The Florida Senate

Interim Project Summary 2000-61 *October 1999*

Committee on Natural Resources Senator Charlie Bronson, Chairman

REVIEW OF FUNDING NEEDS FOR PROPER MANAGEMENT OF CONSERVATION AND RECREATION LANDS AND THE MANAGEMENT PRACTICES FOR ALL STATE-OWNED LANDS

SUMMARY

Lands acquired for conservation and recreation must be managed to protect and enhance the natural resource values for which they were acquired and to provide, in nearly all cases, some form of recreational opportunities. Other significant needs are exotic species control, restoration of degraded habitats, and controlled burning. Funding appropriate land management is critical; if necessary needs like exotic species control, for example, are not met the very qualities for which a parcel is acquired could be effectively lost. Currently, lands will continue to be acquired under the P-2000 program through one more $270 million bond issue, while the Florida Forever program is poised to provide up to $3 billion dollars beginning in 2001. Funding for managing this huge acreage must be available if the purposes of these acquisition programs are not to be frustrated.

The Florida Statutes contain a number of provisions designed to preserve and protect the state's natural resources. The statutes provide for uses of lands, require detailed management planning, provide for review of management plans by the Land Acquisition and Management Advisory Council (LAMAC), and set out a system for review of actual management activity by land management review teams.

The primary source of dedicated management funding is the Conservation and Recreation Lands Trust Fund (CARL TF), which is primarily funded by $10 million in phosphate severance tax revenues and 5.84 one-hundredths percent of the documentary stamp tax proceeds. Annually, an amount equal to 1.5 percent of the total deposits into the P-2000 TF is provided from the CARL TF and distributed to the land managing agencies and the Department of State's Division of Historical Resources (DHR). This amount will be approximately $43.7 million in FY 2000. Actions taken during the 1999 legislative session, effective July 1, 2001, reduced the documentary stamp tax revenues deposited into the CARL TF and that funding will be reduced by approximately $19.5 million in that year, and by similar amounts thereafter.

While significant, the CARL TF funding is not sufficient to fund all management needs. The agencies also use revenues generated from the lands, visitor fees, and other state funds to meet their needs. To determine the amounts needed for present and future land management, the land managing agencies were asked to provide their FY 1998-1999 expenditures and the amounts needed to fully implement their adopted management plans. A common format was provided for reporting costs, with the understanding that the agencies might have to alter the format somewhat due to differences in their missions.

Drawing conclusions from the reported information is difficult. Although the agencies generally used the requested format as the basis for presenting information, the information included in each category varied among the agencies. In some instances, this is due to differences in accounting for expenditures and in others, differences in how various activities are defined. Providing the requested information in the format used was difficult in many instances, as only one agency was recording its costs in the format used. Even though there are inconsistencies in the way agencies are recording and reporting management costs, this study reveals more details about these management activities than ever available before. With the large sums now being spent on management and a new 10-year acquisition program on the horizon, perhaps it is time for management costs to be calculated in a single format with common definitions for each category of activity.

In FY 1998-1999, the agencies reported expenditures of approximately $73 million. Management funds for that fiscal year from the CARL TF totaled $34,790,710. Although agencies have been able to make up the shortfall with other funds, continued P-2000 and Florida Forever acquisitions of hundreds of thousands of acres will require new revenues if the lands are to be maintained for the purposes for which they were acquired. Projections for the CARL TF indicate that management funding exceeding $47 million in 2001 and thereafter will not be possible due to the fund's other obligations. Regarding future needs, the agencies identified approximately $440 million in unmet needs, if adopted management plans were to be fully implemented.

Although the agencies provided the required information, staff found it extremely difficult to analyze. While there was a format generally used by the agencies, because there was no commonality, in many cases, as to what activities were reported under the various categories of activity, it was difficult to determine exactly what was being accomplished and at what cost. **Because the issue of appropriate funding is so important at this time, staff recommends that a task force be created under the leadership of the DEP to determine the appropriate categories of management activities and those functions to be assigned to the individual categories.** With expenditures accounted for in a common system, future funding decisions can be based on a common record of past experience. Staff recommends that legislation include initial categories, to be refined by the task force.

Staff also recommends that the Legislature consider the creation of new funding sources for land management. One possibility would be to channel some portion of the unobligated documentary stamp tax revenues currently going to general revenue to land management. A second possibility would be to use revenues from the sale of Florida Forever bonds for limited management activities. Because the constitutional provision authorizing the sale of the bonds permits revenues to be used to improve lands, the Division of Bond Finance has advised that the use of bond proceeds for such practices as controlled burning, exotic species control, or other similar uses would not violate any bond covenants. If funds are used for such purposes, staff recommends the uses be for initial, one-time activities or for fixed capital outlay development intended, generally, to be a non-recurring cost and not for routine management activities. Also, the use of bond proceeds from the Florida Forever Program cannot constitute a permanent solution to the problem of funding management needs.

BACKGROUND

Florida began acquiring significant amounts of conservation and recreation lands under the bond-financed Environmentally Endangered Lands (EEL) program in 1972. Using these funds, the state acquired approximately 363,382 acres of land.

The Conservation and Recreation Lands (CARL) program, established in 1979 as an expansion of the EEL program, was the state's primary acquisition program prior to the creation of the Preservation 2000 program in 1990. Funded primarily by phosphate severance tax and documentary stamp tax revenues, the program receives approximately $60 million annually from these sources. Through the CARL program (including P-2000 distributions), nearly $1.4 billion has been expended to acquire over 685,000 acres of land since 1980.

The 1990 enactment of the Preservation 2000 (P-2000) program provided significantly-increased funding for land acquisition. This ambitious program provides for the annual sale of up to $300 million in bonds, not to exceed a total of $3 billion over a 10-year period, and the use of the proceeds to acquire lands for conservation and recreation and the provision of open space within urban areas. Although there is no requirement that bonds be sold annually, the Legislature has provided funds from the documentary stamp tax for the issuance of approximately $271 million in bonds in each year of the 9-year period from 1991 through 1999. Less the costs of issuance and other costs, the proceeds of bond sales are deposited into the Florida Preservation 2000 Trust Fund (P-2000 TF). Fifty percent of each year's funding is used for acquisitions through the CARL program and thirty percent for acquisitions by the water management districts. The balance of the annual proceeds is distributed among the Division of Forestry (DOF), Division of Recreation and Parks (DRP), Fish and Wildlife Conservation Commission (FWCC), (2.9 percent each), the Office of Greenways and Trails (OGT), (1.3 percent), and the Florida Communities Trust (FCT), (10 percent) for land acquisition. Except for FCT and WMD lands, the lands acquired require state funding for land management activities. Since its inception, the P-2000 program has funded the acquisition of more than 1 million acres of land at a cost of nearly $2 billion.

The Legislature has enacted extensive provisions designed to improve land management, protect and enhance natural resources, and provide quality recreational opportunities. These provisions include ss. 253.036, 259.032, and 259.036, F.S.

METHODOLOGY

Staff met with agency staff having land management responsibilities to determine the types of tasks being accomplished and the type of information available regarding land management activities and funding. A common format was determined that included all significant activities and the agencies were requested to provide the actual amounts spent for each activity for both recurring and nonrecurring expenses. The agencies were also asked to provide the same information in the same manner in estimating the funding needed to fully implement their adopted management plans. Staff analyzed the information presented to determine whether sufficient funds will be available for future management needs from existing sources and considered alternatives for long-term funding.

FINDINGS

For FY 1998-1999, the managing agencies reported the following costs for all land management activities:

FWCC	-	$10,662,447
DRP	-	$51,542,595
DOF	-	$12,128,525
CAMA	-	$ 4,768,969
OGT	-	$ 1,143,917

Drawing conclusions from the detailed chart of FY 1998-1999 expenditures found in staff's more detailed report is difficult. Although the agencies generally used the requested format as the basis for presenting information, the information included in each category varied among the agencies. In some instances, this is due to differences in accounting for expenditures and in others, differences in how various activities are defined. For example, one agency listed $551,509 for "habitat restoration," a category not used by other agencies, but no expenditures for "planting," which was used by the other agencies. In fact, expenditures were made by that agency for planting sea grasses but not separately accounted for. Another example of this is the DRP's expenditure of $8,419,038 for "development," but no reported expenditures for "facilities," which the DRP included in its calculation of its "development" expenditures. Further, although all agencies expend funds for maintenance, only the DRP listed this as a category; such expenditures are assigned to other categories by the other agencies. Even though there are inconsistencies in the way agencies are recording and reporting management costs, this study reveals more details about these management activities than ever available before.

Another difficulty in interpreting this information is that it is unclear to what extent each agency incorporated costs of such activities as planning, training, and the costs of administration. In meetings with the agencies, Senate staff requested that salary and administrative costs not be included unless the employee spent more than one-half of the employee's work time in providing direct management services. It appears that some of the agencies included some or all of such costs, which is understandable due to the difficulty in assessing which of an employee's efforts constitute direct services. In those cases in which administrative costs were reported, staff did not include them on the chart.

If the existing method of funding land management continues, because of the ever-increasing management funding, the CARL TF will be unable to sustain its obligations in 2001 and thereafter. The CARL TF is also used for some bond debt service, DEP staff costs, and payments in lieu of taxes. Also, the 1999 Legislature enacted ch. 99-247, L.O.F., which will result in the reduction of the documentary stamp tax revenues deposited into the CARL TF from 5.84 one-hundredths percent to 4.2 one-hundredths percent, effective July 1, 2001. This decrease will be approximately $19.5 million in FY 2001 and similar amounts thereafter. There have been some indications that these changes and reductions may be accelerated to July 1, 2000 by legislative action in the Legislative Session of 2000.

In order to gain insight as to the state's future needs, staff asked the managing agencies to calculate the funding needed to fully implement their adopted management plans. Many plans, especially the DRP's, include infrastructure and development that are unlikely to be funded in the near future, but would result in significant public benefits if implemented. The agencies reported the following costs to fully implement their adopted management plans:

FWCC	-	$ 72,629,377
DRP	-	$327,199,039
DOF	-	$ 19,896,565
CAMA	-	$ 21,161,006
		$442,506,805

RECOMMENDATIONS

Continuing management expenditures at current levels will become difficult in the near future without new sources of revenue. In FY 1998-1999, the agencies reported expenditures of approximately $73 million. Management funds for that fiscal year from the CARL TF totaled $34,790,710. Although agencies have been able to make up the shortfall with other funds, continued P-2000 and Florida Forever acquisitions of hundreds of thousands of acres will require new revenues if the lands are to be maintained and managed for the purposes for which they were acquired. Projections for the CARL TF indicate that management funding exceeding $47 million in 2001 and thereafter will not be possible due to the fund's other obligations.

It is clear that the factor provided in s. 259.032(11)(b), F.S., to determine the level of funds available for managing conservation lands is not adequate to meet land management needs by state agencies. The continued use of the factor will overtake the available revenues in the CARL TF sometime around 2001, even with the use of some bond proceeds for some fixed capital improvements on conservation lands. Use of the factor will not close the gap on the agencies' projections of approximately $440 million needed for implementing their management plans for conservation lands.

Additionally, statutory changes by the 1999 Legislature will reduce the fund's revenues in 2001 and thereafter from 5.84 one-hundredths percent of the documentary stamp proceeds to 4.2 one-hundredths percent, causing a reduction of approximately $19.5 million in that year, and similar amounts thereafter.

Although the agencies provided the required information, staff found it difficult to analyze. Although there was a format generally used by the agencies, because there was no commonality, in many cases, as to what activities were reported under the various categories of activity, it was difficult to determine exactly what was being accomplished and at what cost. Even though there are inconsistencies in the way agencies are recording and reporting management costs, this study reveals more details about these management activities than ever available before. Because the issue of appropriate funding is so important at this time, staff recommends that a task force be created under the leadership of the DEP to determine the appropriate categories of management activities and those functions to be assigned to the individual categories for purposes of accounting for expenditures. With expenditures accounted for in a common system, future analysis and funding decisions can be based on a common record of past experience. Staff recommends that legislation include initial categories, to be refined by the task force.

Staff also recommends that the Legislature consider the creation of new funding sources for land management. One possibility would be to channel some portion of the unobligated documentary stamp tax revenues currently going to general revenue to land management. A second possibility would be to use revenues from the sale of Florida Forever bonds for limited management activities. Because the constitutional provision authorizing the sale of the bonds permits revenues to be used to improve lands, the Division of Bond Finance has advised that the use of bond proceeds for such practices as controlled burning, exotic species control, or other similar uses would not violate any bond covenants. If funds are used for such purposes, staff recommends the uses be for initial, one-time activities or for fixed capital outlay development intended, generally, to be a non-recurring cost and not for routine management activities. Also, this is a time-limited program and would not constitute a permanent solution to the problem.

COMMITTEE(S) INVOLVED IN REPORT ***(Contact first committee for more information.)***
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MEMBER OVERSIGHT
Senators Jack Latvala, John Laurent, and Pat Thomas