

Brevard County

Half Cent Sales Tax – Save the Indian River Lagoon Project Status Report

August 7, 2019



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Transmittal Letter

August 7, 2019

The Audit Committee of
Brevard County, Florida
2700 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved Brevard County 2018/2019 internal audit plan, we hereby present a progress update report of the Half Cent Sales Tax – Save the Lagoon Project. We will be presenting this report at the next scheduled Audit Committee meeting on August 21, 2019, and a copy will be provided to the independent Save Our Indian River Lagoon (SOIRL) Citizen Oversight Committee (COC).

Progress reports are presented to include the progress of the implementation of the Project Plan and the use of the tax, as described within Next Steps at periodic intervals, and presented to the Audit Committee at least semi-annually.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with this review.

Respectfully Submitted,

RSM US LLP

INTERNAL AUDITORS



CURRENT PROJECT PLAN STATUS

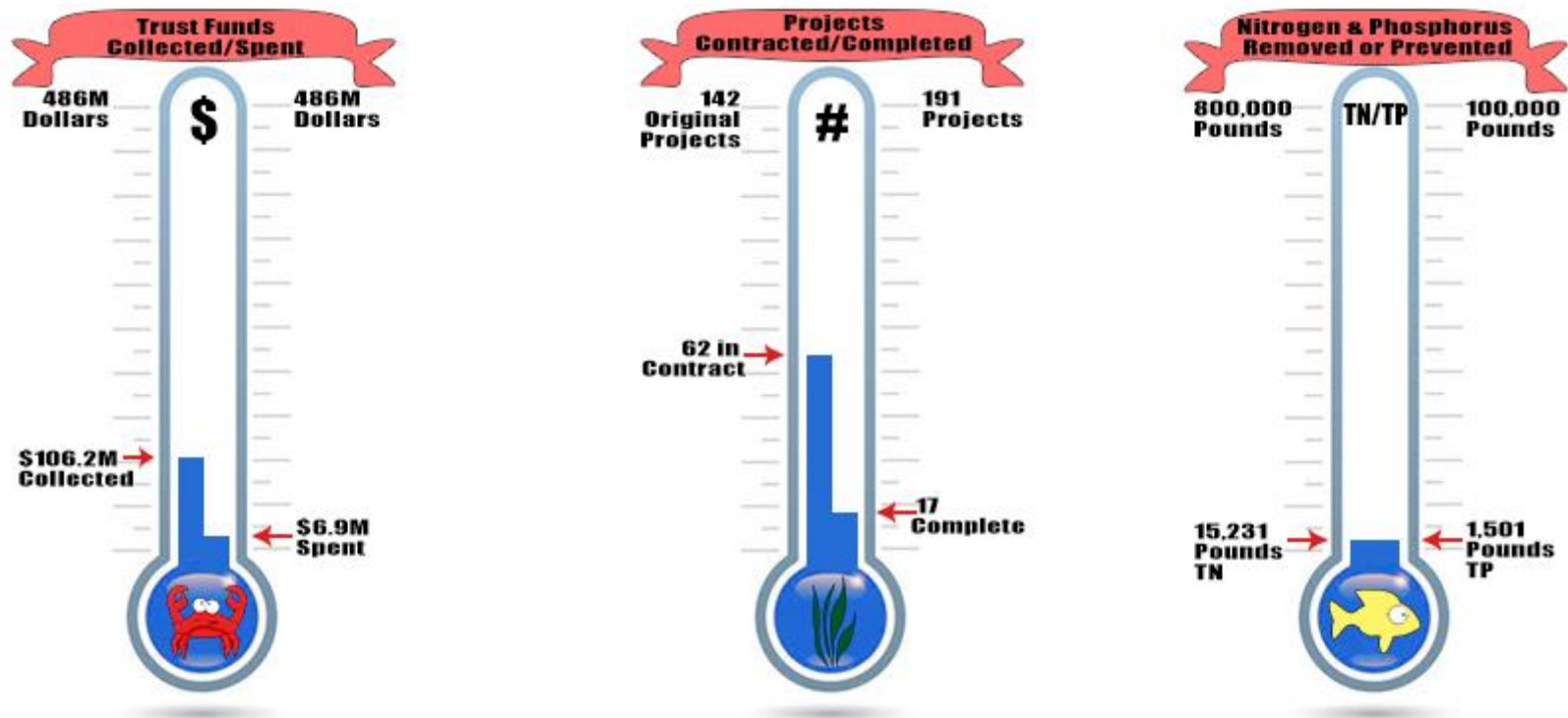
Project Plan – Current Status

The table below is a summary of the Project Types, Costs and planned Nutrient Reductions in the 2019 Update of the Save our Indian River Lagoon Project Plan, as approved by the BOCC and will be funded through a budget amendment. The 10-year estimated project costs increased from \$302M in the original plan to \$371M in the 2019 Update per Table ES-1 page XIV of the project plan, not including inflation. Projects were shifted from Muck Removal in 2019 due to field reconnaissance reflecting less acres of muck. The blue line on the graph on slide 8 shows total anticipated revenues for FY for FY 16-17 to current year revenues adjusted for inflation.

Project Category	Project Type	Estimated Total Project Cost	Nitrogen Reductions (lbs/yr)	Average Cost per Pound per Year of TN	Phosphorus Reductions (lbs/yr)	Average Cost per Pound per Year of TP
Reduce	Public Education	\$1,125,000	30,423	\$37	2,013	\$559
Reduce	WWTF Upgrades for Reclaimed Water	\$24,071,500	70,064	\$344	10,865	\$2,216
Reduce	Sewer Lateral Rehabilitation	\$1,040,000	1,628	\$639	188	\$5,532
Reduce	Rapid Infiltration Basin/Sprayfield Upgrades	\$3,520,767	48,562	\$73	5,060	\$696
Reduce	Septic System Removal by Sewer Extension	\$80,674,749	74,930	\$1,077	To be determined	To be determined
Reduce	Septic System Removal by Sewer Connection	\$11,370,000	21,445	\$500	To be determined	To be determined
Reduce	Septic System Upgrades	\$21,701,854	25,248	\$860	To be determined	To be determined
Reduce	Stormwater Projects	\$40,045,632	315,490	\$127	47,209	\$848
Remove	Muck Removal	\$106,345,686	219,460	\$485	16,904	\$6,291
Remove	Treatment of Muck Interstitial Water	\$43,887,885	430,245	\$102	23,405	\$1,875
Restore	Oyster Bars	\$10,108,723	25,302	\$400	1,187	\$8,516
Restore	Planted Shorelines	\$95,255	397	\$240	135	\$706
Respond	Projects Monitoring	\$10,000,000	-	-	-	-
Respond	Contingency	\$17,699,353	-	-	-	-
Total	Total	\$371,686,404	1,263,194	\$294 (average)	106,966	\$3,475 (average)

Project Plan – Current Status

Brevard County Save Our Lagoon Dashboard



Note: The \$486M shown above is the revenue projection included in the 2019 Update of the Project Plan, which is based on actual collections during the first year of the tax plus an inflationary factor for years 2-10. When Inflation is also applied to project costs in years 2 through 10, the project cost of \$371M, per Table ES-1, page XIV of the project plan, becomes \$420M. This leaves a cumulative total of \$56M in anticipated revenue in the out years that is not yet assigned to projects. Actual anticipated revenues may vary, and will be budgeted accordingly each year. See next page for actual collections to-date.

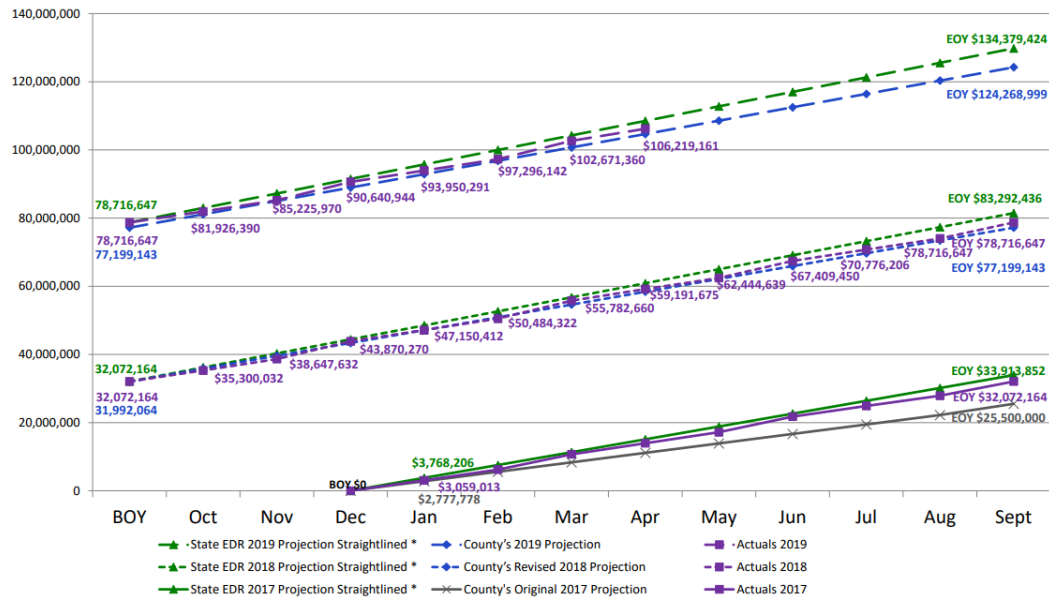
Revenue Status - July 2019

Current and Future Revenue Projections

The SOIRL Project started earning sales tax revenue in January 2017. As is customary with sales tax, the first payment is received 2-3 months after being earned, starting with January collections being paid in March 2017. Fiscal Year 2019 budgeted revenues, as amended, are \$47M. As of July 2019, for sales/collections as of April 2019, the project received a total of \$27.5M; with five months remaining on fiscal year 2019 sales. The below graphic is for all actual collections to date.

Save Our Indian River Lagoon Revenues Cumulative Graph Fiscal Year 16-17 to Current Fiscal Year

- * Economic and Demographic Research Data is sourced from Florida's Office of Economic & Demographic Research using their Estimation of Realized and Unrealized Tax Revenues Table
- Projected and Actual Data is from Systems, Applications and Products program
- EDR-Economic and Demographic Research Data, BOY-Beginning of Year, EOY-End of Year
- For Screen Readers use the Save Our Indian River Lagoon Revenues Cumulative Fiscal Year 16-17 to Current Fiscal Year Table
- Updated the State EDR Beginning Of Year to match Actuals End Of Year to the prior Fiscal Years



Inter-municipal Contracting Status

Cost Sharing Contracts

In order to carry out portions of the Project Plan, the County must enter into agreements with local municipal governments where the IRL shares jurisdiction. Based upon the current Project Plan, as amended, there are multiple municipal partners with whom the County will need to contract, on a reimbursement basis, to distribute the Trust funds. An agreement must be executed for each project, so there may be multiple agreements for one municipality. Government Agencies and Private Organizations with Year 0 – Year 2 projects in the approved plan include:

Active Organizations	
Agencies	Private Organizations
✓City of Cocoa	✓Applied Ecology
✓City of Cocoa Beach	✓Brevard Zoo
✓City of Melbourne	✓Marine Resources Council
✓Merritt Island (MIRA)	✓MTN, Inc.
✓City of Palm Bay	
✓City of Rockledge	
✓City of Titusville	
✓City of West Melbourne	
✓SJRWMD	

Previous Completed (No Active Agreement)	
Agencies	Private Organizations
✓City of Cape Canaveral	
✓Indian Harbour Beach	

Natural Resources Management worked with the County Attorney to develop an Inter-local Municipal Contract template, which was approved by the BOCC on May 23, 2017. Subsequent templates have been approved for contracting with not for profit organizations and private entities. The County works with each partnering entity to develop statements of work in order to establish accountability and compliance conditions. Currently, agreements have been fully executed with 9 municipalities, with 1 additional submitted for review and execution by the respective municipalities, agreements with 3 private organizations have been fully executed and completed plus 19 contracts issued directly to contractors for design or construction of county-led projects and several more in bidding or negotiation and 10 contracts / task orders issued directly to vendors for operating costs.

PROJECT TESTING – CURRENT CYCLE

Project Testing - Results

As of the May 2019 Lagoon meeting, there have been approximately \$6,900,000 spent on County-administered active projects, in various stages of the process. Of the active projects, we obtained support for a sample 14 projects, described below.

- We obtained copies of Contracts, any Amendments, Change Orders / Task Orders and any Memos. Additionally, the Reimbursement Package and cleared checks were obtained for Reimbursement associated with the projects.
- Project payments were tested, on a sample basis, for approval, including documentation and support in accordance with the approved Project Plan and the County Ordinance; along with County-administered project payments.
- We reviewed the items for approval and reasonableness based on the contracted terms, and updates of project status were also obtained at each Lagoon committee meeting.
- During the current round of testing through July 2019, testing of projects to-date fully commenced from contracting through contractor payment and there were no identified issues in the accounting and contracting processes for County-administered projects tested.

Project Testing - Results

- Testing of Expenditures and Reimbursement was able to be conducted for the current testing period as of July 2019.
- 14 samples were pulled this cycle from the overall expenditure listing provided by the County. Testing packages of all supporting documentation was obtained and reviewed. The 1st 9 projects represent Capital Projects and the last 5 represent Grants & Aids.
- The table shown below is the complied results of the testing procedures that were completed for the current round of testing.

Detailed Procedure	Turkey Creek Muck Dredging	Sykes Creek (T)	Sykes Creek (N)	Sykes Creek (M)	RR Seagrass & Bath Survey	Huntington Pond	Micro Sewer Extension	Turkey Creek (IRMA)	Prog. Permitting for Dredging	W.Mlb. Septic to Sewer	Osprey WRF(2)	Palm Bay North WRF	Cocoa Beach Muck	East Coast Zoological
Approved Contract	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Set Contracted Values	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Assigned Task Order	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Invoice Supported and Reviewed	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Re-Imbursement Package Reviewed	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Proof of Payment Reviewed	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Municipality Proof of Payment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Expense Allowable per Program	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
*Turkey Creek was split out into 2 columns to represent the one project with two separate contractors.														

Project Testing – Current Observations / Recommendations

Observations

No testing observations were identified in the current round of testing as of July 2019.

Recommendations

Previous Recommendations were integrated into the program. No new recommendations were identified in the current round of testing as of July 2019.



PROJECT TIMELINES EXAMPLES

Project Timeline Examples

- The SOIRL Trust has accumulated a substantial sum of money, and the project plan is comprehensive by year. As a result, the timing of project delivery can vary significantly, even within projects in a given year.
- In order to provide context on the spending decision points and illustrate examples of fluctuations in project timelines, we selected a sample of projects for presentation, under the following project types:
 - WWTP Upgrade
 - Septic to Sewer
 - Storm water
 - Muck Dredging
 - Oyster Bar

Project Timeline Examples – Water Reclamation Facility Upgrade

General Information:	
Project Type	WWTFP Upgrade
Project Name	Water Reclamation Facility Upgrade
Lead Agency	Palm Bay
Year Added to Plan	2016
SOIRL Cost	\$ 1,400,000.00
Spent	\$ 143,696.80
Reimbursed	\$ 77,749.00
Permit Agencies	FDEP
Current Status	Design. Requires zoning change which was approved on 6/5/19. Cost estimate increased from \$1.4M to \$3.4M
Project Work Flow Dates:	
Application Date	Original Plan
Updated Application Date	Original Plan
Scope of Work	January 2018
Completed Draft	February 2018
Contract Signed - County	March 2018
Contract Signed - Partnering Entity	April 2018
Design - Awarded	April 2018
Design - Completed	March 2019
Permit Requests - Submitted	February 2019
Permit Requests - Received	ETA October 2019
Construction - Bid Advertised	Pending
Construction - Bid Awarded	Pending
Construction - Substantially Completed	Pending
Construction - Fully Completed	Pending
Final Payment - Requested	Pending
Final Payment - Paid	Pending

- This example shows a project with an application from the original Project Plan that suffered some design issues in zoning and cost delaying the project which were not approved to restart until mid-year 2019.
- Due to zoning and permitting issues, at no fault of the County, design took nearly a year. Design changes and trends in construction costs increased the estimated budget by \$2M.
- The scope of the project was updated to reflect more durable materials than first proposed.

Project Timeline Examples – Septic to Sewer (Hoag Street)

General Information:	
Project Type	Septic to Sewer
Project Name	Hoag St.
Lead Agency	Melbourne
Year Added to Plan	2017
SOIRL Cost	\$86,031
Spent	\$ -
Reimbursed	\$ -
Permit Agencies	N/A
Current Status	Mainline is installed. 1 home has connected. Negotiating with the rest.
Project Work Flow Dates:	
Application Date	January 2017
Updated Application Date	March 2017
Scope of Work	December 2017
Completed Draft	January 2018
Contract Signed - County	February 2018
Contract Signed - Partnering Entity	March 2018
Design - Awarded	N/A
Design - Completed	December 2018
Permit Requests - Submitted	N/A - No Permits Required
Permit Requests - Received	N/A - No Permits Required
Construction - Bid Advertised	N/A - Continuing Services
Construction - Bid Awarded	February 2019
Construction - Substantially Completed	April 2019
Construction - Fully Completed	Pending
Final Payment - Requested	Pending
Final Payment - Paid	Pending

- This example shows a project with an application from the January 2017 Project Plan that is going through several phases in the process. The mainline work has been completed and 1 home has been connected, but negotiations with the rest of the homeowners are still underway in April 2019.
- Each homeowner is negotiated with separately, and has to pay a portion of the connection costs. As a result, the timing of environmental benefits and eventual connection will vary by homeowner.

Project Timeline Examples –Cape Canaveral Baffle Box

General Information:	
Project Type	Stormwater
Project Name	Central Blvd Baffle Box
Lead Agency	Cape Canaveral
Year Added to Plan	2017
SOIRL Cost	\$ 34,700.00
Spent	\$ 34,700.00
Reimbursed	\$ 34,700.00
Permit Agencies	N/A
Current Status	Completed and reimbursed last year.
Project Work Flow Dates:	
Application Date	January 2017
Updated Application Date	March 2017
Scope of Work	March 2017
Completed Draft	May 2017
Contract Signed - County	May 2017
Contract Signed - Partnering Entity	October 2017
Design - Awarded	November 2017
Design - Completed	November 2017
Permit Requests - Submitted	N/A - No Permits Required
Permit Requests - Received	N/A - No Permits Required
Construction - Bid Advertised	N/A
Construction - Bid Awarded	N/A
Construction - Substantially Completed	November 2017
Construction - Fully Completed	December 2017
Final Payment - Requested	January 2018
Final Payment - Paid	March 2018

- This example shows a project with an application date from the January 2017 Project Plan that has been fully completed. The project was reimbursed as of March 2018.
- Project timeline was approximately 10 months once contracts were executed.

Project Timeline Examples – Turkey Creek Dredging / Re-dredging

General Information:	
Project Type	Muck Dredging
Project Name	Turkey Creek Re-Dredge
Lead Agency	Brevard County
Year Added to Plan	2018
SOIRL Cost	\$ 215,000.00
Spent	\$ 1,147,285.00
Reimbursed	\$ 215,000.00
Permit Agencies	FDEP, USACE
Current Status	Dredging completed last year. DMMA clean out finished this year. FEMA reimbursement denied. Challenge being filed.
Project Work Flow Dates:	
Application Date	November 2017 - Approved by Board
Updated Application Date	April 2018
Scope of Work	N/A
Completed Draft	N/A
Contract Signed - County	N/A
Contract Signed - Partnering Entity	N/A
Design - Awarded	N/A
Design - Completed	N/A
Permit Requests - Submitted	September 2014
Permit Requests - Received	January 2015
Construction - Bid Advertised	N/A - Change Order to original contract
Construction - Bid Awarded	Original Contract: December 2015 Post IRMA: November 2017
Construction - Substantially Completed	June 2018
Construction - Fully Completed	July 2018
Final Payment - Requested	August 2018
Final Payment - Paid	August 2018

- This example shows a project with an application from the January 2018 Project Plan to restore a project damaged by Hurricane Irma.
- The original work was completed before Hurricane Irma.
- Post Irma, some of the dredging work had to be redone. With 75% FEMA funds, 12.5% DEM funds and 12.5% SOIRL funds. After work was complete, FEMA denied the claim. The county filed an appeal. The 1st appeal was denied. A second appeal was filed with DEM who forwarded to FEMA.

Project Timeline Examples – Riverview Senior Center

General Information:	
Project Type	Oyster Bar
Project Name	Riverview Senior Center
Lead Agency	Brevard County
Year Added to Plan	2016
SOIRL Cost	\$ 30,304.00
Spent	\$ 30,304.00
Reimbursed	\$ 30,304.00
Permit Agencies	FDEP, ACOE
Current Status	Completed last year. Monitoring data is very encouraging.
Project Work Flow Dates:	
Application Date	N/A
Updated Application Date	March 2017
Scope of Work	October 2017
Completed Draft	October 2017
Contract Signed - County	November 2017
Contract Signed - Partnering Entity	November 2017
Design - Awarded	N/A
Design - Completed	N/A
Permit Requests - Submitted	Submitted by Brevard Zoo
Permit Requests - Received	Received in Final Progress Report
Construction - Bid Advertised	N/A
Construction - Bid Awarded	N/A
Construction - Substantially Completed	N/A
Construction - Fully Completed	September 2018
Final Payment - Requested	October 2018
Final Payment - Paid	October 2018

- This example shows a project with an application from the March 2017 Project Plan that has been fully completed. The project was reimbursed as of October 2018.
- Project timeline was approximately 11 months once contracts were executed.

Next Steps

- ✓ Internal Audit (IA) will continue to attend the SOIRL COC meetings.
- ✓ As project payments are made and inter-local municipal reimbursement requests are submitted by partners, IA will continue to review management's monitoring for compliance, to determine that adequate controls are in place for the review and approval of payment prior to disbursement of funds.
- ✓ IA will review the project monitoring reports and periodically select samples for testing to determine whether project-related costs are properly accumulated and disbursed through the Trust.

APPENDIX

Ordinance 2016-15



- The Brevard County Board of County Commissioners (BOCC) adopted Ordinance 2016-15 on August 23, 2016. The ordinance placed a Tax Referendum on the upcoming election ballot for voter consideration.
- On November 8, 2016 within the territorial limits of Brevard County, the Tax Referendum was voted on and passed with 62% favorable vote, to allow for a half-cent sales tax on sales within the County.
- This legally restricted tax will help pay to restore the IRL over a 10-year period by implementing the approved Save Our Indian River Lagoon Project Plan, as amended.
- The Ordinance authorizes the use of the half cent sales tax to provide restoration services to improve the quality of the water and the lagoon through methods such as:
 - Waste Water Treatment Facility Upgrades for Reclaimed Water,
 - Fertilizer Education,
 - Storm-water Outfall Treatment,
 - Septic to Sewer Integration,
 - Septic Upgrades,
 - Muck Removal and Dredging,
 - Oysters and Restoring Living Shorelines and
 - Monitoring, Reporting and Adapting.



SOIRL Committee

The Oversight Committee

The Ordinance requires the creation Brevard County Save Our Indian River Lagoon (SOIRL) Citizen Oversight Committee (COC). The COC is made up of seven members and seven alternates across seven different fields including:

- Finance
- Science
- Tourism
- Real Estate
- Technology
- Education / Outreach
- Lagoon Advocacy

Additionally, the COC meetings usually include the following County Staff at each meeting:

- Natural Resources Management (NRM) Director
- Boating & Waterways Program Coordinator
- Assistant County Attorney
- Executive Secretary
- SOIRL Program staff, as appropriate

The role of the SOIRL COC per the Bylaws adopted on February 17, 2017, is to review monitoring data on timeliness of project delivery, actual and updated project costs and actual nutrient removal effectiveness; review new literature and local studies on the types of projects included in the plan and potential alternative project types; evaluate alternative project proposals received from the community; and recommend adjustments to the Project Plan to be approved by the Board of County Commissioners.



The SOIRL COC meets on a monthly basis starting on December 16, 2016. As of July 2019 there have been 30 meetings held, the latest on July 19, 2019. Meeting minutes and agenda are available at the website below.

<http://www.brevardfl.gov/SaveOurLagoon>

Project Plan

The original Project Plan (Plan) was developed in partnership with scientists, economists, environmentalists and multiple government agencies. The first annual plan update was recommended by the COC in February, and approved by the BOCC in March 2017. The third annual plan update was recommended by the COC in January 2019, and was approved on March 15, 2019, by the BOCC.

The plan was estimated to go for a timeline of 10 years. The Committee will expedite the process by allowing for spending on approved projects earlier than the schedule in the plan as revenues continue to exceed expectations, to-date. The flow path to success was updated in the second annual plan update, to include public education outreach for the life of the project.



Figure ES-1: Save Our Indian River Lagoon Project Implementation Schedule

RSM US LLP

7351 Office Park Place, Melbourne, Florida 32940

321 751 6200

www.rsmus.com

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