F., but suggests wide interpretive latitude on its meaning. If it means native vegetation it would have to have commercial value for the income approach to be valid. The South Florida Water Management District reports that the only widespread vegetation to be the exotic, non-native species of Australian pine and Brazilian pepper. These are predatory species with no commercial potential. But if the “planting” were permanent, such as citrus or other fruit-bearing trees, sugar cane, harvestable trees, or sod, the highest and best use of the land could command a significant premium on appraisal values using the income approach. The district reports these potential uses to be theoretical and inappropriate to the permitted use and the appraisal method selected in this bill. Traditional methods of valuing quarry land, like oil and gas reserves, take into account the unique feature of its inherent, permanent depreciation due to the complete physical severance or depletion of the resource from the land area.

It cannot be determined whether an alternate and permitted use could be derived from fish farming or other aquacultural uses, although there is such an operation on the periphery of the Model Lands area. Reclamation projects in the phosphate lands of Polk County and other counties have developed excavated rock pits for sport fishing purposes with some public and restricted access. However, commercial fish hatchery or farming operations in reclaimed lands is not typical.

The effect of applying the income appraisal method to non-income producing property would be to add a theoretical value to its character inappropriate to its actual, permitted use.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
