

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 851 Historic Preservation
SPONSOR(S): Proctor and others
TIED BILLS: HB 853 **IDEN./SIM. BILLS:** SB 2404

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Tourism & Trade</u>	<u>6 Y, 0 N</u>	<u>Vogt</u>	<u>Hoagland</u>
2) <u>Economic Expansion & Infrastructure Council</u>	<u>12 Y, 0 N</u>	<u>Vogt</u>	<u>Tinker</u>
3) <u>Policy & Budget Council</u>	<u>28 Y, 0 N</u>	<u>Martin</u>	<u>Hansen</u>
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

HB 851 transfers the management and maintenance of select St. Augustine historical properties through contract to the University of Florida. The bill provides the goals for long-term preservation, and delineates the powers and duties of the university and its direct support organization in relation to the properties. It gives authority for the University of Florida to form a direct support organization (DSO) to support the historic preservation efforts, education programs and initiatives of the university and provides for powers and duties of the DSO. The bill provides that upon execution of a contract between the Board of Trustees of the Internal Improvement Trust Fund and the University of Florida, section 267.171, Florida Statutes (F.S.), authorizing the state lease of the properties to the City of St. Augustine, is repealed.

The bill appears to have an approximate \$408,940 recurring impact to state government beginning in fiscal year 2008-09. This amount is computed based on the current formula that allows for roughly \$7.00 per square foot for the operation and maintenance of state university educational buildings. These funds would be subject to legislative appropriation to the University of Florida. This bill appears to have a positive fiscal impact on the local government of St. Augustine.

The bill provides an effective date of July 1, 2007.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

This bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Background

The state owned historic properties in St. Augustine have been leased by the City of St. Augustine through statute (s. 267.171, F.S.) since 1997. The current lease terms state:

- An initial term of 5 years with an option for renewal for successive periods of 5 years
- An annual rent of \$1.00
- The city shall maintain all buildings to promote a better understanding of the history of St. Augustine and an appreciation for historic structures
- The Florida Department of State's Division of Historical Resources (Division) shall transfer to the City a one-time sum of \$425,000 to assist in the establishment of a property management program and the maintenance of the properties
- The city shall provide security and protection at its own expense
- The city shall maintain the buildings on the properties in accordance with good preservation practices
- The city shall reimburse the Division for any and all insurance premium incurred by the Division

The State of Florida through the Trustees of the Internal Improvement Trust Fund owns 37 individual parcels of property that contain 32 primary buildings in the St. Augustine Historic district. All of these properties were previously administered by the state funded Historic St. Augustine Preservation Board which was dissolved by the Legislature in 1997.

The buildings are either reconstructions or restored historic structures that portray civilian life in Spanish colonial St. Augustine. An interpretive program based on the properties and collections was developed by the Historic St. Augustine Preservation Board and is still used for educational programs on the properties. The colonial town plan of St. Augustine, which includes the aforementioned property, was designated a National Historic Landmark in 1970¹.

Several other state historic buildings are currently managed by universities. For example, historic properties in Pensacola are managed by the University of West Florida and the Ringling Museum is managed by Florida State University. In these cases, following the year that responsibility was transferred, the universities requested and received operations and maintenance funds from the Board of Governors and the Legislature.

Proposed Changes

HB 851 creates s. 267.1735, F.S., transferring the management of various historic properties in St. Augustine through contract to the University of Florida. The goals for contracting with the university are delineated and include:

¹ <http://www.cr.nps.gov/nhl/designations/Lists/FL01.pdf>

- ensuring the long-term preservation and interpretation of state-owned historic properties in St. Augustine
- facilitating an educational program at the University of Florida that will be responsive to the state's needs for professionals in historic preservation, archaeology, cultural resource management, cultural tourism, and museum administration

HB 851 also creates s. 267.1736, F.S., giving authority to the University of Florida to form a direct-support organization (DSO). The purpose of the DSO would be to assist the university in carrying out its historic preservation and education purposes for the St. Augustine properties. The bill specifies that the DSO may raise money, submit requests and receive grants for the federal, state or its political subdivisions, private foundations, and individuals. The university and its direct-support organization are also eligible to match state funds in the Trust Fund for University Major Gifts under s. 1011.94, F.S.

The bill provides that upon execution of a contract between the Board of Trustees of the Internal Improvement Trust Fund and the University of Florida, section 267.171, F.S., authorizing the lease of the properties to the City of St. Augustine, is repealed.

Contract Requirements

All existing management contracts are rescinded upon execution of a contract between the Board of Trustees of the Internal Improvement Trust Fund and the University of Florida for the management of the properties. The university is required to use the proceeds derived from the properties for the purpose of advancing historic preservation.

The bill allows for the transfer of ownership and responsibilities for certain property and requires the transfer of other property, funds, records, and personnel to the university. The subsection also requires that the transfer of segregated funds be made in such a way that the relation between program and revenue source is retained pursuant to law.

Direct Support Organization

The bill provides for both broad and specific powers and duties of the university. Included in those is contracting with the direct-support organization in s. 267.1736, F.S., to assist the university in carrying out its historic preservation and education responsibilities. The university or direct support organization shall have the power to engage in any lawful business or activity to establish, maintain and operate the state-owned facilities and properties under contract with the Board of Trustees of the Internal Improvement Fund including:

- renting or leasing for revenue of any land, improved or restored real estate, or personal property directly related to carrying out the purposes for historic preservation
- selling of craft products
- selling of merchandise relating to historical and antiquarian period of St. Augustine
- fix and collect charges for admission to the facilities

The membership of the board of directors of the DSO must include individuals that have professional expertise in historic preservation and history. Membership must also be representative of the areas of the state served by the direct-support organization. The number of the board of directors shall be determined by the president of the university.

The bill delineates how the DSO shall operate under written contract with the university. This includes approval of articles of incorporation and bylaws, submission of an annual budget, and terms of the fiscal year. The bill also provides that the provisions outlined in s.1004.28, F.S., which state DSO requirements, apply to this newly created DSO as well and that the university may adopt policies and rules pursuant to the statute. The bill states that moneys may be held in a separate account in the name of the DSO and may include lease income, admissions income, membership fees, and private donations. The bill provides that an annual financial audit of the DSO is to occur.

The bill also provides several exemptions to the university:

- exemption from the competitive bid requirements when the protection or preservation of historic properties is involved.
- exemption from the surplus property requirements under certain circumstances, particularly when the object is determined to no longer be appropriate for advancing historic preservation. However, any artifacts, documents, or other forms of tangible personal property that have intrinsic historical or archaeological value relating to the history, government, or culture of the state may not be exchanged, sold, or otherwise transferred without prior authorization from the Department of State.

Provides an effective date of July 1, 2007.

B. SECTION DIRECTORY:

Section 1: Creates section 267.1735, F.S. Authorizes the transfer of management by contract of state owned properties in St. Augustine to the University of Florida.

Section 2: Creates section 267.1736, F.S. Authorizes the University of Florida to create a Direct Support Organization to assist the university in carrying out the historic preservation responsibilities.

Section 3: Provides that upon execution of a contract between the Board of Trustees Internal Improvement Trust Fund and the University of Florida, section 267.171, F.S., is repealed. This section leased the historic properties to the City of St. Augustine.

Section 4: Provides an effective date of July, 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: none.
2. Expenditures: Beginning in the fiscal year following execution of the contract between the Board of Trustees of the Internal Improvement Trust Fund and the University of Florida, a potential recurring fiscal impact for operation and maintenance costs will occur. Currently this amount is estimated to be \$408,940, but would increase annually by a rate set within the university's budget. Any budget request for additional state funds would require a legislative appropriation. See Fiscal Comments below.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: The City of St. Augustine will experience a loss in admission fees, proceeds from the gift shop, and rental income in relation to the historic sites.
2. Expenditures: This bill will likely have a positive fiscal impact on the City of St. Augustine. According to the city, the revenues brought in by the sites do not meet the costs of maintenance and operation. The city has been using funds from its general revenue sources for maintenance of these historic sites over the past 10 years.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: none.

- D. FISCAL COMMENTS: The bill appears to have an approximate \$408,940 potential recurring impact on state government beginning the fiscal year after the contract is executed. This amount is computed based on the current formula that allows for roughly \$7.00 per square foot for the operation and maintenance of state university educational facilities. The buildings contain approximately 58,420 square feet of space that can be used for the educational mission of the university thus making them eligible for the operation and maintenance funds. Any additional state funds needed by the University of Florida would be subject to legislative appropriation.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or take action requiring the expenditure of funds. This bill does not reduce the percentage of state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement provided.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES