

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.)

Prepared By: Transportation and Economic Development Appropriations Committee

BILL: CS/SB 1576

SPONSOR: Transportation and Economic Development Appropriations Committee, Senator Fasano

SUBJECT: Funding of Dredging Projects

DATE: April 21, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Eichin</u>	<u>Meyer</u>	<u>TR</u>	Favorable
2.	<u>Barrett</u>	<u>Cooper</u>	<u>CM</u>	Fav/1 amendment
3.	<u>Weaver</u>	<u>Martin</u>	<u>TA</u>	Fav/CS
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This committee substitute establishes a program to provide matching funds for certain waterway dredging projects in eligible counties. The program is to be administered by rules established by the Florida Seaport Transportation and Economic Development (FSTED) Council including a review process by the Florida Department of Community Affairs (DCA), the Florida Department of Transportation (FDOT), and the Office of Tourism, Trade, and Economic Development (OTTED).

This committee substitute creates s. 311.22 of the Florida Statutes.

II. Present Situation:

Perhaps more than any other state, Florida's geography lends itself to abundant opportunities for waterborne movement of people and goods. According to the Marine Industries Association of Florida, Inc., Florida's marine industry represents a total economic output of over \$14.1 billion and represents related employment estimated at over 180,000 jobs. According to the report, recreational boating alone accounts for an estimated 80,800 jobs.

While not always immediately apparent, the infrastructure enabling the robustness of the marine industry is significant. The most obvious and most significant infrastructure in terms of costs, are the state's seaports. Florida's 14 public deepwater ports, as listed in s. 403.021(9)(b) F.S., are Jacksonville, Tampa, Port Everglades, Miami, Port Canaveral, Ft. Pierce, Palm Beach, Port Manatee, Port St. Joe, Panama City, St. Petersburg, Pensacola, Fernandina, and Key West. The Legislature, recognizing the importance of Florida's ports, adopted ch. 311, F.S., in 1990 establishing the FSTED Program within FDOT to finance seaport projects that improve the

movement of people and goods, and otherwise support the interests, purposes, and requirements of Florida's seaports. To fund the program, s. 311.07(2), F.S., directs the transfer from the State Transportation Trust Fund (STTF) of a minimum of \$8 million annually. These funds are used to provide a 50-50 match with any of Florida's designated deepwater ports for project improvements to seaports including the dredging of channels, harbors, and turning basins. The FSTED program is managed by the Florida Seaport Transportation and Economic Development Council, which consists of the 14 deep water port directors, the Executive Director of OTTED, and the secretaries of Transportation and Community Affairs. The council is responsible for preparing a five-year Florida Seaport Mission Plan which defines the goals and objectives of the seaports. Additionally, the FSTED council meets semi-annually to review project applications submitted by each of the individual seaports and recommends which projects should be forwarded to the agencies for further review and possibly recommended for funding with state funds. The list of FSTED recommended projects is reviewed by OTTED, FDOT, and DCA to ensure each project is consistent with state statutes and local master plans.

Florida's marine economy is, however, significantly more than the oceanic transport of people and goods. In addition to the state's deepwater ports, other waterways play a vital role in the marine economy. These waterways also require development and maintenance. For example, Florida's portion of the Atlantic Intracoastal Waterway (AICW), a series of federally maintained navigation channels, extends from the Georgia border to Miami. For much of its length, the system consists of naturally deep estuaries, rivers and sounds. These natural stretches are connected by man-made "cuts" through land areas and shallows, many of which require periodic dredging to maintain their depths. The authorized project depth of the AICW is 12 ft (at low tide) from Norfolk, Virginia to Ft. Pierce, Florida and 10 feet from Ft. Pierce to Miami. The U.S. Army Corps of Engineers (ACOE) is responsible for maintenance of the channel and the Florida Inland Navigation District serves as the local sponsor. The AICW enables northern vessels to safely make the annual winter 'migration' to the warmer climate of Florida's marinas and harbors.

On the west coast, the Gulf Intracoastal Waterway (GICW) extends about 1,300 miles from Carabelle, Florida to Brownsville, Texas. A short, non-contiguous segment runs between the Anclote River, north of Tampa, to the mouth of the Caloosahatchee River, near Ft. Myers. The West Coast Inland Navigation District performs the duties of local sponsor to the ACOE for sharing the cost of the planning, construction, and maintenance of this 152-mile long segment of the GICW.

In recent years, federal funding for the AICW and GICW has been severely curtailed resulting in deficiencies in maintenance of the waterways. Shoaling and generally shallow depths are commonplace often restricting vessel traffic. Smaller counties and other local governments that rely on the marine industry can be especially impacted by the loss of commercial marine activities and recreational boating revenues.

Several coastal counties do not have a designated intracoastal waterway and thus receive little to no regular assistance from the federal government for navigation. For example, Hernando Beach, Florida, located in the gap between the eastern and western GICW, is home to a live bait shrimp industry, charter fishing vessels, and a growing number of recreational craft. The existing channel is narrow, shallow, and has several sharp curves. An alternative under consideration

involves deepening the existing channel, widening it, and straightening it. The ACOE, in a draft project report and environmental assessment, estimates a total cost of the project to be \$5,028,000 with an annual average economic equivalent cost of \$345,600 per year over 50 years. The annual average economic equivalent benefit is \$489,800 per year. Spread between commercial fishing and recreational boating, the total benefit cost ratio is 1.3.

III. Effect of Proposed Changes:

Section 1 creates s. 311.22, F.S., to create within the Florida Seaport Transportation and Economic Development (FSTED) Council a program to help fund dredging projects in counties that meet the following criteria:

- The counties must have a population of less than 300,000 based on the last official U.S. Census;
- The counties must be able to provide a 50-50 match for the funds;
- The counties must have a port authority as defined in s. 315.02(02), F.S., which is in compliance with financial management and reporting procedures pursuant to part III, ch. 218, F.S.; and
- The project must be in compliance with the water quality provisions of ch. 403, F.S.

The grants must be used only to fund projects for dredging or deepening channels, turning basins, or harbors.

This section also directs the FSTED Council to develop by rule procedures and criteria for evaluating project applications submitted for funding under the new program. The rules will provide criteria for evaluating the project's economic benefit. The committee Substitute specifies that this review process shall be similar to that currently in place for FSTED projects, which are reviewed by FDOT, DCA, and OTTED.

There are at least seven legislatively created port authorities in counties with less than 300,000 population: the Calhoun County Port Authority, the Carrabelle Port District, the Hernando County Port Authority, the Levy County Port Authority, the Manatee Port Authority, the Putnam County Port Authority, and the St. Lucie Port and Airport Authority.

Section 2 provides an effective date of July 1, 2005.

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:

Indeterminate, but likely positive.

C. Government Sector Impact:

While the committee substitute does not designate a state funding source for the matching grants, the Senate appropriations bill for Fiscal Year 2005-06 (SB 2600) includes \$5.0 million and the House appropriations bill for Fiscal Year 2005-06 (HB 1885) includes \$2.5 million in state matching funds for the waterway dredging program created by this act.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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