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LEGISLATIVE ACTION

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| Senate     | . | House |
| Comm: RCS  | . |       |
| 04/08/2015 | . |       |
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Appropriations Subcommittee on General Government (Hays)  
recommended the following:

1       **Senate Amendment to Amendment (322890) (with title**  
2 **amendment)**

3  
4       Between lines 446 and 447  
5 insert:

6       Section 9. Section 373.037, Florida Statutes, is created to  
7 read:

8       373.037 Pilot program for alternative water supply  
9 development in restricted allocation areas.-

10       (1) As used in this section, the term:



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11           (a) "Central Florida Water Initiative Area" means all of  
12 Orange, Osceola, Polk, and Seminole Counties, and southern Lake  
13 County, as designated by the Central Florida Water Initiative  
14 Guiding Document of January 30, 2015.

15           (b) "Lower East Coast Regional Water Supply Planning Area"  
16 means the areas withdrawing surface and groundwater from Water  
17 Conservation Areas 1, 2A, 2B, 3A, and 3B, Grassy Waters  
18 Preserve/Water Catchment Area, Pal Mar, J.W. Corbett Wildlife  
19 Management Area, Loxahatchee Slough, Loxahatchee River,  
20 Riverbend Park, Dupuis Reserve, Jonathan Dickinson State Park,  
21 Kitching Creek, Moonshine Creek, Cypress Creek, Hobe Grove  
22 Ditch, the Holey Land and Rotenberger Wildlife Management Areas,  
23 and the freshwater portions of the Everglades National Park, as  
24 designated by the South Florida Water Management District.

25           (c) "Restricted allocation area" means an area within a  
26 water supply planning region of the Southwest Florida Water  
27 Management District, the South Florida Water Management  
28 District, or the St. Johns River Water Management District where  
29 the governing board of the water management district has  
30 determined that existing sources of water are not adequate to  
31 supply water for all existing and future reasonable-beneficial  
32 uses and to sustain the water resources and related natural  
33 systems for the planning period pursuant to ss. 373.036 and  
34 373.709 and where the governing board of the water management  
35 district has applied allocation restrictions with regard to the  
36 use of specific sources of water. For the purposes of this  
37 section, the term includes the Central Florida Water Initiative  
38 Area, the Lower East Coast Regional Water Supply Planning Area,  
39 the Southern Water Use Caution Area, and the Upper East Coast



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40 Regional Water Supply Planning Area.

41 (d) "Southern Water Use Caution Area" means all of Desoto,  
42 Hardee, Manatee, and Sarasota Counties and parts of Charlotte,  
43 Highlands, Hillsborough, and Polk Counties, as designated by the  
44 Southwest Florida Water Management District.

45 (e) "Upper East Coast Regional Water Supply Planning Area"  
46 means the areas withdrawing surface and groundwater from the  
47 Central and Southern Florida canals or the Floridan Aquifer, as  
48 designated by the South Florida Water Management District.

49 (2) The Legislature finds that:

50 (a) Local governments, regional water supply authorities,  
51 and government-owned and privately owned water utilities face  
52 significant challenges in securing funds for implementing large-  
53 scale alternative water supply projects in certain restricted  
54 allocation areas due to a variety of factors, such as the  
55 magnitude of the water resource challenges, the large number of  
56 water users, the difficulty of developing multijurisdictional  
57 solutions across district, county, and municipal boundaries, and  
58 the expense of developing large-scale alternative water supply  
59 projects identified in the regional water supply plans pursuant  
60 to s. 373.709.

61 (b) These challenges have resulted in some cases in failure  
62 to achieve minimum flows and minimum water levels, to mitigate  
63 and avoid harm to the water resource and related natural  
64 systems, to provide adequate water supply for all existing and  
65 projected reasonable-beneficial uses, and to sustain the water  
66 resources and related natural systems within certain restricted  
67 allocation areas.

68 (c) These factors make it necessary for the Southwest



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69 Florida Water Management District, the South Florida Water  
70 Management District, and the St. Johns River Water Management  
71 District to each take the lead in developing and implementing  
72 one alternative water supply project within a restricted  
73 allocation area as a pilot alternative water supply development  
74 project.

75 (d) The traditional role of local governments, regional  
76 water supply authorities, and government-owned and privately  
77 owned water utilities will be maintained by requiring the water  
78 management districts to turn over ownership and control of a  
79 pilot project to the project participants if they can secure the  
80 funds to implement the pilot project and resolve any governance  
81 issues over the development, implementation, and operation of  
82 the pilot project.

83 (e) The development and implementation of one alternative  
84 water supply project each by the Southwest Florida Water  
85 Management District, the South Florida Water Management  
86 District, and the St. Johns River Water Management District  
87 within a restricted allocation area as a pilot project is for  
88 the benefit of the public health, safety, and welfare and is in  
89 the public interest. The pilot projects must provide water  
90 supply and environmental benefits. Consideration shall be given  
91 to projects that provide reductions in damaging discharges to  
92 tide or are part of a recovery or prevention strategy for  
93 minimum flows and minimum water levels.

94 (3) The Southwest Florida Water Management District, the  
95 South Florida Water Management District, and the St. Johns River  
96 Water Management District shall each designate and implement an  
97 existing alternative water supply project, identified in its



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98 regional water supply plan, as its one pilot project or amend  
99 its regional water supply plan to add a new alternative water  
100 supply project as its one pilot project. The pilot project  
101 designation shall be made no later than July 1, 2016, and is not  
102 subject to the rulemaking requirements of chapter 120 or subject  
103 to legal challenge pursuant to ss. 120.569 and 120.57. Once  
104 designated, the pilot project shall be considered a use  
105 resulting in an enhancement of the water resources of the area  
106 and entitled to a preference over other uses in the event of  
107 competing applications pursuant to s. 373.036(5). A water  
108 management district may designate an alternative water supply  
109 project located within another water management district if the  
110 project is located in a restricted allocation area designated by  
111 the other water management district and a substantial quantity  
112 of water provided by the alternative water supply project will  
113 be used within the designating water management district's  
114 boundaries.

115 (4) In addition to their other powers and duties under this  
116 chapter, the governing boards of the Southwest Florida Water  
117 Management District, the South Florida Water Management  
118 District, and the St. Johns River Water Management District have  
119 the following powers and are subject to the following  
120 restrictions in implementing their respective pilot projects  
121 pursuant to this section:

122 (a) May establish, design, construct, operate, and maintain  
123 water production, treatment and transmission, or other related  
124 facilities for the purpose of supplying water to counties,  
125 municipalities, special districts, publicly owned and privately  
126 owned water utilities, multijurisdictional water supply



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127 entities, other large water users, or regional water supply  
128 authorities.

129 (b) May not engage in local water supply distribution.

130 (c) May supply water at a cost not to exceed expenses  
131 directly related to the planning, design, development,  
132 implementation, operation, and maintenance of the pilot project.  
133 The cost of such water shall be established by the governing  
134 board only after a public hearing at which pilot project  
135 customers have an opportunity to be heard concerning the  
136 proposed cost.

137 (d) Must provide credit toward the pro rata cost of the  
138 water to be supplied from the pilot project to a customer equal  
139 to any expenses incurred by the customer toward the  
140 implementation of the pilot project before the water management  
141 district's designation and implementation of the pilot project.

142 (e) In addition to the power to issue revenue bonds  
143 pursuant to s. 373.584, may issue revenue bonds for the purpose  
144 of paying the costs and expenses incurred in carrying out the  
145 purposes of this section or refunding obligations of the water  
146 management district issued pursuant to this section. All  
147 provisions of s. 373.584 relating to the issuance of revenue  
148 bonds which are not inconsistent with this section apply to the  
149 issuance of revenue bonds pursuant to this section. The water  
150 management districts may also issue bond anticipation notes in  
151 accordance with s. 373.584.

152 (f) May join with one or more other water management  
153 districts, counties, municipalities, special districts, publicly  
154 owned or privately owned water utilities, multijurisdictional  
155 water supply entities, regional water supply authorities, self-



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156 suppliers, or other entities for the purpose of carrying out  
157 their powers, and may contract with any such other entities to  
158 finance or otherwise implement acquisitions, construction, and  
159 operation and maintenance, if such contracts are consistent with  
160 the public interest and based upon independent cost estimates,  
161 including comparisons with other alternative water supply  
162 projects. The contracts may provide for contributions to be made  
163 by each party to the contract for the division and apportionment  
164 of resulting costs, including capital, operations and  
165 maintenance, benefits, services, and products. The contracts may  
166 contain other covenants and agreements necessary and appropriate  
167 to accomplish their purposes.

168 (5) The water management districts may provide up to 50  
169 percent of funding assistance for the pilot project. If the  
170 pilot project selected by a water management district is the  
171 subject of a cooperative funding agreement, the water management  
172 district may not reduce the level of funding assistance  
173 previously committed.

174 (6) If the pilot project customers form a  
175 multijurisdictional water supply entity to implement and develop  
176 the pilot project selected by a water management district on or  
177 before July 1, 2017, and take substantive steps to develop and  
178 implement the project, such as entering into water supply  
179 contracts, issuing revenue bonds or bond anticipation notes to  
180 finance the project, or awarding construction contracts to  
181 construct the project in whole or in part, the water management  
182 district is prohibited from proceeding with implementation and  
183 development of the selected pilot project. The water management  
184 district may designate a new pilot project within 1 year after



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185 the creation of the multijurisdictional entity and the  
186 completion of at least one substantive step by the  
187 multijurisdictional entity to implement the project.

188 (7) If the pilot project customers form a  
189 multijurisdictional water supply entity to take over  
190 construction, operation, maintenance, and control of the pilot  
191 project at any time during the life of the pilot project, the  
192 water management district must transfer ownership and control of  
193 the pilot project to the pilot project customers upon repayment  
194 of any revenue bonds or other obligations issued by the water  
195 management district to develop and implement the pilot project  
196 and any outstanding expenses incurred by the water management  
197 district in constructing, operating, and maintaining the pilot  
198 project. Pilot project customers are not responsible for  
199 repayment of any cooperative funding provided by a water  
200 management district for the pilot project. In such an event, the  
201 water management district may develop and implement another  
202 pilot project within a restricted allocation area.

203 (8) No later than 3 years following designation of the  
204 pilot project pursuant to subsection (3), the Southwest Florida  
205 Water Management District, the South Florida Water Management  
206 District, and the St. Johns River Water Management District  
207 shall each submit a report to the Governor, the President of the  
208 Senate, and the Speaker of the House of Representatives on the  
209 effectiveness of the pilot project, including the following  
210 information:

211 (a) A description of the alternative water supply project  
212 selected as a pilot project by the respective water management  
213 districts, including the quantity of water the project has





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214 produced or is expected to produce and the consumptive users who  
215 are expected to use the water produced by the pilot project to  
216 meet their existing and projected reasonable-beneficial need.

217 (b) Progress made in developing and implementing the pilot  
218 project in comparison to development and implementation of other  
219 alternative water supply projects in the restricted allocation  
220 area.

221 (c) The capital and operation costs to be expended by the  
222 water management district in implementing the pilot project in  
223 comparison to other alternative water supply projects being  
224 developed and implemented in the restricted allocation area.

225 (d) The source of funds used or to be used by the water  
226 management district in developing and implementing the pilot  
227 project.

228 (e) The unit cost of water produced from the pilot project  
229 in comparison to the unit cost of water from other alternative  
230 water supply projects being developed in the restricted  
231 allocation area.

232 (f) The benefits to the water resources and natural systems  
233 from implementation of the pilot project.

234 (g) A recommendation as to whether the traditional role of  
235 water management districts regarding the development and  
236 implementation of alternative water supply projects, as  
237 specified in ss. 373.705 and 373.707, should be revised and, if  
238 so, identification of the statutory changes necessary to expand  
239 the scope of the pilot program.

240  
241 ===== T I T L E A M E N D M E N T =====

242 And the title is amended as follows:



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243           Delete line 3853  
244 and insert:  
245           water quality or water quantity; creating s. 373.037,  
246           F.S.; defining terms; providing legislative findings;  
247           requiring certain water management districts to  
248           designate and implement certain pilot projects;  
249           providing powers and limitations for the governing  
250           boards of such water management districts; providing  
251           funding for certain pilot projects; requiring the  
252           districts to submit a report to the Governor and the  
253           Legislature on the effectiveness of the pilot program;  
254           amending s. 373.042,