

**CS/SB 416 by BI, Simpson; (Similar to CS/H 0129) Sinkhole Coverage**

430014	A	S	RCS	AGG, Simpson	Delete L.199:	03/13 08:27 AM
615890	A	S	RCS	AGG, Simpson	Delete L.224:	03/13 08:27 AM
973154	A	S L	RCS	AGG, Simpson	Delete L.137 - 139:	03/13 08:27 AM
673232	A	S L	WD	AGG, Simpson	Delete L.166 - 205:	03/13 08:27 AM
429040	A	S L	RCS	AGG, Simpson	btw L.265 - 266:	03/13 08:27 AM
448318	A	S L	RCS	AGG, Simpson	btw L.265 - 266:	03/13 08:27 AM
120980	A	S L	RCS	AGG, Simpson	Delete L.140 - 148:	03/13 08:27 AM
146858	A	S L	RS	AGG, Latvala	Delete L.52 - 287:	03/13 08:27 AM
952730	SA	S L	RCS	AGG, Bradley	Delete L.225 - 233:	03/13 08:27 AM
336794	A	S L	RCS	AGG, Simpson	Delete L.165 - 205:	03/13 08:27 AM

**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**  
**APPROPRIATIONS SUBCOMMITTEE ON GENERAL**  
**GOVERNMENT**  
**Senator Hays, Chair**  
**Senator Thompson, Vice Chair**

**MEETING DATE:** Wednesday, March 12, 2014  
**TIME:** 1:00 —3:00 p.m.  
**PLACE:** *Toni Jennings Committee Room, 110 Senate Office Building*

**MEMBERS:** Senator Hays, Chair; Senator Thompson, Vice Chair; Senators Bradley, Braynon, Bullard, Dean, Detert, Joyner, Latvala, Legg, Simpson, Soto, and Stargel

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	<b>CS/SB 416</b> Banking and Insurance / Simpson (Compare H 129)	Sinkhole Coverage; Requiring Citizens Property Insurance Corporation to submit a biannual report on the number of residential sinkhole policies requested, issued, and declined; prohibiting the corporation from requiring a policyholder to advance payment for stabilization repairs provided under the program; providing requirements and procedures for selecting stabilization repair contractors to conduct stabilization repairs; specifying additional parameters with respect to the program, including provision for resolving disputes between the corporation and a policyholder, etc.  BI 01/14/2014 Temporarily Postponed BI 02/04/2014 Fav/CS AGG 03/05/2014 AGG 03/12/2014 Fav/CS AP	Fav/CS Yeas 10 Nays 3
2	Presentation on the Florida Agricultural Center and Horse Park Authority		Presented
3	Presentation on the Status of Florida's Efforts to Address Challenges to Business Establishment and Expansion by the Office of Program Policy Analysis and Government Accountability		Presented
4	Presentation on Florida's Water Challenge by the Florida Water Advocates		Not Considered
5	Budget Work Session		Not Considered
Other Related Meeting Documents			

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Appropriations Subcommittee on General Government

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BILL: CS/CS/SB 416

INTRODUCER: Appropriations Subcommittee on General Government; Banking and Insurance Committee; and Senator Simpson

SUBJECT: Sinkhole Coverage

DATE: March 14, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Knudson</u>	<u>Knudson</u>	<u>BI</u>	<u>Fav/CS</u>
2.	<u>Betta</u>	<u>DeLoach</u>	<u>AGG</u>	<u>Fav/CS</u>
3.	_____	_____	<u>AP</u>	_____

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/CS/SB 416 directs the Citizens Property Insurance Corporation to establish and manage the Citizens Sinkhole Stabilization Repair Program (Program). Under the Program, stabilization repair contractors are approved by Citizens if they meet statutory requirements. The stabilization repair contractor must provide a warranty, of at least five years on repairs, which Citizens must warranty. The repair contractors warranty must be secured by an authorized insurer or risk retention group if the secured warranty can be procured for a cost equal to or less than three percent of the cost of the repairs. Citizens' liabilities under the Program are limited to the policyholder's policy limits, subject to any dual interest noted on the policy. A policyholder must use proceeds from a settlement, court judgment, or order for damages for repairs and remediation of the property within a reasonable period of time and provide notice within 45 days of completion of repairs.

All covered sinkhole loss claims made on a Citizens policy will be governed by the Program as of March 31, 2015.

The bill directs the Office of Program Policy Analysis and Government Accountability (OPPAGA) to review the Program and submit a report to the President of the Senate, Speaker of the House of Representatives, and the Governor by January 1, 2017.

The bill has no fiscal impact to state funds.

## II. Present Situation:

### Sinkhole Insurance

Insurers offering property insurance must make available to policyholders, for an appropriate additional premium, sinkhole coverage for losses on any structure, including personal property contents.<sup>1</sup> Sinkhole coverage includes repairing the home, stabilizing the underlying land, and foundation repairs.<sup>2</sup> Insurance companies must also provide coverage for catastrophic ground cover collapse.<sup>3</sup> Insurers may restrict catastrophic ground cover collapse and sinkhole loss coverage to the principal building as defined in the insurance policy.<sup>4</sup> An insurer may require a property inspection prior to issuing sinkhole loss coverage.<sup>5</sup> Residential property insurance policies may include deductibles applicable to sinkhole losses of one percent, two percent, five percent, or 10 percent of the policy dwelling limits and must provide a corresponding premium discount with each deductible amount.<sup>6</sup> All Citizens sinkhole loss policies, however, have a 10 percent deductible.<sup>7</sup>

Sinkhole coverage is payable when a “sinkhole loss” occurs.<sup>8</sup> A sinkhole loss is defined in statute as structural damage to the covered building, including the foundation, caused by sinkhole activity.<sup>9</sup> Five distinct types of damage constitute structural damage, and each type of damage is tied to standards contained in the Florida Building Code or used in the construction industry.<sup>10</sup> “Sinkhole activity” is the settlement or systematic weakening of the earth supporting the covered building that results from contemporaneous movement or raveling of soils, sediments, or rock into subterranean voids created by the effect of water on a limestone or similar rock formation.<sup>11</sup> Accordingly, in order for the policyholder to obtain policy benefits for sinkhole loss, the insured structure must sustain structural damage that is caused by sinkhole activity.

Sinkhole insurance claims increased substantially both in number and cost over the past two decades and most dramatically from 2009 to 2011.<sup>12</sup> According to data submitted in 2011 by 211

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<sup>1</sup> s. 627.706(1)(b), F.S.

<sup>2</sup> See s. 627.706(5), F.S. Contents coverage is also available and, if included, paid in accordance with policy terms

<sup>3</sup> s. 627.706(1)(a), F.S. Catastrophic ground cover collapse refers to extreme damage in which a property is essentially destroyed and uninhabitable. A catastrophic ground cover collapse occurs when geological activity causes the abrupt collapse of the ground cover, a depression in the ground cover clearly visible to the naked eye, structural damage to the covered building and its foundation, and the insured structure being condemned and ordered to be vacated by the governmental entity authorized to give such an order.

<sup>4</sup> s. 627.706(1)(c), F.S.

<sup>5</sup> s. 627.706(a)(b), F.S.

<sup>6</sup> See *id.*

<sup>7</sup> Citizens Property Insurance Corporation, *Sinkhole Loss Coverage Frequently Asked Questions for Policyholders*, pg. 5. [https://www.citizensfla.com/shared/faqs/SinkholeFAQs\\_for\\_Consumers.pdf](https://www.citizensfla.com/shared/faqs/SinkholeFAQs_for_Consumers.pdf) (Last accessed by Banking and Insurance Staff on January 13, 2014).

<sup>8</sup> See s. 627.707(5), F.S.

<sup>9</sup> s. 627.706(2)(j), F.S.

<sup>10</sup> s. 627.706(2)(k), F.S.

<sup>11</sup> s. 627.706(2)(i), F.S.

<sup>12</sup> See Office of Insurance Regulation, *Report on Review of the 2010 Sinkhole Data Call*, (Nov. 8, 2010).

[http://www.floir.com/siteDocuments/Sinkholes/2010\\_Sinkhole\\_Data\\_Call\\_Report.pdf](http://www.floir.com/siteDocuments/Sinkholes/2010_Sinkhole_Data_Call_Report.pdf) (Last accessed by Banking and Insurance Staff on January 13, 2014).

property insurers to the Office of Insurance Regulation (OIR), the insurers' total reported claims increased from 2,360 in 2006 to 6,694 in 2010, totaling 24,671 claims throughout that period.<sup>13</sup> Total sinkhole claim costs for these insurers amounted to approximately \$1.4 billion for the same period.<sup>14</sup>

The 2011 Legislature enacted legislation in (CS/CS/CS/SB 408) to address the large increases in sinkhole policyholder premiums and losses.<sup>15</sup> The 2011 reform bill changed the definition of structural damage that is used to determine if a sinkhole loss occurred, revised the process for investigating sinkhole losses, and enacted a number of reforms aimed at reducing fraud and unnecessary costs related to sinkhole loss coverage.

### **Investigation of Sinkhole Claims**

The 2011 legislative sinkhole reforms substantially revised the statutory process for investigating sinkhole claims in s. 627.707, Florida Statutes.<sup>16</sup> The process requires the insurer to determine whether the building has incurred structural damage that has been caused by sinkhole activity.<sup>17</sup> Coverage for sinkhole loss is not available if structural damage is not present or sinkhole activity is not the cause of structural damage. This process is as follows:

#### *Initial Inspection & Structural Damage Determination*

Upon receipt of a claim for sinkhole loss, the insurer must inspect the policyholder's premises to determine if there has been structural damage which may be the result of sinkhole activity.<sup>18</sup> This inspection will often require the insurer to retain a professional engineer to evaluate whether the insured building has incurred structural damage as defined by statute.

#### *Sinkhole Testing*

The insurer is required to engage a professional engineer or professional geologist to conduct sinkhole testing pursuant to s. 627.7072, F.S., if the insurer confirms that structural damage exists and is either unable to identify a valid cause of the structural damage or discovers that the structural damage is consistent with sinkhole loss.<sup>19</sup> If coverage is excluded under the policy even if sinkhole loss is confirmed, then the insurer is not required to conduct sinkhole testing.<sup>20</sup>

#### *Notice to the Policyholder*

The insurer must provide written notice to the policyholder detailing what the insurer has determined to be the cause of damage (if the determination has been made) and a statement of the circumstances under which the insurer must conduct sinkhole testing.<sup>21</sup> The policyholder

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<sup>13</sup> See *id.* at pg. 5.

<sup>14</sup> See *id.*

<sup>15</sup> Ch. 2001-39, L.O.F.

<sup>16</sup> See fn. 15.

<sup>17</sup> s. 627.707(1), F.S.

<sup>18</sup> See *id.*

<sup>19</sup> s. 627.707(2), F.S.

<sup>20</sup> See *id.*

<sup>21</sup> s. 627.707(3), F.S.

must also be notified of his or her right to demand sinkhole testing and the circumstances under which the policyholder may incur costs associated with testing.<sup>22</sup>

#### *Authorization to Deny Sinkhole Claim*

An insurer may deny a claim upon a determination that there is no sinkhole loss.<sup>23</sup>

#### *Policyholder Demand for Sinkhole Testing*

The policyholder may demand sinkhole testing in writing within 60 days after receiving a claim denial if the insurer denied the claim without performing sinkhole testing and coverage would be available<sup>24</sup> if a sinkhole loss is confirmed).<sup>25</sup> However, a policyholder requesting such testing must pay the insurer 50 percent of the sinkhole testing costs up to \$2,500.<sup>26</sup> If the requested testing confirms a sinkhole loss the insurer must reimburse the testing costs to the policyholder.<sup>27</sup>

#### **Payment of Sinkhole Claims**

If a covered building suffers a sinkhole loss or catastrophic ground cover collapse, the insured must repair such damage in accordance with the insurer's professional engineer's recommended repairs.<sup>28</sup> However, if repairs cannot be completed within policy limits, the insurer has the option to either pay to complete the recommended repairs or tender policy limits without a reduction for any repair expenses already incurred.<sup>29</sup> The insurer may limit payment to the actual cash value of the sinkhole loss not including below-ground repair techniques until the policyholder enters into a contract for the performance of building stabilization repairs.<sup>30</sup>

The contract for below-ground repairs must be made in accordance with the recommendations set forth in the insurer's sinkhole report issued pursuant to s. 627.7073, F.S., and must be entered into within 90 days after the policyholder receives notice that the insurer has confirmed coverage for sinkhole loss.<sup>31</sup> The time period is tolled if either party invokes neutral evaluation. Stabilization and all other repairs to the structure and contents must be completed within 12 months after the policyholder enters into the contract for repairs unless the insurer and policyholder mutually agree otherwise, the claim is in litigation, or the claim is in neutral evaluation, appraisal or mediation.<sup>32</sup>

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<sup>22</sup> See *id.*

<sup>23</sup> s. 627.707(4)(a), F.S.

<sup>24</sup> The claim denial was not issued due to policy conditions or exclusions of coverage and instead was based the failure of the loss to meet the definition of sinkhole loss.

<sup>25</sup> s. 627.707(4)(b), F.S.

<sup>26</sup> s. 627.707(4)(b)2., F.S.

<sup>27</sup> s. 627.707(4)(b)3., F.S.

<sup>28</sup> s. 627.707(5), F.S.

<sup>29</sup> See *id.*

<sup>30</sup> s. 627.707(5)(a), F.S.

<sup>31</sup> See s. 627.707(5)(b), F.S.

<sup>32</sup> See *id.*, and s. 627.707(5)(d), F.S.

The two most commonly recommended stabilization techniques are grouting and underpinning.<sup>33</sup> Under the grouting procedure, a grout mixture (either cement-based or a chemical resin that expands into foam) is injected into the ground to stabilize the subsurface soils to minimize further subsidence damage by increasing the density of the soils beneath the building as well as sealing the top of the limestone surface to minimize future raveling.<sup>34</sup> Underpinning consists of steel piers drilled or pushed into the ground to stabilize the building's foundation.<sup>35</sup> One end of the steel pipe connects to the foundation of the structure with the other end resting on solid limestone. Underpinning repairs, when performed, are usually combined with grouting.

### **Sinkhole Claims – Citizens Property Insurance Corporation**

The number of Citizens Property Insurance Corporation (Citizens) sinkhole claims is dropping in the aftermath of the 2011 sinkhole reforms. Citizens' sinkhole claim activity had increased from 1,590 claims in 2009 to 4,605 in 2011.<sup>36</sup> After the legislative reforms, new Citizens sinkhole claims dropped to 2,386 in 2012 and a projected 900 claims in 2013, an estimated 80 percent drop in claims from 2011.<sup>37</sup>

Citizens' sinkhole claim activity from 2009 to 2013 is concentrated in Hernando, Hillsborough, Pasco, and Pinellas counties.<sup>38</sup> Miami-Dade, Broward, and Palm Beach counties also produced a significant number of sinkhole claims and had generally higher percentages of claims filed on sinkhole policies.<sup>39</sup> Approximately 90 percent of sinkhole claim litigation is from claims on properties located in Hernando, Pasco, and Hillsborough counties. A sample of 204 sinkhole claims in litigation by Citizens on August 31, 2013, indicated that over 56 percent of such claims are in litigation over issues related to Citizens efforts to repair the damaged property.

Though the costs associated with Citizens sinkhole loss claims has decreased, such claims continue to negatively affect the financial stability of Citizens and private market insurers.<sup>40</sup> Increased sinkhole claim losses has often made residential property insurance increasingly unaffordable or unavailable for consumers.

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<sup>33</sup> Citizens Property Insurance Corporation, Sinkhole Repairs: Underpinning and Grouting, (Oct. 30, 2012). <https://www.citizensfla.com/shared/sinkhole/documents/GroutVersusUnderpinning.pdf> (Last accessed by Banking and Insurance Staff on January 13, 2014).

<sup>34</sup> See *id.*

<sup>35</sup> See *id.*

<sup>36</sup> Citizens Property Insurance Corporation, *Litigation Analysis*, pg. 8. (October 2013). <http://miamiherald.typepad.com/files/corrected-citizens-litigation-analysis---final---oct-11-2013.pdf> (Last accessed by Banking and Insurance Staff on January 13, 2014).

<sup>37</sup> See *id.*

<sup>38</sup> The total number of sinkhole claims in these counties from January 1, 2009 to August 31, 2013 are: Hernando County (4,947), Pasco County (2,817), Hillsborough (2,180), Pinellas (1,039). The percentage of sinkhole policies in each county that experienced a claim during this period is 3 percent in Hernando County, 6 percent in Pasco County, 5 percent in Hillsborough County, and 10 percent in Pinellas County.

<sup>39</sup> Miami-Dade had 419 sinkhole claims, but 19 percent of sinkhole policies in that county had a sinkhole claim from January 1, 2009 to August 31, 2013. Broward County had 291 claims on 14 percent of sinkhole policies and Palm Beach County had 114 claims on 10% of sinkhole policies.

<sup>40</sup> Citizens, in its 2014 Rate Filing Kit, detailed that the indicated rate change for sinkhole coverage was for an increase of 451 percent in Hernando County, 177 percent in Pasco County, and 235 percent in Hillsborough County. [http://static-lobbytools.s3.amazonaws.com/press/59997\\_citizens\\_2014\\_rate\\_kit.pdf](http://static-lobbytools.s3.amazonaws.com/press/59997_citizens_2014_rate_kit.pdf) (Last accessed by Banking and Insurance Staff on January 13, 2014).

The Citizens Board of Governors considered the creation of a sinkhole stabilization managed repair program at its December 12, 2013, meeting.<sup>41</sup> The program is similar to provisions of this bill, with the primary difference being that Citizens policyholders would not be required to participate. Citizens solicited sinkhole repair contractors who would participate in the managed repair program through an initial Invitation to Bid (ITB No. 13-0020) and subsequently issued an additional Invitation to Bid (ITB No. 13-0028) for additional vendors dated January 8, 2014. Citizens' staff recommended that the Citizens' Claims Committee approve and recommend to the Board of Governors that Citizens' staff pursue contracts with vendors that would allow the implementation of a sinkhole stabilization managed repair program.<sup>42</sup> Such contracts would not exceed \$50 million. Citizens' staff noted that the vendor contracts would not cause additional expenses because vendors will be paid through the claims indemnity process.<sup>43</sup>

In an effort to settle sinkhole claim disputes over the method of sinkhole repairs, Citizens began in December 2013 sending letters to hundreds of its policyholders who are disputing the repair recommendations on their sinkhole claims.<sup>44</sup> The letters are targeted to policyholders who have a confirmed sinkhole loss for which the professional engineer who verified a sinkhole loss has recommended grouting repairs but not underpinning. The letters encourage policyholders to have the necessary repair work completed in accordance with the engineer's recommendations. Citizens is also encouraging policyholders to resolve differing engineering opinions through the neutral evaluation process in s. 627.7074, F.S. Citizens estimates that of its 2,100 disputed sinkhole claims, 1,329 deal with disagreements over repair methods.<sup>45</sup>

### Neutral Evaluation

Neutral evaluation is an alternative procedure in s. 627.7074, F.S., for the resolution of disputed sinkhole insurance claims for which a sinkhole testing report<sup>46</sup> has been issued. The neutral evaluator must have sufficient professional training and credentials to render opinions as to causation, and if applicable, the recommended method of repair and the estimated cost of such repairs.<sup>47</sup> Neutral evaluation is nonbinding, but the insurer and policyholder must participate if either party requests it.<sup>48</sup> At a minimum, neutral evaluation must determine the cause of the loss, all methods of stabilization and repair both above and below ground, the costs for stabilization

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<sup>41</sup> Citizens Property Insurance Corporation, Action Item Summary: Sinkhole Stabilization Managed Repair Program (Dec. 13, 2013). [https://www.citizensfla.com/bnc\\_meet/docs/500/05Ab\\_AI\\_Sinkhole\\_MRP\\_12\\_13\\_13.pdf](https://www.citizensfla.com/bnc_meet/docs/500/05Ab_AI_Sinkhole_MRP_12_13_13.pdf) (Last accessed by Banking and Insurance Staff on January 13, 2014).

<sup>42</sup> See *id.*

<sup>43</sup> See *id.*

<sup>44</sup> Citizens Property Insurance Corporation, *Citizens Chairman: Settlement Proposal Benefits Consumers*, (Press Release Dated Dec. 12, 2013). <https://www.citizensfla.com/shared/press/articles/135/12.12.2013.pdf> (Last accessed by Banking and Insurance Staff on January 13, 2014).

<sup>45</sup> See *id.*

<sup>46</sup> Section 627.7073, F.S., contains the statutory standards for a sinkhole report. A sinkhole report must be based on tests performed by a professional engineer and professional geologist that, as required by s. 627.7072, F.S., are sufficient to determine the presence or absence of sinkhole loss and allow the professional engineer to make recommendations regarding necessary building stabilization and foundation repair. The sinkhole report must contain the opinion of the professional engineer or professional geologist as to whether a sinkhole loss is present, and if so, the recommendation of the professional engineer of methods for stabilizing the land and repairing the foundation.

<sup>47</sup> See s. 627.7074(1)(a), F.S., and s. 627.7074(11), F.S.

<sup>48</sup> Section 627.7074(4), F.S.



and all repairs, and the information necessary to issue a report of the neutral evaluator's findings and recommendations.<sup>49</sup>

Neutral evaluation is an informal process in which formal rules of evidence and procedure need not be observed.<sup>50</sup> The insurer or the policyholder request neutral evaluation by sending written notice to the Department of Financial Services (DFS).<sup>51</sup> The DFS then provides a list of certified neutral evaluators to the parties who have 14 days to select a neutral evaluator.<sup>52</sup> If the parties cannot agree to a neutral evaluator, the department makes the selection. Once a neutral evaluator is selected, within 14 days he or she must notify the policyholder and the insurer of the date, time, and place of the neutral evaluation conference.<sup>53</sup>

Once a neutral evaluator has been selected by the parties or appointed by the DFS, the insurer submits the sinkhole testing report to the neutral evaluator and the policyholder submits all reports initiated by the policyholder or an agent of the policyholder that either confirm sinkhole loss or dispute the results of another report.<sup>54</sup> The neutral evaluator must be allowed reasonable access to the interior and exterior of the insured structures to be evaluated.<sup>55</sup> At the conclusion of neutral evaluation, the neutral evaluator must prepare a report describing all matters that are the subject of neutral evaluation, including whether a sinkhole loss has occurred, and, if so, the estimated costs of stabilizing the land and any covered building and other appropriate repairs.<sup>56</sup> The recommendation of the neutral evaluator and his or her testimony must be admitted in any litigation relating to the insurance claim.<sup>57</sup> If the insurer timely complies with the recommendation of the neutral evaluator, the insurer is not liable for extra-contractual damages related to issues determined under neutral evaluation.<sup>58</sup>

### III. Effect of Proposed Changes:

#### **Citizens Sinkhole Stabilization Repair Program [s. 627.351(6)(ff), F.S.]**

**Section 1** establishes the Citizens Sinkhole Stabilization Repair Program (Program). The bill states that creating the Program safeguards the public's health, safety, and welfare and that it is in the public interest that sinkhole loss claims be resolved through the performance of sinkhole repairs. All covered sinkhole loss claims made on a Citizens Property Insurance Corporation (Citizens) policy will be governed by the Program as of March 31, 2015. The Program must be managed by Citizens.

Under the Program, stabilization repair contractors are approved by Citizens if they meet statutory requirements. Approved stabilization repair contractors must contract with Citizens to

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<sup>49</sup> s. 627.7074(2), F.S.

<sup>50</sup> s. 627.7074(5), F.S.

<sup>51</sup> s. 627.7074(4), F.S.

<sup>52</sup> s. 627.7074(7), F.S.

<sup>53</sup> See *id.*

<sup>54</sup> See s. 627.7074(2) and (5), F.S.

<sup>55</sup> s. 627.7074(5), F.S.

<sup>56</sup> s. 627.7074(12), F.S.

<sup>57</sup> s. 627.7074(13), F.S.

<sup>58</sup> s. 627.7074(15), F.S.

perform stabilization repairs based on line-item prices developed by Citizens that reflect market prices for sinkhole stabilization activities.

Each covered sinkhole loss claim is submitted to the approved stabilization contractors, who have the opportunity to submit itemized offers to Citizens to perform the stabilization repairs recommended in the engineering report. Citizens then provides a list of all contractors that submitted a bid to the policyholder. The policyholder has 30 days to select a listed contractor. If the policyholder does not make a selection within 30 days, Citizens shall select the contractor based on quality, cost-effectiveness, and other criteria. If no approved stabilization repair contractor submits an offer to perform the repairs or an approved stabilization repair contractor does not offer to perform repairs within policy limits, Citizens may resubmit the loss to the Program two additional times or pay up to the policy limits to the policyholder, subject to any dual interest noted on the policy.

Repairs must be warranted by the stabilization repair contractor for at least five years after completion of repairs. Contractor warranties must be secured by an authorized insurer or risk retention group if the cost to procure the secured warranty is equal to or less than three percent of the cost of repairs. Citizens must also provide a warranty for repairs if the contractor is unable to honor its warranty.

Citizens must pay for repairs to the structure and contents not governed by the Program (repairs other than sinkhole stabilization repairs such as grouting or underpinning) in accordance with the terms of the insurance policy.

The following provides a detailed explanation of the provisions of the Program:

**Prohibition against Requiring Citizens Policyholders to Advance Sinkhole Repair Costs [s. 627.351(6)(ff)2.a., F.S.]**

Citizens is prohibited from requiring a policyholder from advancing the cost of sinkhole repairs.

**Stabilization Repair Contractor - Qualification Requirements [s. 627.351(6)(ff)2.b., F.S.]**

Each stabilization repair contractor approved by Citizens must be qualified based on the following criteria:

- *Experience* - Experience in stabilizing sinkhole activity pursuant to requirements established by Citizens;
- *Certification* - Certification as a contractor under s. 489.113(1), F.S.;
- *Bonding* - Demonstrating the capacity to be bonded and actually providing required performance, surety, or other bonds, which may be supplemented by additional requirements;
- *Insurance* - Demonstrating the ability to meet insurance coverage required by Citizens, including commercial general liability and workers' compensation insurance;
- *Drug-Free* - Maintaining a valid drug-free workplace program; and
- Other requirements established by Citizens.

**Performance of Repairs Under Contract; Contractor Responsibility [s. 627.351(6)(ff)2.c., F.S.]**

Stabilization contractors must conduct repairs under a contract with Citizens that is not subject to the procurement requirements of s. 287.057 and s. 627.351(6)(e), F.S. The contractor is solely responsible for the performance of all necessary stabilization repairs specified in the engineering report.

**Stabilization Repair Contract [s. 627.351(6)(ff)2.d., F.S.]**

Citizens must develop a standard stabilization repair contract that requires:

- *Payment Terms* - Payment of the stabilization repair contractor based on line-item prices developed by Citizens that reasonably reflect actual market prices for sinkhole stabilization activities.
- *Bonding Requirements* - The stabilization repair contractor to post a payment bond in favor of Citizens for each project assigned and to post a performance bond in favor of Citizens in the amount of the total cost of all fixed-price repairs annually awarded to the contractor.
- *Warranty Requirements* - The stabilization repair contractor must provide a warranty of at least five years to the policyholder, which must be secured by an authorized insurer or registered risk retention group if the secured warranty can be procured for a cost equal to or less than three percent of the cost of the repairs. Citizens must serve as the guarantor of the contractor's work if a secured warranty cannot be procured for that cost. Additionally, Citizens must provide the policyholder a warranty that covers repairs provided by the stabilization repair contractor for at least five years if the contractor is unable to provide a remedy required under the warranty it provided the policyholder.
- *Engineer Monitoring of Repairs* - The engineer must monitor the performance of stabilization repairs and confirm their completion and that no further repairs are required.
- *Performance of Additional Needed Repairs* - The stabilization repair contract must perform any additional repairs found necessary by the engineer. If repairs can be completed within policy limits, the contractor must complete the repairs and will be reimbursed pursuant to Citizens' line-item pricing.

**Process for Selection of Stabilization Repair Contractors [s. 627.351(c)(ff)2.e., F.S.]**

Citizens must establish a process for the selection of a stabilization repair contractor that includes:

- *Contractors Offers to Perform Repairs* - An opportunity for all stabilization repair contractors within the Citizens stabilization repair pool to submit an offer to perform the repairs recommended in the engineering report. The offer must include an itemized statement of work.
- *List of Contractors Offering to Repair* - Citizens must review the contractors' offers and provide the policyholder with a list of all stabilization repair contractors that submitted an offer.
- *Selection of the Contractor* - The policyholder has 30 days to select a stabilization repair contractor. If the policyholder does not select a contractor within 30 days Citizens does based on quality, cost-effectiveness, and other criteria.

- *Resubmission of Property to Program* - If no contractors offer to perform stabilization repairs or all such offers exceed the policy limit, Citizens may resubmit the property to the repair process. If the property is entered into the selection process three times and no stabilization repair contractor submits an offer to repair within policy limits, Citizens must pay for repairs that cost greater than the policy limit or may pay the policyholder an amount up to the policy limits on the structure.

**Citizens Liability under the Sinkhole Stabilization Repair Program [s. 627.351(6)(ff)3, 4, and 5., F.S.]**

The bill limits Citizens' legal responsibilities under the Program. Citizens is not responsible for serving as a stabilization repair contractor. Citizens' obligations under the Program are not an election to repair by Citizens and do not create a new contractual relationship between a policyholder and Citizens.

Citizens is not obligated to the policyholder for more than the policy limits.

**Sinkhole Loss Repairs Other Than Stabilization Repairs [s. 627.351(6)(ff)5., F.S.]**

Citizens must pay for repairs other than stabilization repairs to the structure and contents in accordance with the terms of the insurance policy. All repairs other than stabilizing the land and structure and repairing the damaged structure will be governed by this provision.

**Sinkhole Stabilization Repairs in Excess of Policy Limits [s. 627.351(6)(ff)6., F.S.]**

If the professional engineer retained by Citizens determines that stabilization repairs cannot be conducted within policy limits, Citizens must either pay for such repairs or tender the policy limits to the policyholder.

**Repairs and Remediation [s. 627.351(6)(ff)7., F.S.]**

Requires the policyholder to use proceeds from a settlement, court judgment, or order for damages for repairs and remediation of the property within a reasonable period of time. Furthermore, the bill requires property owners to provide notice within 45 days of completion of repairs.

**Repairs Other Than Sinkhole Stabilization [s. 627.351(6)(ff)5. and 9., F.S.]**

Citizens must pay for repairs other than sinkhole stabilization to the structure and contents in accordance with the terms of the policyholder's insurance policy. The Program statute does not prohibit Citizens from establishing managed repair programs for other repairs to the structure in accordance with the terms of the insurance policy.

**The Program Supersedes the Statutory Process for the Investigation and Payment of Sinkhole Loss Claims [s. 627.351(6)(ff)11., F.S.]**

The Program statute supersedes the provisions of s. 627.707(5)(a)-(d), F.S., which contain the statutory criteria for the investigation and payment of sinkhole loss claims.

**Neutral Evaluation [s. 627.351(6)(ff)8. and 10., F.S.]**

The bill specifies that neutral evaluation is available under the program when Citizens denies a sinkhole loss claim. The scope of neutral evaluation under the program is limited, however, to whether sinkhole activity is present on the property and whether a sinkhole loss has occurred. Under current law, the neutral evaluator is tasked with determining the cause of the loss as well as the proper method of repair and the costs for stabilization and all repairs.

As under current law, neutral evaluation is mandatory if requested by either party to the insurance contract, but the report of the neutral evaluator is not binding on the parties. The bill specifies that the neutral evaluator may not participate in the repairs related to the insurance claim and may not have a financial interest in the claim or in any business involved in repairs for the claim.

**Citizens Reports on Residential Sinkhole Loss Coverage [s. 627.351(6)(ee), F.S.]**

Citizens must submit a report to the OIR detailing the requests it receives for residential sinkhole loss coverage. The report must be submitted at least once every six months. Citizens must report the number of requests for residential sinkhole loss coverage received, the number of sinkhole loss coverage requests accepted or declined, and Citizens' reasons for declining requests for residential sinkhole coverage.

**OPPAGA Analysis of Program**

**Section 2** requires OPPAGA to review the Program and submit a report to the Governor, the Chief Financial Officer, the President of the Senate, and the Speaker of the House of Representatives. The report must:

- Analyze policyholder satisfaction with the Program and the sufficiency of consumer protections.
- Analyze the timeliness of stabilization repairs and compare Citizens' sinkhole-related loss costs under the program with loss costs prior to the Program.
- Evaluate whether disputes between stabilization repair contractors and policyholders are resolved in an effective and timely manner.
- Evaluate whether litigation of sinkhole claims and associated costs are increasing or decreasing, and the causes of such litigation.
- Evaluate the cost-effectiveness of allowing a third-party administrator to manage the program.

**Effective Date**

**Section 3** provides an effective date of July 1, 2014.

**IV. Constitutional Issues:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

Under CS/CS/SB 416, Citizens Property Insurance Corporation (Citizens) policyholders' may proceed with stabilization repairs pursuant to the Citizens Sinkhole Stabilization Repair Program (Program). Citizens' policyholders may benefit from the quick performance of repairs. If sinkhole loss costs are reduced by the Program, premium increases for Citizens' sinkhole insurance may be reduced.

## C. Government Sector Impact:

Citizens' staff has recommended to the Citizens Board of Governors to retain vendors to serve as sinkhole repair contractors for the purpose of establishing a sinkhole stabilization managed repair program. Vendors would be paid through the claim indemnity process (i.e. for repairs performed) and are part of the normal course of resolving claims and, therefore, the bill has no fiscal impact.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 627.351 of the Florida Statutes.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**Recommended CS/CS by Appropriations Subcommittee on General Government on March 12, 2014:**

- Requires the contractor warranty to be secured by an authorized insurer or risk retention group if the cost of such can be procured equal to or less than three percent of the cost of the repairs.
- Deletes the provision requiring the sole remedy of the policyholder in cases of dispute to proceed with stabilization repairs through the program.
- Requires the policyholder to use proceeds from a settlement, court judgment, or order for damages for repairs and remediation of the property within a reasonable period of time and requires property owners to provide notice within 45 days of completion of repairs.

**CS by Banking and Insurance on February 4, 2014:**

- Requires approved contractors to perform repairs based on line-item prices developed by Citizens that reasonably reflect market prices instead of on a fixed price bid submitted by the contractor.
- Requires Citizens to provide a five year warranty to the policyholder for stabilization repairs that is payable if the contractor is unable to honor its five year warranty to the policyholder.
- Requires Citizens to pay to perform necessary repairs that exceed policy limits or tender the policy limit without reduction for incomplete repairs that have already been performed.
- Allows the policyholder to select a contractor from among all qualified contractors that offer to perform the repair, rather than permitting Citizens to determine which bids are submitted to the policyholder.
- Specifies that neutral evaluation is available under the Program when Citizens denies a claim for sinkhole loss. Limits the issue to be determined under neutral evaluation to whether a sinkhole loss has occurred. Under current law, neutral evaluation is available to contest causation or the method of repair, and the neutral evaluator must make a recommendation as to the proper method of repair when a sinkhole loss is present.
- Requires OPPAGA to submit a report evaluating the Program to the Governor, Chief Financial Officer, President of the Senate, and Speaker of the House of Representatives by January 1, 2017.

- B. **Amendments:**

None.



430014

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Simpson)  
recommended the following:

**Senate Amendment**

Delete line 199  
and insert:  
policy limits on the structure, subject to any dual interest  
noted on the policy. If the property is entered into





615890

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Simpson)  
recommended the following:

**Senate Amendment**

Delete line 224  
and insert:  
policyholder, subject to any dual interest noted on the policy.



973154

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Simpson)  
recommended the following:

**Senate Amendment**

Delete lines 137 - 139  
and insert:  
party surety, in favor of the corporation as obligee.



673232

LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Simpson)  
recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 166 - 205  
and insert:  
qualified stabilization repair contractors to perform repairs.

===== T I T L E A M E N D M E N T =====

And the title is amended as follows:

Delete lines 11 - 14

and insert:



673232

11  
12

repairs provided under the program; providing  
requirements and



429040

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Simpson)  
recommended the following:

**Senate Amendment (with directory and title amendments)**

Between lines 265 and 266

insert:

(gg) As a component of the stabilization repair program set forth in paragraph (ff), a policy for residential property insurance issued by the corporation must include a deductible applicable to sinkhole losses which shall be offered in amounts equal to 2 percent, 5 percent, and 10 percent of the policy dwelling limits, with appropriate premium discounts offered with



429040

11 each deductible amount. However, for the purposes of determining  
12 eligibility pursuant sub-subparagraphs (c)5.a. and b. and s.  
13 627.3518(5), the term "comparable coverage" for sinkhole losses  
14 means a 10 percent deductible regardless of the deductible  
15 selected by a corporation policyholder.

16  
17 ===== D I R E C T O R Y C L A U S E A M E N D M E N T =====

18 And the directory clause is amended as follows:

19 Delete lines 31 - 32

20 and insert:

21 (hh) through (jj), respectively, and new paragraphs (ff) and  
22 (gg) are added to that subsection, to read:

23  
24 ===== T I T L E A M E N D M E N T =====

25 And the title is amended as follows:

26 Delete line 19

27 and insert:

28 policyholder; providing applicability; requiring the  
29 corporation to offer specified deductible amounts for  
30 sinkhole loss coverage; requiring the



448318

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Simpson)  
recommended the following:

**Senate Amendment (with title amendment)**

Between lines 265 and 266

insert:

Section 2. Paragraph (f) of subsection (2) of section  
627.706, Florida Statutes, is amended to read:

627.706 Sinkhole insurance; catastrophic ground cover  
collapse; definitions.—

(2) As used in ss. 627.706-627.7074, and as used in  
connection with any policy providing coverage for a catastrophic



448318

11 ground cover collapse or for sinkhole losses, the term:

12 (f) "Professional engineer" means an engineer ~~a person~~, as  
13 defined in s. 471.005, who has a bachelor's degree ~~or higher~~ in  
14 engineering. A professional engineer must also have experience  
15 and expertise in the identification of sinkhole activity or ~~as~~  
16 ~~well as~~ other potential causes of structural damage.

17

18 ===== T I T L E A M E N D M E N T =====

19 And the title is amended as follows:

20 Delete line 19

21 and insert:

22 policyholder; providing applicability; amending s.  
23 627.706, F.S.; revising the definition of  
24 "professional engineer"; requiring the





120980

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Simpson)  
recommended the following:

**Senate Amendment**

Delete lines 140 - 148  
and insert:

(III) The stabilization repair contractor to provide a warranty to the policyholder, secured by an authorized insurer or registered risk retention group, which covers all repairs provided by the stabilization repair contractor for at least 5 years after completion of the stabilization repairs. If, for any contract, the stabilization repair contractor demonstrates that



120980

11 a warranty that is secured by an authorized insurer or  
12 registered risk retention group cannot be procured, or that such  
13 warranty cannot be procured for a cost equal to or less than 3  
14 percent of the stabilization repair contract amount, the  
15 corporation shall serve as the guarantor of the work performed  
16 by the contractor. The corporation shall also provide a warranty  
17 to the policyholder which covers all repairs provided by the  
18 stabilization repair contractor for at least 5 years if the  
19 stabilization repair contractor is unable to provide a remedy  
20 required under the warranty it provided to the policyholder.



146858

LEGISLATIVE ACTION

Senate	.	House
Comm: RS	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Latvala)  
recommended the following:

**Senate Amendment (with directory and title amendments)**

Delete lines 52 - 287

and insert:

(ff) Once a sinkhole property damage claim has been settled, or a court judgment or order for damages obtained, the property owner must use the proceeds from such settlement or court decision to repair and remediate the property within a reasonable period of time. Property owners must provide notice within 45 days after completion of the repairs.



146858

11           (gg) To facilitate timely repairs and remediation, the  
12 corporation shall disburse claim settlement proceeds and court-  
13 ordered judgments made payable to the property owner, and if  
14 there is a mortgage balance, to both the property owner and  
15 financial lender as co-payees.

16  
17 ===== D I R E C T O R Y   C L A U S E   A M E N D M E N T =====

18 And the directory clause is amended as follows:

19           Delete lines 28 - 32

20 and insert:

21           Section 1. Paragraph (ee) of subsection (6) of section  
22 627.351, Florida Statutes, is amended, present paragraphs (ff)  
23 through (hh) of that subsection are redesignated as paragraphs  
24 (hh) through (jj), respectively, and new paragraphs (ff) and  
25 (gg) are added to that subsection, to read:

26  
27 ===== T I T L E   A M E N D M E N T =====

28 And the title is amended as follows:

29           Delete lines 6 - 23

30 and insert:

31           and declined; requiring a property owner to use the  
32 proceeds from a sinkhole property damage claim within  
33 a reasonable period of time; requiring the corporation  
34 to disburse claim settlement proceeds and court-  
35 ordered judgments to the property owner and to the  
36 financial lender if there is a mortgage balance;  
37 providing an effective



952730

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/13/2014	.	
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Appropriations Subcommittee on General Government (Bradley)  
recommended the following:

**Senate Substitute for Amendment (146858)**

Delete lines 225 - 233

and insert:

7. Once a sinkhole property damage claim has been settled, or a court judgment or order for damages obtained, the property owner must use the proceeds from such settlement or court decision to repair and remediate the property within a reasonable period of time. Property owners must provide notice within 45 days after completion of the repairs. To facilitate



952730

11 timely repairs and remediation, the corporation shall disburse  
12 claim settlement proceeds and court-ordered judgments made  
13 payable to the property owner, and if there is a mortgage  
14 balance, to both the property owner and financial lender as co-  
15 payees.



336794

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/13/2014	.	
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	.	
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Appropriations Subcommittee on General Government (Simpson)  
recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 165 - 205

and insert:

e. The corporation shall enter into contracts with qualified stabilization repair contractors to perform repairs. The policyholder shall have up to 30 days to select a stabilization repair contractor from the pool. If the policyholder fails to make a selection within 30 days, the



336794

10 corporation shall make a selection.

11

12 ===== T I T L E A M E N D M E N T =====

13 And the title is amended as follows:

14 Delete lines 14 - 16

15 and insert:

16 stabilization repairs; requiring the policyholder to  
17 select a contractor from the pool within a certain  
18 time period; specifying additional parameters with



By the Committee on Banking and Insurance; and Senator Simpson

597-01643-14

2014416c1

1                   A bill to be entitled  
2           An act relating to sinkhole coverage; amending s.  
3           627.351, F.S.; requiring Citizens Property Insurance  
4           Corporation to submit a biannual report on the number  
5           of residential sinkhole policies requested, issued,  
6           and declined; providing legislative intent and  
7           establishing a Citizens Sinkhole Stabilization Repair  
8           Program for sinkhole claims; defining terms;  
9           prohibiting the corporation from requiring a  
10          policyholder to advance payment for stabilization  
11          repairs provided under the program; providing  
12          requirements and procedures for selecting  
13          stabilization repair contractors to conduct  
14          stabilization repairs; providing requirements and  
15          terms for contracts between the corporation and such  
16          contractors; specifying additional parameters with  
17          respect to the program, including provision for  
18          resolving disputes between the corporation and a  
19          policyholder; providing applicability; requiring the  
20          Office of Program Policy Analysis and Government  
21          Accountability to conduct a study of the program and  
22          submit a report to the Governor, the Chief Financial  
23          Officer, and the Legislature; providing an effective  
24          date.

25  
26 Be It Enacted by the Legislature of the State of Florida:  
27

28           Section 1. Paragraph (ee) of subsection (6) of section  
29           627.351, Florida Statutes, is amended, present paragraphs (ff)

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2014416c1

30 through (hh) of that subsection are redesignated as paragraphs  
31 (gg) through (ii), respectively, and new paragraphs (ff) is  
32 added to that subsection, to read:

33 627.351 Insurance risk apportionment plans.—

34 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

35 (ee) At least once every 6 months, the corporation shall  
36 submit a report to the office disclosing:

37 1. The total number of requests received for residential  
38 sinkhole loss coverage;

39 2. The total number of policies issued for residential  
40 sinkhole loss coverage;

41 3. The total number of requests declined for residential  
42 sinkhole loss coverage; and

43 4. The reasons for declining requests for residential  
44 sinkhole loss coverage ~~The office may establish a pilot program~~  
45 ~~to offer optional sinkhole coverage in one or more counties or~~  
46 ~~other territories of the corporation for the purpose of~~  
47 ~~implementing s. 627.706, as amended by s. 30, chapter 2007-1,~~  
48 ~~Laws of Florida. Under the pilot program, the corporation is not~~  
49 ~~required to issue a notice of nonrenewal to exclude sinkhole~~  
50 ~~coverage upon the renewal of existing policies, but may exclude~~  
51 ~~such coverage using a notice of coverage change.~~

52 (ff) The Legislature finds that providing a program to  
53 repair property damaged by sinkholes safeguards the public's  
54 health, safety, and welfare and that it is in the public's  
55 interest for sinkhole loss claims to be resolved by stabilizing  
56 the land and structure and repairing the foundation of the  
57 damaged structure. The Legislature further finds that, in the  
58 past, many homeowners who obtained payouts from the corporation

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59 for a sinkhole claim did not use the funds to repair or  
60 remediate the claimed damage, thereby harming the real estate  
61 marketability of their homes and the valuation of other homes in  
62 the area. Therefore, the corporation shall establish a Citizens  
63 Sinkhole Stabilization Repair Program to promote the repair and  
64 remediation of sinkhole damage to homes. By March 31, 2015, any  
65 claim against a corporation policy that covers residential  
66 sinkhole loss for which it is determined that a covered sinkhole  
67 loss has occurred must be included in and governed by the repair  
68 program for the purpose of making stabilization repairs. The  
69 determination of whether a policyholder has a covered sinkhole  
70 loss will be made by the corporation or through neutral  
71 evaluation, judicial decree, or final judgment.

72 1. As used in this paragraph, the term:

73 a. "Engineering report" means the report issued pursuant to  
74 s. 627.7073(1).

75 b. "Neutral evaluation" and "neutral evaluator" have the  
76 same meanings as provided in s. 627.706(2).

77 c. "Recommendation of the engineer" means the  
78 recommendation of the professional engineer engaged by the  
79 corporation and included in the report pursuant to s.  
80 627.7073(1)(a)5.

81 d. "Sinkhole loss" has the same meaning as provided in s.  
82 627.706(2).

83 e. "Stabilization repair" means stabilizing the land and  
84 structure caused by sinkhole activity and repairing the damaged  
85 structure.

86 f. "Stabilization repair contractor" means a contractor who  
87 makes stabilization repairs.

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88       2. The repair program shall be managed by the corporation  
89 and must include the following components:

90       a. The policyholder may not be required to advance payment  
91 for stabilization repairs.

92       b. Stabilization repairs must be conducted by a  
93 stabilization repair contractor selected from an approved  
94 stabilization repair contractor pool procured by the corporation  
95 pursuant to an open and transparent process. Each contractor  
96 within the pool must be qualified and approved by the  
97 corporation based on criteria that include the following  
98 requirements:

99       (I) The stabilization repair contractor corporate entity  
100 must demonstrate experience in the stabilization of sinkhole  
101 activity pursuant to requirements established by the  
102 corporation.

103       (II) The stabilization repair contractor must be certified  
104 as a contractor pursuant to s. 489.113(1).

105       (III) The stabilization repair contractor must demonstrate  
106 capacity to be bonded and provide performance, surety, or other  
107 bonds as described in this section, which may be supplemented by  
108 additional requirements as determined by the corporation.

109       (IV) The stabilization repair contractor must demonstrate  
110 that it meets insurance coverage requirements, including, but  
111 not limited to, commercial general liability and workers'  
112 compensation, established by the corporation.

113       (V) The stabilization repair contractor must maintain a  
114 valid drug-free workplace program.

115       (VI) Such other requirements as may be established by the  
116 corporation.

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2014416c1

117 c. Stabilization repair contractors selected from the  
118 approved stabilization repair contractor pool shall conduct  
119 stabilization repairs pursuant to a contract between the  
120 contractor and the corporation. Such contract is not subject to  
121 paragraph (e) or s. 287.057. Pursuant to the terms of the  
122 contract, the selected contractor is solely responsible for the  
123 performance of all necessary stabilization repairs specified in  
124 the engineering report and the recommendations of the engineer.

125 d. The corporation shall develop a standard stabilization  
126 repair contract for the purpose of conducting stabilization  
127 repairs on all properties within the repair program. At a  
128 minimum, the contract must require:

129 (I) The assigned stabilization repair contractor to  
130 complete all stabilization repairs identified in the engineering  
131 report based on line-item prices developed by the corporation  
132 which reasonably reflect actual market prices for sinkhole  
133 stabilization activities.

134 (II) Each stabilization repair contractor to post a payment  
135 bond in favor of the corporation as obligee for each project  
136 assigned and to post a performance bond, secured by a third-  
137 party surety, in favor of the corporation as obligee, in a  
138 principal amount equal to the total cost of all contracts  
139 annually awarded to that contractor.

140 (III) The stabilization repair contractor to provide a  
141 warranty to the policyholder which covers all repairs provided  
142 by the stabilization repair contractor for at least 5 years  
143 after completion of the stabilization repairs. The corporation  
144 shall also provide a warranty to the policyholder which covers  
145 all repairs provided by the stabilization repair contractor for

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146 at least 5 years if the stabilization repair contractor is  
147 unable to provide a remedy required under the warranty it  
148 provided to the policyholder.

149 (IV) That, throughout the course of the stabilization  
150 repairs performed by the contractor, the engineer monitor the  
151 property and confirm that stabilization has been satisfactorily  
152 completed and that no further stabilization is necessary to  
153 remedy the damage identified in the engineering report and the  
154 recommendations of the engineer.

155 (V) That the stabilization repair contractor notify the  
156 corporation if the engineer concludes that additional  
157 stabilization repairs are necessary to complete the repairs  
158 specified in the engineering report and the recommendations of  
159 the engineer. If repairs can be completed within policy limits,  
160 the stabilization repair contractor shall complete the  
161 additional repairs based on the line-item prices developed by  
162 the corporation. The contract must also contain provisions  
163 specifying the remedy and sanctions for failing to perform the  
164 additional repairs.

165 e. The corporation shall enter into contracts with  
166 qualified stabilization repair contractors to perform repairs  
167 pursuant to a process that requires all of the following  
168 components:

169 (I) Within 30 days after the completion of the engineering  
170 report, the report must be posted on a list that is made  
171 available to all stabilization repair contractors within the  
172 pool.

173 (II) The corporation shall select a stabilization repair  
174 contractor from the pool pursuant to a selection process

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175 established by the corporation for assigning a stabilization  
176 repair contractor to perform stabilization repairs for each  
177 property within the program. The selection process must include  
178 all of the following:

179 (A) All stabilization repair contractors within the pool  
180 are provided an opportunity to submit an offer to perform the  
181 stabilization repairs recommended in the engineering report.  
182 Such offer must include an itemized statement of work based on  
183 line-item prices developed by the corporation.

184 (B) The corporation shall review the offers and provide the  
185 policyholder with a list of all stabilization repair contractors  
186 that submit an offer under sub-sub-sub-subparagraph (A).

187 (C) The policyholder has up to 30 days to select a  
188 stabilization repair contractor from the list. If the  
189 policyholder fails to make a selection within 30 days, the  
190 corporation shall make the selection. The corporation may  
191 reserve the right to select a stabilization repair contractor on  
192 the list based upon quality, cost-effectiveness, and such other  
193 criteria as the corporation determines appropriate.

194 (D) If no stabilization repair contractor submits an offer  
195 to perform the stabilization repairs for a property within the  
196 program or if all offers are above the policyholder's policy  
197 limit, the corporation may enter the property into the selection  
198 process again or may pay the policyholder an amount up to the  
199 policy limits on the structure. If the property is entered into  
200 the selection process three times and no stabilization repair  
201 contractor submits an offer to repair the property or all offers  
202 are above the policyholder's policy limit, the corporation shall  
203 elect to pay for stabilization repairs above the policyholder's

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204 policy limit or pay the policyholder an amount up to the policy  
205 limits on the structure.

206 3. The corporation is not responsible for serving as a  
207 stabilization repair contractor. The corporation's obligations  
208 under the repair program are not an election to repair by the  
209 corporation and therefore do not imply or create a new  
210 contractual relationship with the policyholder.

211 4. The corporation's liability related to stabilization  
212 repair activity pursuant to the repair program and all other  
213 repairs to the structure conducted in accordance with the terms  
214 of the policy may not be greater than the policy limits on the  
215 structure.

216 5. The corporation shall pay for other repairs to the  
217 structure and contents in accordance with the terms of the  
218 policy.

219 6. If the professional engineer engaged by the corporation  
220 determines that the stabilization repair cannot be completed  
221 within policy limits, the corporation must pay to complete the  
222 stabilization repair recommended by the corporation's  
223 professional engineer or tender the policy limits to the  
224 policyholder.

225 7. If a dispute arises between the corporation and the  
226 policyholder under this paragraph, under the policy, or under s.  
227 627.707 relating to the nature or extent of stabilization  
228 repairs to be conducted under the repair program, the sole  
229 remedy for resolving such dispute shall be to proceed with the  
230 necessary stabilization repairs through the repair program  
231 established under this paragraph, regardless of whether the  
232 claim, judgment, or decree is for breach of contract,



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233 declaratory relief, or specific performance.

234 8. If the corporation denies a policyholder's claim for  
235 sinkhole loss, the corporation or the policyholder may invoke  
236 neutral evaluation by filing a request with the department  
237 pursuant to s. 627.7074(7). Neutral evaluation is mandatory if  
238 requested by the corporation or the policyholder.

239 a. The neutral evaluator may not directly or indirectly  
240 participate in the remediation, repair, or restoration of the  
241 damaged property that is the subject of the claim, have a  
242 financial interest in the remediation, repair, or restoration of  
243 the damaged property that is the subject of the claim, or have a  
244 financial interest in any business entity that is involved in  
245 the remediation, repair, or restoration of the damaged property  
246 that is the subject of the claim.

247 b. The only issues to be determined by the neutral  
248 evaluator, pursuant to state law and the applicable policy, are  
249 whether there is sinkhole activity present as determined by a  
250 qualified professional geologist and, if so, whether there is  
251 sinkhole loss as determined by a qualified professional  
252 engineer. If the neutral evaluator determines that sinkhole loss  
253 exists, the sinkhole damage shall be included in and governed by  
254 the repair program.

255 c. Filing a request for neutral evaluation tolls the  
256 applicable time requirements for filing suit for 60 days  
257 following the conclusion of the neutral evaluation process or  
258 the time prescribed in s. 95.11, whichever is later.

259 9. This paragraph does not prohibit the corporation from  
260 establishing a managed repair program for other repairs to the  
261 structure in accordance with the terms of the policy.

597-01643-14

2014416c1

262       10. This paragraph supersedes s. 627.7074(4) and applies  
263 only to the corporation and its policyholders and does not apply  
264 to any other insurer.

265       11. This paragraph supersedes s. 627.707(5)(a)-(d).

266       Section 2. By January 1, 2017, the Office of Program Policy  
267 Analysis and Government Accountability shall review the Citizens  
268 Sinkhole Stabilization Repair Program and submit a report to the  
269 Governor, the Chief Financial Officer, the President of the  
270 Senate, and the Speaker of the House of Representatives. The  
271 report must:

272       (1) Analyze policyholder satisfaction with stabilization  
273 repairs received through the program and the sufficiency of  
274 consumer protections provided by the program.

275       (2) Analyze the timeliness of stabilization repairs, in  
276 comparison with industry averages and practices. The report  
277 shall evaluate the loss costs associated with sinkhole claims  
278 under the program, comparing them with corporation's loss costs  
279 before the program's creation.

280       (3) Evaluate whether disputes between stabilization repair  
281 contractors and policyholders are resolved in an effective and  
282 timely manner.

283       (4) Evaluate whether litigation of sinkhole claims and  
284 associated costs are increasing or decreasing under the program,  
285 and the causes of such litigation.

286       (5) Evaluate the cost-effectiveness of allowing the program  
287 to be managed by a third-party administrator.

288       Section 3. This act shall take effect July 1, 2014.

S0416  
GENERAL BILL/CS by BI, Simpson; (Similar CS/H 0129)  
Sinkhole Coverage. EFFECTIVE DATE: 07/01/2014.  
03/12/14 S Subcommittee Recommendation: CS/CS by Appropriations Subcommittee on General Government;  
YEAS 10 NAYS 3 -SJ 243  
03/14/14 S Now in Appropriations -SJ 243  
05/02/14 S Died in Appropriations

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-14

Meeting Date

Topic \_\_\_\_\_

Bill Number 416  
(if applicable)

Name JERRY PAUL

Amendment Barcode 430014  
(if applicable)

Job Title \_\_\_\_\_

Address \_\_\_\_\_  
Street

Phone 850-386-5267

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing Association of Stabilization Experts

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**

(FBA)

2

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-14

Meeting Date

Topic \_\_\_\_\_

Bill Number 416

Name JERRY PAUL

Amendment Barcode 615890 (FES)  
(if applicable)

Job Title \_\_\_\_\_

Address \_\_\_\_\_

Phone 850-386-5267

Street

E-mail \_\_\_\_\_

City

State

Zip

Speaking:  For  Against  Information

Representing Association of Stabilization Specialists

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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(FES)  
3

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-14  
Meeting Date

Topic \_\_\_\_\_ Bill Number 416  
Name JERRY PAUL Amendment Barcode 998318 (if applicable)  
Job Title \_\_\_\_\_ (if applicable)

Address 310 W. College Ave. Phone 850-386-5267  
Street  
TLH E-mail \_\_\_\_\_  
City State Zip

Speaking:  For  Against  Information

Representing Association of Stabilization Specialists

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

**THE FLORIDA SENATE  
APPEARANCE RECORD**

4

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-14  
*Meeting Date*

Topic \_\_\_\_\_ Bill Number 416  
Name JERRY PAUL Amendment Barcode 120980 (SIMPSON)  
*(if applicable)* *(if applicable)*  
Job Title \_\_\_\_\_

Address 310 W. College Ave. Phone 850-386-5267  
*Street*  
Jordan                                            
*City* *State* *Zip*  
E-mail \_\_\_\_\_

Speaking:  For  Against  Information  
Representing Home Buyers Warranty  
Appearing at request of Chair:  Yes  No  
Lobbyist registered with Legislature:  Yes  No

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**This form is part of the public record for this meeting.** S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-14

Meeting Date

Topic \_\_\_\_\_

Bill Number 416

(if applicable)

Name FERRY PAUL

Amendment Barcode 336794

(if applicable)

Job Title \_\_\_\_\_

Address 310 W. College Ave.

Phone 850-386-5267

Street

City

State

Zip

E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing Association of Stabilization Specialists

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-14  
Meeting Date

Topic \_\_\_\_\_

Bill Number 416  
*(if applicable)*

Name Greg Armstrong

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Real Estate Broker

Address 9251 Alcott Way  
*Street*

Phone \_\_\_\_\_

Trinity FL 3465  
*City State Zip*

E-mail armgreg@verizon.net

Speaking:  For  Against  Information

Representing Florida Realtors

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-2014  
Meeting Date

Topic Sinkhole Bill Number SB 416  
*(if applicable)*

Name Rosa Rocco Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Past Hernando City Commissioner

Address 1075 Overland DR Phone 352-686-5183  
*Street*

Spring Hill FL 34608  
*City State Zip*

E-mail pancrocco@adl.com

Speaking:  For  Against  Information

Representing \_\_\_\_\_

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/12/14  
Meeting Date

Topic Sinkhole Repair Program

Bill Number SB 416 (if applicable)

Name Suzanne Winfield

Amendment Barcode (if applicable)

Job Title Director of Sales

Address 9621 Wydel Last Street

Phone 813-758-8185

River View FL 33569  
City State Zip

E-mail CEOMotivation@gmail.com

Speaking:  For  Against  Information

Representing SELF

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/12/14

Meeting Date

Topic Sinkhole Stabilization Report Bill Number SB 416  
(if applicable)

Name Jeff Riddle Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Professional Geologist

Address 1345 Old Village Rd Phone 850-264-8215  
Street

Tallahassee FL 32312 E-mail ERLFLA@live.com  
City State Zip

Speaking:  For  Against  Information

Representing self

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3/12/14

Meeting Date

Topic Sinkholes

Bill Number 416  
*(if applicable)*

Name LAURA LENHART

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Governmental Affairs Coordinator

Address 136 S. Bronough St  
*Street*

Phone 850-521-1292

Tallahassee FL 32301  
*City State Zip*

E-mail l.lenhart@flchamber.com

Speaking:  For  Against  Information

Representing Florida Chamber of Commerce

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic Sinkholes Bill Number SB 916  
(if applicable)

Name Christopher Ligori Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Attorney

Address 117 S. Willow Ave Phone 813-223-2929  
Street

Tampa Fla 33606 E-mail cligori@Ligorilaw.com  
City State Zip

Speaking:  For  Against  Information

Representing FJA

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

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S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

3-12-14

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic Sink hole Bill Number 416  
Name Amy Datz Amendment Barcode \_\_\_\_\_ (if applicable)  
Job Title Retired Environmental Scientist (if applicable)  
Address 1130 Crestview Ave Phone 850 322-7599  
Tallahassee E-mail amali@datz.com  
City State Zip  
Speaking:  For  Against  Information  
Representing Self  
Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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(LATVALA)

6

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-14

Meeting Date

Topic \_\_\_\_\_

Bill Number 416

Name JERRY PAUL

Amendment Barcode 146858 (LATVALA) (if applicable)

Job Title \_\_\_\_\_

Address 310 W. College Ave. Street

Phone 850-386-5267

City TLH State Zip

E-mail \_\_\_\_\_

Speaking:  For  Against  Information

Representing ASSOCIATION OF STABILIZATION EXPERTS

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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# APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

3-12-14

Meeting Date

Topic \_\_\_\_\_

Bill Number 416  
(if applicable)

Name Greg Armstrong

Amendment Barcode 146858  
(if applicable)

Job Title Real Estate Broker

Address 9291 Alcott Way  
Street

Phone 727-534-9957

New Port Richey FL 34655  
City State Zip

E-mail armgreg@verizon.net

Speaking:  For  Against  Information

Representing self

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

**SENATOR WILTON SIMPSON**  
18th District

**COMMITTEES:**

Community Affairs, *Chair*  
Appropriations Subcommittee on General Government  
Appropriations Subcommittee on Transportation, Tourism, and Economic Development  
Commerce and Tourism  
Communications, Energy, and Public Utilities  
Environmental Preservation and Conservation

**JOINT COMMITTEE:**

Joint Legislative Auditing Committee

February 5, 2014

Senator Alan Hays, Chairman  
Appropriations Subcommittee on General Government  
201 The Capitol  
404 S. Monroe Street  
Tallahassee, FL 32399

Senator Hays,

Please place Senate Bill 416 relating to sinkhole coverage, on the next Appropriations Subcommittee on General Government agenda.

Please contact my office with any questions.

A handwritten signature in black ink, appearing to read "Wilton Simpson".

Wilton Simpson  
Senator, 18<sup>th</sup> District

REPLY TO:

- 322 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5018
- Post Office Box 938, Brooksville, Florida 34605
- Post Office Box 787, New Port Richey, Florida 34656-0787 (727) 816-1120 FAX: (888) 263-4821

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**DON GAETZ**  
President of the Senate

**GARRETT RICHTER**  
President Pro Tempore

# The Florida Agriculture Center and Horse Park

Jim Payton, Chair

Florida Agriculture Center and Horse Park Authority

Appropriations Subcommittee on General Government

March 12, 2014

# History of the Park

- Created within the Department of Agriculture and Consumer Services in 1996 in s. 570.952 F.S. Reorganized in 2005. Master plan created in 2008.
- Composed of 21 members appointed by the Commissioner of Agriculture
- Located on a 500 acre lease from the Board of Trustees at the Cross Florida Greenway in Marion County

# Purpose and Objectives

- Develop an international equine competition facility that encompasses all breeds and disciplines
- Advance agriculture and equine education
- Provide a recreational facility that hosts outside, equestrian and non-equestrian events

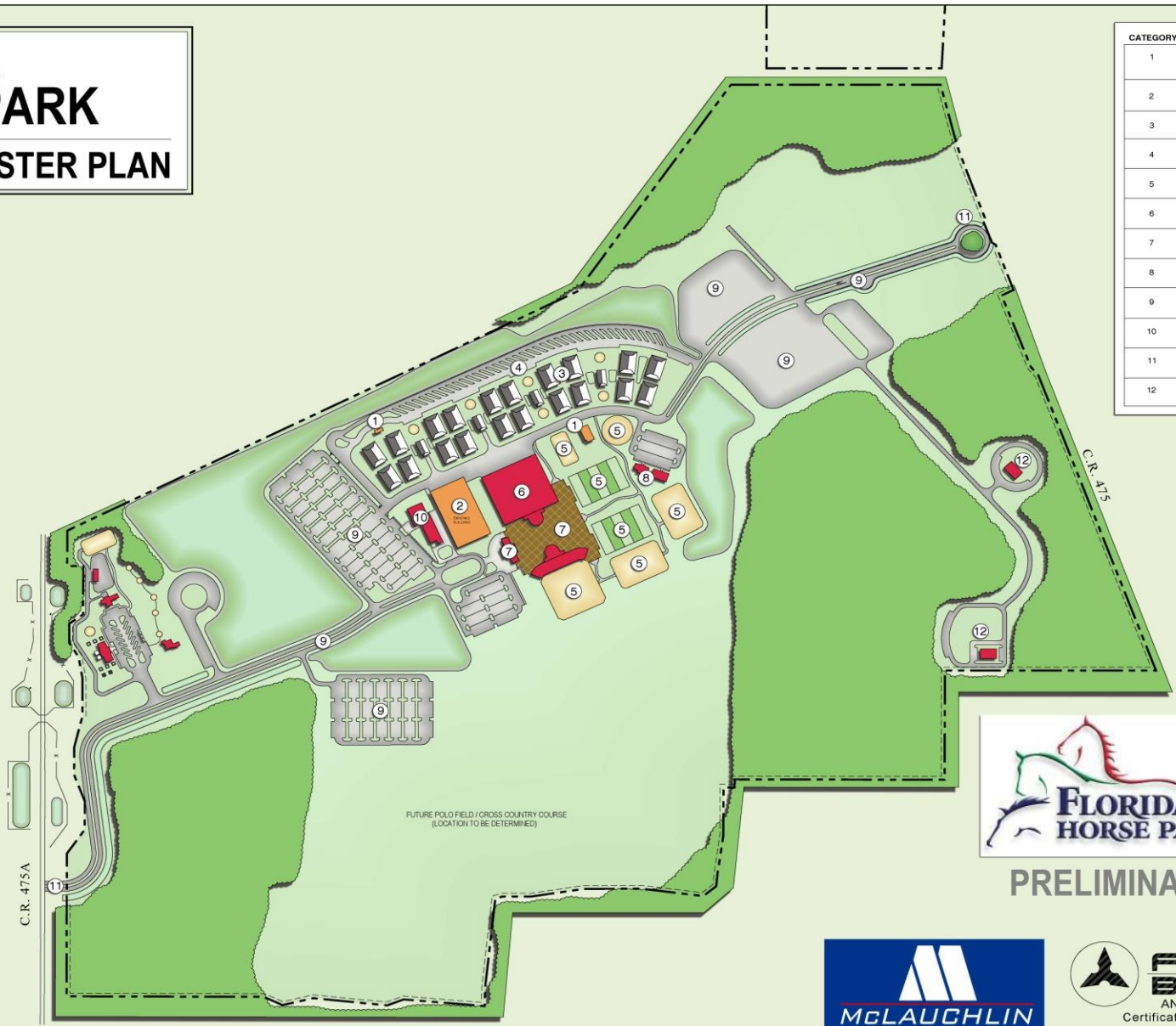
# Current Activities and Partnerships

- Host local, national and international competitions in virtually every equine discipline from dressage to polo to versatility challenges
- Currently hosts more than 70 events each year, including 3 national-international equestrian competitions in 3-day eventing, dressage, driving
- Host dog shows, 5K benefit runs, soccer tournaments and other statewide and community events
- Reservations for 2014 have exceeded expectations

# Long Term Vision

## FLORIDA HORSE PARK PARTIAL MASTER PLAN

CATEGORY	DESCRIPTION	BUDGET
1	WATER TREATMENT PLANT RESTROOM/ CONCESSIONS (COMPLETED 2011)	\$1,000,000
2	COVERED ARENA (WILL BE COMPLETED 2014)	\$2,000,000
3	BARNs, RESTROOMS, WASHDOWNS AND ASSOCIATED INFRASTRUCTURE	\$8,800,000
4	PREMIER RV PARKING (38 SPACES) AND ASSOCIATED INFRASTRUCTURE	\$1,000,000
5	ADDITIONAL ARENAS/ VARIOUS DISCIPLINES AND ASSOCIATED INFRASTRUCTURE	\$1,400,000
6	INDOOR ARENA AND ASSOCIATED INFRASTRUCTURE	\$15,000,000
7	WELCOME CENTER/ PLAZA AND ASSOCIATED INFRASTRUCTURE	\$3,500,000
8	SHOW OFFICE/ COMPETITORS AREA AND ASSOCIATED INFRASTRUCTURE	\$1,000,000
9	ENTRANCE ROADS/ PARKING AND ASSOCIATED INFRASTRUCTURE	\$2,000,000
10	EDUCATION/ RESEARCH BUILDING AND ASSOCIATED INFRASTRUCTURE	\$2,500,000
11	MONUMENT SIGNS AND ASSOCIATED INFRASTRUCTURE	\$500,000
12	TRAIL-HEAD/ RV/ CAMPING AND ASSOCIATED INFRASTRUCTURE	\$1,000,000



PREPARED: 02/12/2014



**FARNER BARLEY AND ASSOCIATES, INC.**  
 Certificate of Authorization Number: 4709  
 4450 N.E. 83rd Road • Wildwood, Florida 34785 • (352) 748-3126

- ▲ ENGINEERS
- ▲ SURVEYORS
- ▲ PLANNERS

# Most Recent Legislative Support

- 2013-2014 Budget - \$2 million
- 80,000 ft Covered Arena
- Estimated Completion – May 2014



# Construction of Covered Arena



727.520.8181  
www.aerophoto.com

Florida Horse Park

Image # 140220 2022  
Date 02.20.14

# Summary

- The Authority is committed to the legislative purpose and objectives
- The Authority is committed to the long term vision
- The Authority is grateful and appreciative of the trust you have placed in it by providing prior funding
- Thank You



# Status of Florida's Efforts to Address Challenges to Business Establishment and Expansion

*A Presentation to the Senate Appropriations Subcommittee on General Government*

**Emily Leventhal, Ph.D.**  
**Senior Legislative Analyst**

March 12, 2014

# Background: State of Business

- Florida's business climate and the ease of establishing new businesses have long been topics of interest
- Numerous studies have addressed these issues, yielding varied results
  - Associations conduct surveys to obtain information about businesses' concerns
  - Legislature has solicited business input
- The Legislature recently took action to reduce workforce and other barriers

# Project Scope

- Primary barriers to business expansion and establishment
- Case study: Residential construction industry
- Florida state agency efforts to address business barriers
- Other states' efforts to address business barriers
- Additional options to minimize barriers

# Florida Businesses Identified Several Major Business Barriers

- Access to capital – financing a problem for small businesses
- Workforce supply and quality – in some specialty areas
- Regulatory issues – environmental permitting, local variation

# Residential Contractors' Views Varied on Regulatory Issues

- State and local licensing requirements
  - Necessity of local licenses for activities not licensed by the state
  - Local reciprocity
- Permitting and Zoning processes
  - Limited online document submission
  - No concurrent review
- Inspection procedures
  - Variation across counties

# Florida Agencies Have Implemented Initiatives to Reduce Business Barriers

<b>DACS</b>	<ul style="list-style-type: none"><li>• Developed online licensure and fee payment for regulated entities</li></ul>
<b>DBPR</b>	<ul style="list-style-type: none"><li>• Reviewed and streamlined license application processes</li></ul>
<b>DEP</b>	<ul style="list-style-type: none"><li>• Developed a portal for online permit application and payment</li><li>• Providing pre-application workshops for permit seekers</li></ul>
<b>DOR</b>	<ul style="list-style-type: none"><li>• Continuing to develop the one-stop business registration portal</li></ul>



# Other States Have Also Taken Steps to Address Business Barriers

- Established taskforces that examined regulatory reform and/or improving competitiveness
- Reviewed state agency rules that were considered barriers to job creation
- Developed legislative or policy initiatives

# Recent Legislative Efforts

- Beginning an initiative to better prepare Floridians for the workforce
- Expanding access to capital
- Reducing tax burdens
- Improving the effectiveness of economic incentives

# Legislative Considerations

- Monitoring the impact of state agency initiatives
- Improving electronic access to local regulatory and business information

# Questions?

The image shows the Florida State Capitol building in Tallahassee, Florida, with its iconic dome and classical architecture. The building is set against a blue sky with white clouds. The image is partially obscured by a vertical blue bar on the left side of the slide.

*oppaga*

THE FLORIDA LEGISLATURE'S OFFICE OF PROGRAM POLICY ANALYSIS & GOVERNMENT ACCOUNTABILITY

OPPAGA supports the Florida Legislature by providing data, evaluative research, and objective analyses that assist legislative budget and policy deliberations.

# Florida's Water Challenge

Presentation for  
Senate General Government Appropriations Subcommittee

By  
Florida Water Advocates



**“Florida’s environment, economy and quality of life all depend on water. If we want to continue to attract businesses and draw tourists while protecting our environment, we must ensure we have the water supply to meet our needs, not just today, but for our future.”**

**Commissioner Adam Putnam  
Florida First / 2014**



# A Recognized National Crisis:

- **AWWA "Buried No Longer: Confronting America's Infrastructure Crisis" Report**  
- <http://www.awwa.org/Portals/0/files/legreg/documents/BuriedNoLonger.pdf>
- **National Association of Water Companies (NAWC) and U.S. Chamber of Commerce effort on water infrastructure, "Water is Your Business"**  
- <http://waterisyourbusiness.org>
- **American Society of Civil Engineers report on the future economic costs of failing to act on infrastructure needs**  
- [http://www.asce.org/uploadedFiles/Infrastructure/Failure\\_to\\_Act/Failure\\_to\\_Act\\_Report.pdf](http://www.asce.org/uploadedFiles/Infrastructure/Failure_to_Act/Failure_to_Act_Report.pdf)
- **Congressional Research Service - Water Infrastructure Needs and Investment: Review and Analysis of Key Issues**  
- <http://www.fas.org/sgp/crs/homesec/RL31116.pdf>
- **Drinking Water Infrastructure Needs Survey and Assessment | Drinking Water Infrastructure Needs Survey | US EPA**  
- <http://water.epa.gov/infrastructure/drinkingwater/dwns/index.cfm>



# **WATER: It is Our Business**

**“ I don’t want to reach a day where a Texas company announces it’s moving to **Florida** or Ohio because of water issues.”**

**Joe Straus**

**Speaker Texas House of Representatives**

**January 2013**





## States Stepping-up to Challenge

- **Texas voters approved a constitutional amendment proposed by the Legislature that is expected to “fund over \$25 billion worth of projects over the next 50 years.”** (StateImpact NPR, Nov. 2013)
- **New Jersey provides \$5B to future-proof water, wastewater treatment plants against extreme weather.** (NJSpotlight, Aug. 2013)
- **Massachusetts currently considering a bi-partisan water infrastructure bill that would provide \$21.4 billion over the next 20 years.** (CapeCod Today, Oct. 2013)
- **California plans to expend between \$800 million and \$1 billion annually on recycled water projects over the next decade.** (WateReuse Assoc., Nov. 2013)
- **Illinois Governor marks \$2B for statewide clean water and stormwater management projects.** (CleanWater, Illinois, Feb. 2014)



# Florida's Water Resources Priorities

- **Protecting State's economy & quality of life.**
  - Safeguarding fragile environments (rivers, wetlands, lakes, springs & estuaries) that drive our tourism and recreational industries.
  - Ensuring adequate supplies to support Florida's agriculture & economic growth.
- **Developing alternative supplies of water to support safe growth.**
- **Restoring our already impacted natural systems.**
- **Repairing or replacing aging infrastructure.**

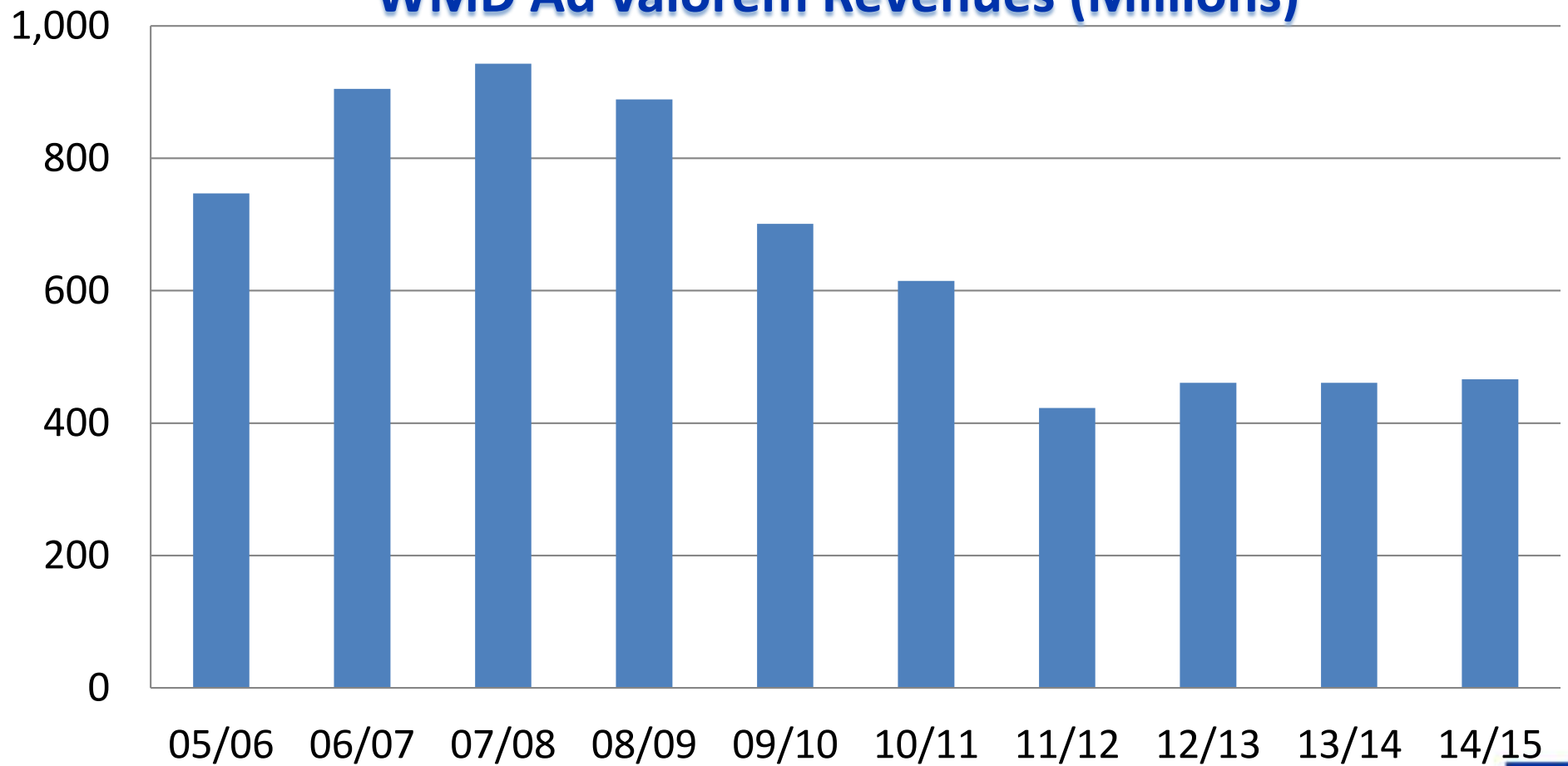


# Florida Faces A Daunting Challenge

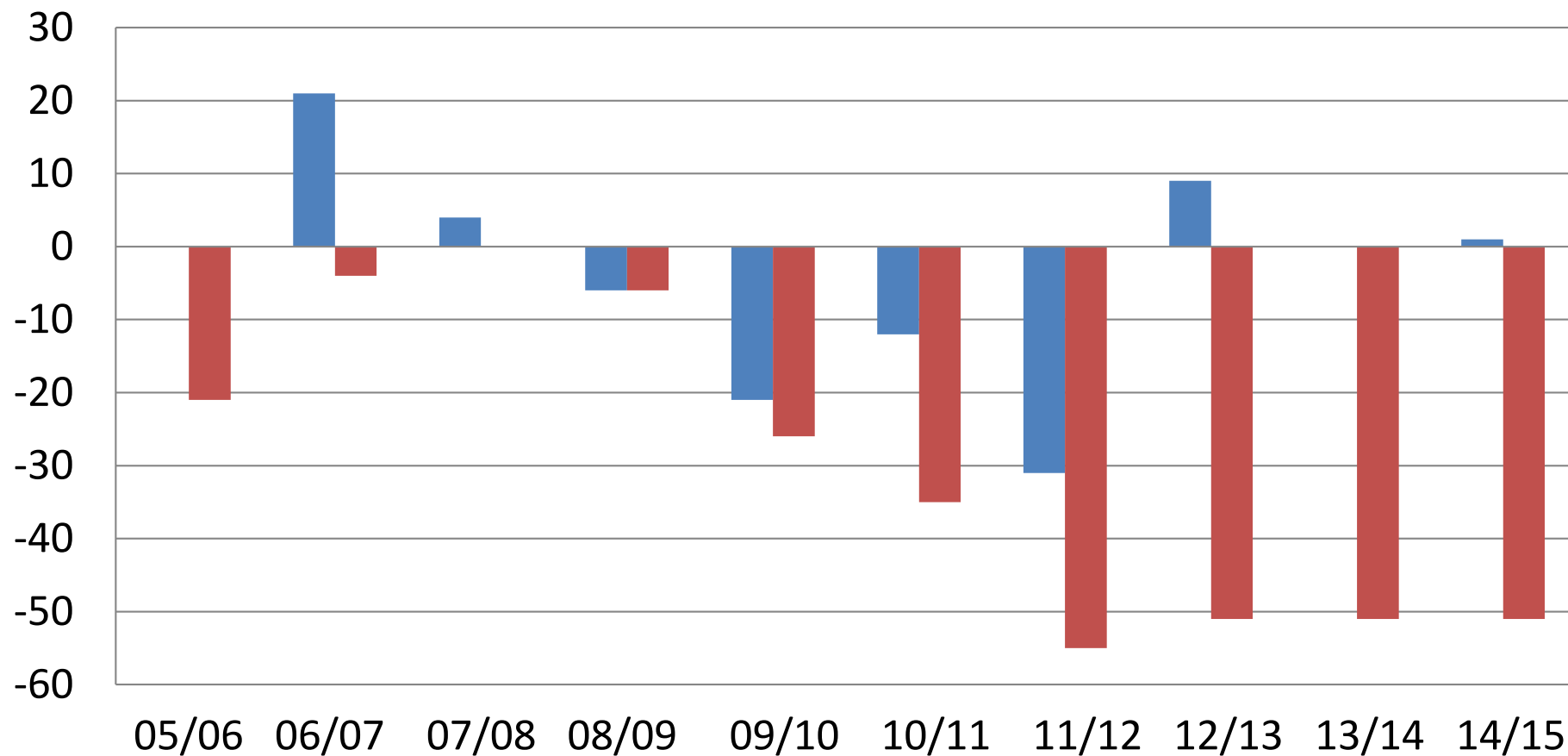
- **\$32.40 Billion in new drinking water and wastewater infrastructure by 2020.** (ASCE: 2013)
- **\$50.5 to \$149.8 million per year towards a \$150 Billion dollar cost to fully implement new Numeric Nutrient Criteria Rule.** (FSA & FSU CEFA: 2/2012)
- **\$7.2 Billion to repair or replace aging transmission and distribution water and wastewater infrastructure over next 20 years.** (EPA Report to Congress 2007)
- **\$750 million dollars are needed over the next 10 years for capital improvements and long term maintenance programs to support flood control.** (ASCE: 10/2012)



## WMD Ad valorem Revenues (Millions)



## Percent Change in WMD Ad valorem Revenues

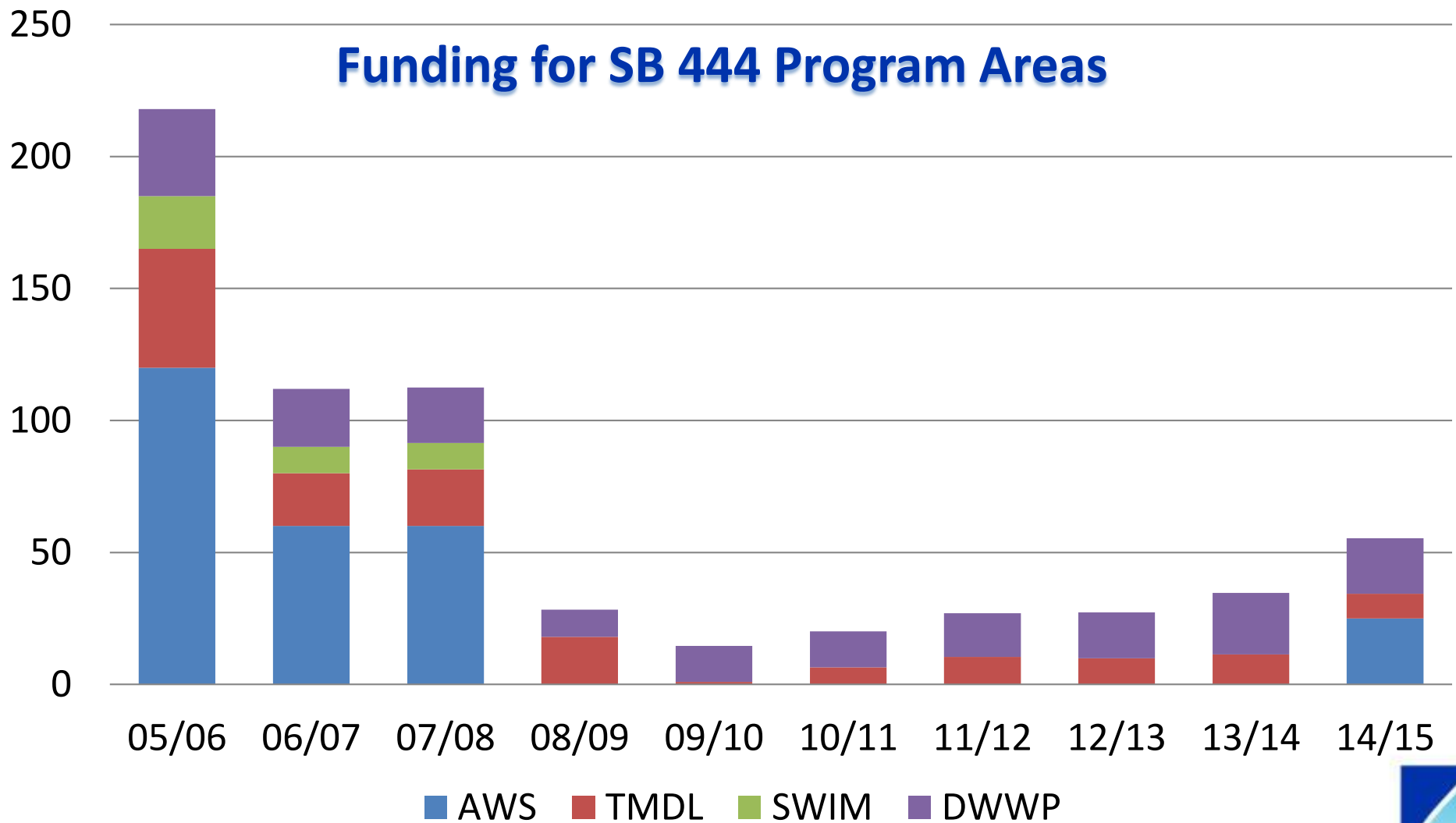


- Change in Ad valorem Revenue from Previous Year
- Change relative to highest Ad valorem Revenue Year (FY07/08)

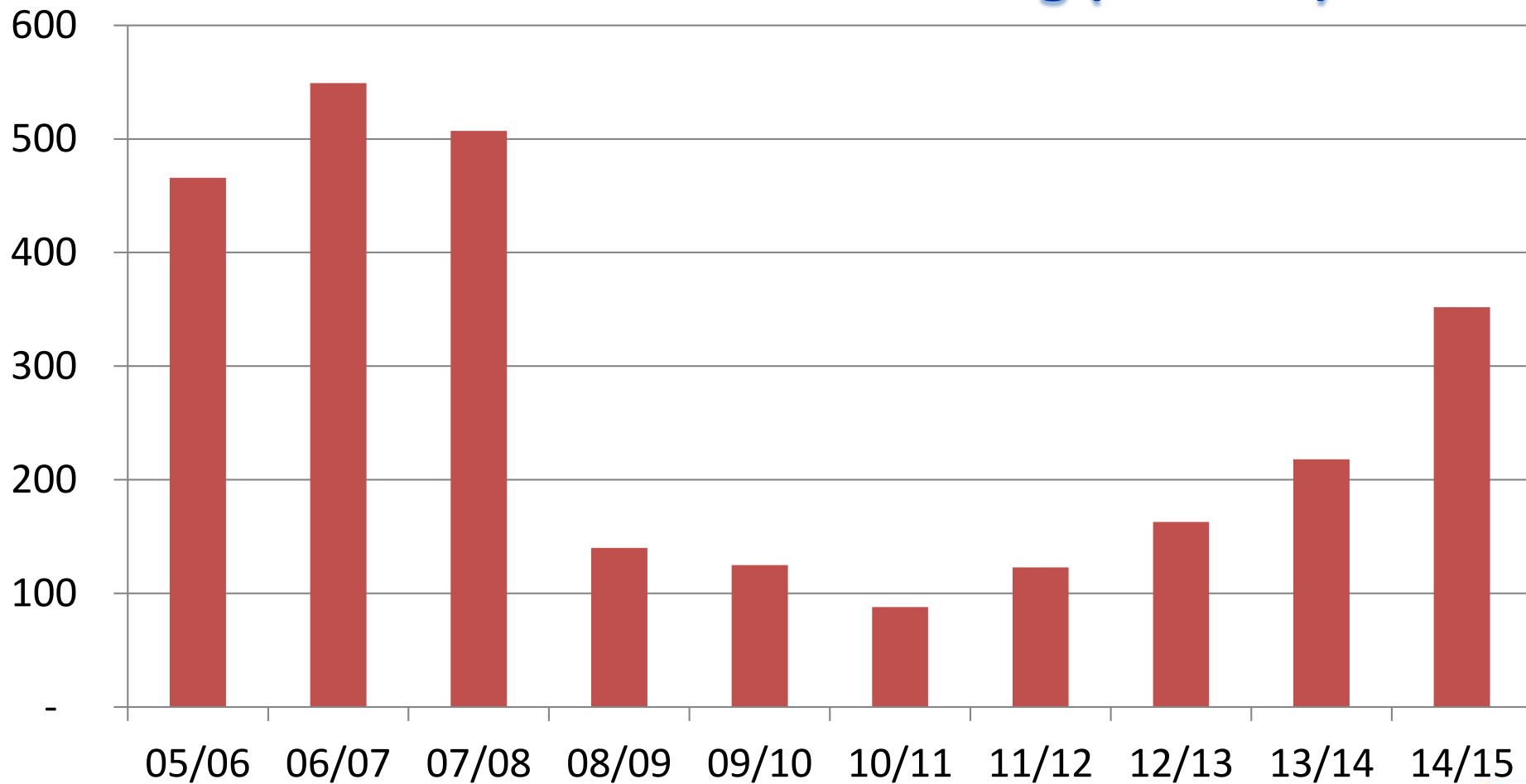
# Florida Water Protection and Sustainability Program

- **Enacted in 2005 (SB 444) with universal support**  
(Chs. 403.890 & 373.707, f.s.)
- **Recurring \$100 Million for:**
  - Alternative Water Supply Development
  - Development and Implementation of TMDLs
  - Surface Water Improvement Project Support
  - Small Disadvantaged Community Wastewater Projects.

## Funding for SB 444 Program Areas

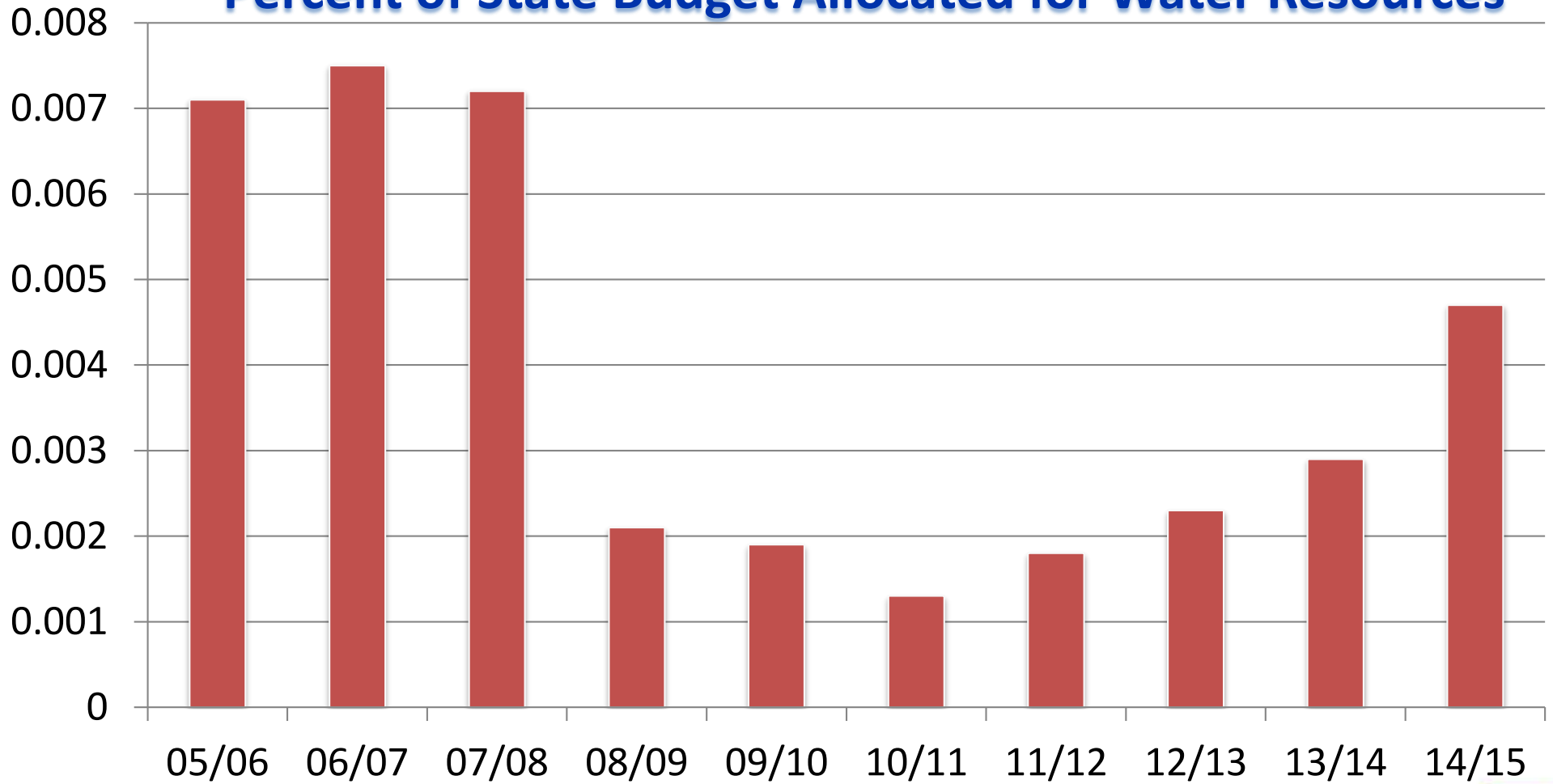


## Florida Water Resource Funding (Millions)

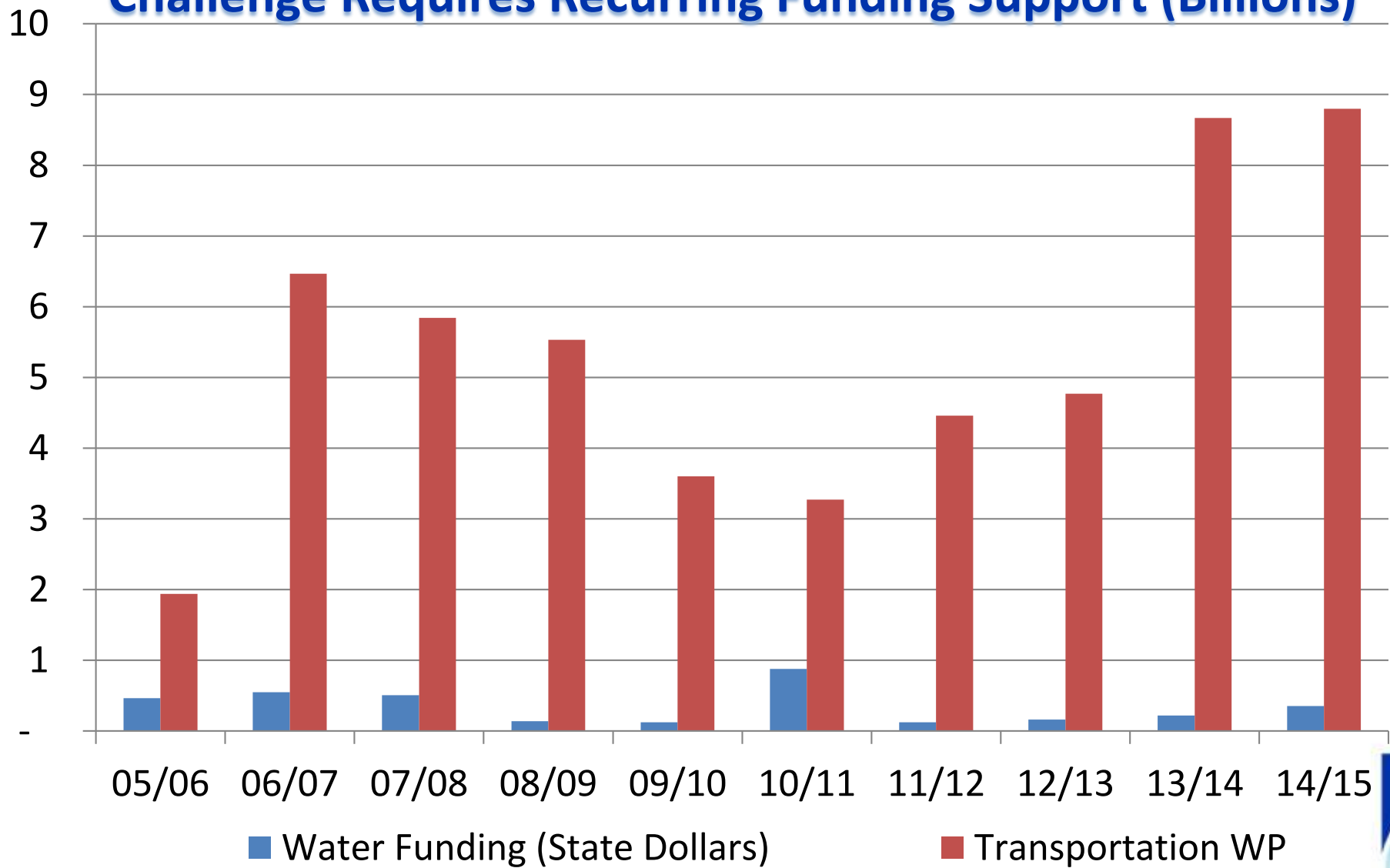




## Percent of State Budget Allocated for Water Resources



## Challenge Requires Recurring Funding Support (Billions)



# QUESTIONS?

[Floridawateradvocates.com](http://Floridawateradvocates.com)



# CourtSmart Tag Report

Room: EL 110

Case:

Type:

Caption: Senate Appropriations Subcommittee on General Government

Judge:

Started: 3/12/2014 1:03:03 PM

Ends: 3/12/2014 2:59:37 PM

Length: 01:56:35

1:03:04 PM	Sen. Hays
1:03:50 PM	TAB 1- SB 416 Sinkhole Coverage
1:03:59 PM	Sen. Simpson
1:05:16 PM	Sen. Hays
1:05:23 PM	Sen. Detert
1:06:20 PM	Sen. Simpson
1:08:50 PM	Sen. Detert
1:11:41 PM	Sen. Simpson
1:15:02 PM	Sen. Detert
1:15:04 PM	Sen. Simpson
1:17:07 PM	Sen. Latvala
1:18:50 PM	Sen. Simpson
1:19:02 PM	Sen. Latvala
1:19:51 PM	Sen. Simpson
1:20:40 PM	Sen. Latvala
1:21:05 PM	Sen. Simpson
1:21:16 PM	Sen. Latvala
1:22:49 PM	Sen. Simpson
1:25:02 PM	Sen. Latvala
1:25:36 PM	Sen. Hays
1:25:50 PM	James Knudson, Staff Director
1:26:55 PM	Sen. Latvala
1:27:09 PM	J.Knudson
1:27:31 PM	Sen. Latvala
1:28:18 PM	Sen. Simpson
1:28:30 PM	Sen. Hays
1:28:46 PM	Sen. Latvala
1:29:24 PM	Sen. Simpson
1:30:51 PM	Sen. Latvala
1:31:14 PM	Sen. Simpson
1:31:59 PM	Sen. Latvala
1:32:31 PM	Sen. Simpson
1:33:40 PM	Sen. Latvala
1:34:44 PM	J. Knudson
1:35:51 PM	Sen. Latvala
1:36:00 PM	Sen. Joyner
1:37:30 PM	Sen. Simpson
1:38:06 PM	Sen. Hays
1:38:22 PM	Sen. Thompson
1:38:57 PM	Sen. Simpson
1:40:00 PM	Sen. Thompson
1:40:07 PM	Sen. Simpson
1:40:23 PM	Sen. Legg
1:40:59 PM	Sen. Simpson
1:41:29 PM	Sen. Legg
1:42:38 PM	Sen. Simpson
1:43:18 PM	Sen. Legg
1:43:59 PM	Sen. Simpson
1:44:11 PM	Sen. Legg
1:44:43 PM	Sen. Simpson
1:44:50 PM	Sen. Soto
1:45:06 PM	Sen. Simpson

1:45:23 PM Sen. Soto  
1:45:29 PM Sen. Simpson  
1:45:32 PM Sen. Soto  
1:45:58 PM Sen. Simpson  
1:46:30 PM Sen. Soto  
1:46:35 PM Sen. Simpson  
1:46:58 PM Sen Soto  
1:47:38 PM J. Knudson  
1:47:39 PM Sen. Soto  
1:49:41 PM J. Knudson  
1:49:46 PM Sen. Soto  
1:50:16 PM Sen. Soto  
1:50:20 PM Sen. Simpson  
1:51:18 PM Sen. Hays  
1:51:23 PM Sen. Joyner  
1:51:35 PM Sen. Simpson  
1:52:08 PM Sen. Hays  
1:52:13 PM Sen. Joyner  
1:52:28 PM Sen. Simpson  
1:52:37 PM Sen. Joyner  
1:53:37 PM Sen. Hays  
1:53:45 PM Sen. Joyner  
1:53:58 PM Sen. Simpson  
1:56:11 PM Sen. Joyner  
1:56:45 PM Sen. Hays  
1:56:50 PM Sen. Detert  
1:57:14 PM Sen. Simpson  
1:57:28 PM Citizens Representative  
1:57:54 PM Sen. Detert  
1:58:25 PM Sen. Hays  
1:58:31 PM J. Knudson  
1:58:54 PM Sen. Thompson  
1:59:15 PM J. Knudson  
1:59:23 PM Sen. Hays  
1:59:25 PM Am. 430014  
1:59:33 PM Sen. Simpson  
1:59:45 PM Sen. Hays  
1:59:53 PM Jerry Paul waives in support  
2:00:12 PM Am. 615890  
2:00:18 PM Sen. Simpson  
2:00:27 PM Sen. Hays  
2:00:36 PM Jerry Paul waives in support  
2:00:48 PM Am. 448318  
2:01:03 PM Sen. Simpson  
2:01:06 PM Sen. Hays  
2:01:09 PM Sen. Joyner  
2:01:22 PM Sen. Simpson  
2:02:01 PM Sen. Hays  
2:02:13 PM Jerry Paul waives in support  
2:02:28 PM Am. 120980  
2:02:38 PM Sen. Simpson  
2:03:11 PM Sen. Hays  
2:03:19 PM Jerry Paul waives in support  
2:03:34 PM Am. 336794  
2:03:44 PM Sen. Simpson  
2:04:05 PM Sen. Hays  
2:04:18 PM Jerry Paul waives in support  
2:04:31 PM Am. 146858  
2:04:41 PM Sen. Latvala  
2:06:38 PM Sen. Hays  
2:07:05 PM TAB 2- Presentation on the Florida Agricultural Center & Horse Park Authority  
2:07:23 PM Jim Payton, Chairman, Florida Agricultural Center & Horse Park Authority

2:13:28 PM Sen. Hays  
2:14:42 PM J. Payton  
2:15:03 PM Sen. Hays  
2:15:26 PM Sen. Thompson  
2:15:39 PM J. Payton  
2:15:47 PM Sen. Hays  
2:16:31 PM TAB 3- Presentation on the Status of Florida's Efforts to Address Challenges to Business Establishment and Expansion, Office of Program Policy Analysis Government Accountability.  
2:17:15 PM Dr. Emily Leventhal, Senior Legislative Analyst, OPPAGA  
2:19:45 PM Sen. Hays  
2:19:54 PM E. Leventhal  
2:25:39 PM Sen. Hays  
2:25:44 PM Sen. Joyner  
2:26:06 PM E. Leventhal  
2:26:25 PM Sen. Hays  
2:26:32 PM Sen. Joyner  
2:26:46 PM E. Leventhal  
2:27:03 PM Sen. Hays  
2:27:26 PM E. Leventhal  
2:27:48 PM Sen. Hays  
2:28:12 PM TAB 1- SB 416  
2:28:36 PM Am. 146858  
2:28:51 PM Sen. Bradley  
2:29:53 PM Sen. Hays  
2:31:02 PM Sen. Joyner  
2:31:35 PM Sen. Stargel  
2:32:15 PM Sen. Soto  
2:32:43 PM Sen. Hays  
2:33:21 PM SB. 416  
2:33:28 PM Greg Armstrong, Real Estate Broker, Self  
2:38:19 PM Sen. Hays  
2:38:29 PM Rose Rocco, Post Hernando County Commissioner  
2:42:43 PM Sen. Hays  
2:42:48 PM Sen. Joyner  
2:43:01 PM R. Rocco  
2:43:58 PM Sen. Legg  
2:44:28 PM R. Rocco  
2:45:35 PM Sen. Legg  
2:45:39 PM R. Rocco  
2:46:02 PM Sen. Legg  
2:46:03 PM R. Rocco  
2:46:07 PM Sen. Joyner  
2:46:51 PM R. Rocco  
2:46:54 PM Sen. Hays  
2:46:59 PM Suzanne Winfield, Director of Sales, Self  
2:52:48 PM Sen. Hays  
2:53:00 PM Jeff Priddle, Professional Geologist, Self  
2:53:41 PM Sen. Hays  
2:54:09 PM Laura Leivhart, Governmental Affaris Coordinator, Florida Chamber of Commerce  
2:54:15 PM Amy Datz, Retired Environmental Scientist, Self  
2:56:02 PM Christopher Ligori, Attorney, FJA  
2:58:04 PM Sen. Hays