



October 9, 2020

Office of Governor Ron DeSantis
State of Florida
The Capitol
400 South Monroe Street
Tallahassee, FL 32399-0001

Via US Mail and Electronic delivery to: GovernorRon.Desantis@eog.myflorida.com

**RE: Economic Impact of PRP Pause
Justification and Request for Resuming Normal PRP Operations**

Honorable Governor DeSantis:

The Florida Ground Water Association (FGWA) has assembled an informal coalition of environmental associations to express our mutual concerns over the “pause” of new work orders from the Petroleum Restoration Program (PRP). The halted work substantially damages hundreds of businesses that are vital to Florida’s economy, and it perpetuates groundwater contamination that impacts our drinking water resources.

The coalition includes representatives from FGWA, Florida Association of Professional Geologists (FAPG), Florida Engineering Society (FES), American Council of Engineering Companies of Florida (ACEC-FL) and the Florida Brownfields Association (the ‘Coalition’). We intend to demonstrate that the consequences caused by the freeze in PRP operations are far greater and more costly than the benefits received from it. The purpose of this letter is to share these concerns and respectfully request the Department of Environmental Protection (DEP) resume normal PRP operations to keep in line with the Legislature’s intent.

We understand anticipated tax revenues for FY 2020-2021 are down in Florida due to the COVID-19 pandemic, and all agencies were asked to review their programs in an effort to reduce spending by 10 percent. A 10% reduction in PRP operations would be understandable and reasonable (and as described below, we believe it has already been achieved), but it is our understanding that the DEP is considering a much greater reduction in the PRP spending. This decision, if executed, would be catastrophic for the remediation industry and the business markets that rely on the cleanups.

The PRP is not like other programs because it has a dedicated trust fund that provides over \$200 million annually to the DEP, and it sustains both environmental protection and economic development. Hundreds of properties have been redeveloped and groundwater has been returned to drinking water standards at over 11,000 sites, but over 8,000 still need work. The Inland Protection Trust Fund (IPTF) was established in 1986 to ensure consistency in the cleanup program and it has been funded annually since then by the Legislature whom has understood its importance: to allow the DEP to respond without delay to eligible impacts from underground storage tanks with discharges that occurred prior to 1999 (reference: 376.3071(2)-(4), Florida Statutes). The IPTF serves as part of an obligation to demonstrate financial responsibility for many tank owners under federal law. The pause in funding environmental restoration work goes against the very intent of the Legislature as reflected in Florida Statute 376.30(b) "That the preservation of surface and ground waters, is a



matter of the highest urgency and priority..." This is consistent with Executive Order 19-12. It also reads in Florida Statute 376.3071(1)(d) that "adequate" financial resources must be readily available to provide for the expeditious supply of safe and reliable sources of potable water. In addition, the environmental assessment and remediation industry is considered to be "essential" during the COVID-19 pandemic because of our important work in protecting Florida's groundwater and drinking water supplies. Thousands of engineers, geologists, well drillers, and contractors have continued to work during the pandemic to ensure that site cleanup and groundwater restoration continue.

The DEP has announced the basis for the pause in work is a decline in IPTF revenues. It is our understanding that the DEP anticipated a transfer of \$241 million from 2019-2020 IPTF receipts (based on record high IPTF receipts in 2018-2019, see attachment) and that the actual transfer was \$214 million (which is still above the eight-year transfer average). This is roughly 89% of expected revenues; a reduction of ~ 11%. The reduction was due in large part to low IPTF revenues in May and June, 2020 of \$13 and \$15 million, respectively. July 2020 IPTF receipts were over \$16 million, and the numbers are continuing to rise as we get back to business as usual. The trend is supported by the August and September 2020 gas tax receipts. NOTE: The IPTF revenues closely mirror the trend of the fuel tax collections in the Department of Revenue. The fuel tax collections were up by 43% from May to August 2020, showing the sharp recovery also trending in the IPTF revenues. Furthermore, fuel tax collections in August 2020 (\$308M) were within 8% of the prior fiscal year's collections (\$334M).

A larger percentage reduction has been made in PRP encumbrances since August 19th when the pause began. Fiscal year 2019-2020 encumbrances were \$128 million (a pace of \$10.7 million per month). The 2020-2021 pause has resulted in a growing backlog of work that was \$7.1 million as of the week of September 21st and is now estimated to be over \$10 million and climbing. Projected encumbrances for PRP this fiscal year were \$119.5 million. Considering the estimated backlog of over \$10 million, the PRP estimated FY 2020-2021 total encumbrances should already be adjusted down well below \$109 million or already reduced 9% over initial projected encumbrances. As the work pause continues into October, we are likely over the 10% budget reduction requested by your office, and we will likely face closer to a 15% reduction in FY 2020-2021 encumbrances while the data indicates the IPTF revenue is moving closer to pre-COVID--19 levels. Notwithstanding increased IPTF revenues, our industry can sustain operations with minimal damage if the 2020-2021 PRP budget is reduced to \$100 million (84% of the projected FY 2020-2021 encumbrances of \$119.5 million; a 16% reduction). IPTF funding is available for the \$100,000,000 million PRP budget we recommend, and it is also well within the historical percentage of the budget vs IPTF revenues collected (see attached Table).

The above data suggests that the PRP has already made the appropriate adjustments; it has exceeded your request to reduce its budget expenditures more than 10%. Therefore, we request that PRP operations should resume as soon as possible to minimize the substantial economic damages to so many market sectors of Florida's economy. Failing to do so will halt the work being done to protect our groundwater. Development dependent on site cleanups is affected and ripple effects will be felt in the real estate, banking, and insurance sectors.

Consider the additional expenses from work stoppage: an extended pause will require high reassessment costs to confirm the extent of impacts when the program resumes. Additional costs will also be needed to re-engineer remedial systems since contaminated groundwater migrates. What will the costs be in terms of a



reduced labor force and equipment demobilization? This has translated to tens of millions of dollars of wasted tax dollars in the past.

Please also consider for example, tangential costs to real estate development. The pause has frozen development projects, including local government projects, and terminated real estate transactions. This damages local tax revenues. It impacts site owners, lenders and other practitioners within the real estate market that require properties to be free of environmental liabilities. Consider the health risks related to potential exposures to impacted groundwater. In addition, many companies are facing the harsh reality of laying off hundreds of highly technical and professional jobs and some businesses may need to close if this work stoppage is not resolved quickly. Healthy environmental consulting engineers and geologists are critical to sustaining water quality, water quantity and environmental protection in Florida. Florida's water quality should always be among the highest priorities.

Considering the PRP has already reduced projected encumbrances more than you requested, and proportionally more than the IPTF reductions, you can prevent further environmental and corporate damage by resuming these essential services and the PRP operations promptly.

While we are aware that COVID-19 has and will continue to strain the state's resources and budget, the PRP should be prioritized when looking at potential agency cutbacks. Taxpayers should be concerned about these comprehensive economic and environmental impacts. We respectfully ask that you communicate with DEP the importance of this program not only in order to save jobs and maintain our economy, but also to protect our most valuable resource for health, recreation and sustainability.

Submitted on behalf of representatives of FGWA, ACEC-FL, FAPG, FES and the Florida Brownfields Association by:

Stephen F. Hilfiker
Environmental Committee Chair
Florida Ground Water Association

Fact Sheet: IPTF Funding and the Petroleum Restoration Program (PRP)

1. Over 19,000 eligible petroleum tank discharges had contaminated Florida groundwater by 1999.
2. “Florida's aquifers supply 90% of the state's drinking water and over 8 billion gallons of water each day; they are among the most productive in the world” (SFWMD). Groundwater is our most valuable resource and must be protected.
3. As of August 2020, work on 11,435 sites is complete, 6,127 are active and 1,902 are waiting. The number of sites entering the cleanup phase is increasing, requiring more funds. *(Source PRP Dashboard Report through August 31, 2020).*
4. The INLAND PROTECTION TRUST FUND (IPTF) was established to clean up these sites. *(see s. 376.3071(2)-(4) below).*

Historical Summary of the Correlation of IPTF Revenue to PRP Budget

Year	IPTF Revenue	Transfer to DEP	PRP Budget	PRP Budget as a % of IPTF Revenue
20-21 (a) (b)	192,112,500.00	174,449,676.75	115,000,000	59.86
19-20	236,258,228.66	214,536,329.43	110,000,000	46.56
18-19	259,084,796.99	235,565,090.30	110,000,000	42.46
17-18	244,863,715.56	222,483,773.47	118,000,000	48.19
16-17	234,399,009.27	212,852,898.99	125,000,000	53.33
15-16	227,564,650.69	206,566,584.19	110,000,000	48.34
14-15	218,723,988.18	198,431,649.21	125,000,000	57.15
13-14	212,227,560.54	192,443,787.18	125,000,000	58.90
12-13	207,734,277.67	188,346,360.90	128,000,000	61.62
Average	225,885,414.17	205,075,127.82	118,444,444	52.93

\$100,000,000
(See note below)

Source: DOR

(a) - IPTF revenue is projected based on July 2020 IPTF revenues = \$16,009,375 X 12 months

(b) - Transfer to DEP estimated based on the % transferred to DEP from the IPTF revenue total in FY 19-20 = 90.0806%

NOTE: If the historical average % of 52.93% is used to adjust the PRP Budget on the basis of the projected IPTF Revenue, the adjusted PRP budget for FY 20-21 = \$101,685,146 or \$100,000,000 rounded

- **376.3071(2) INTENT AND PURPOSE.** — (a) It is the intent of the Legislature to establish the IPTF to serve as a repository for funds which will enable the department to respond without delay to incidents of inland contamination related to the storage of petroleum and petroleum products in order to protect the public health, safety, and welfare and to minimize environmental damage.
- **376.3071(3) CREATION.** — There is created the IPTF to be administered by the department. This fund shall be used by the department as a non-lapsing revolving fund for carrying out the purposes of this section (376.3071) and s. 376.3073.
- **376.3071(4) USES.** - (c) Rehabilitation of contamination sites, which shall consist of cleanup of affected soil, groundwater, and inland surface waters...