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CHAMBER ACTION

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The Committee on Natural Resources recommends the following:

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Committee Substitute

Remove the entire bill and insert:

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A bill to be entitled

An act relating to water supplies; creating s. 373.227, F.S.; providing for the development of a water conservation guidance manual by the Department of Environmental Protection; providing for purpose and contents of the manual and requirements with respect thereto; requiring the Department of Environmental Protection to adopt the manual by rule by a specified date; providing program requirements for public water supply utilities that choose to design a comprehensive water conservation program based on the water conservation guidance manual; amending s. 373.0361, F.S.; providing additional components of regional water supply plans; providing that a district water management plan may not be used as criteria for the review of permits for consumptive uses of water unless the plan or applicable portion thereof has been adopted by rule; providing construction; amending s. 373.0831, F.S.; revising the criteria by which



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water supply development projects may receive priority consideration for funding assistance; providing for permitting and funding of a proposed alternative water supply project identified in the relevant approved regional water supply plan; amending s. 373.1961, F.S.; encouraging water management district governing boards to establish revolving loan trust funds for specified purposes; amending s. 373.250, F.S.; authorizing water management districts to require the use of reclaimed water in lieu of surface or groundwater when the use of uncommitted reclaimed water is environmentally, economically, and technically feasible; providing construction with respect to such authority; amending 373.536, F.S.; expanding requirements of the 5-year water resource development work program for water management districts; amending s. 378.212, F.S.; authorizing the granting of a variance from pt. IV of ch. 378, F.S., the Resource Extraction Reclamation Act, under specified circumstances; providing an additional circumstance for which a variance may be granted or renewed; providing that a variance may be granted from the requirements of parts III or IV of chapter 378, or part IV of chapter 373, when a project provides an improvement in water availability in a basin and does not cause adverse impacts to water resources in the basin; amending s. 378.404, F.S.; authorizing the department to grant variances from the provisions of part IV of chapter 378 to accommodate reclamation that provides for water supply development or

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water resource development under specified circumstances; amending s. 403.064, F.S.; providing that the conclusions of a reuse feasibility study required of an applicant for a permit to construct or operate a specified domestic wastewater treatment facility shall be given significant consideration in an analysis of the feasibility of providing reclaimed water for reuse under part II of chapter 373; amending s. 403.1835, F.S.; authorizing the Department of Environmental Protection to make specified deposits for the purpose of enabling below-market interest rate loans for treatment of polluted water; amending s. 403.1837, F.S.; eliminating certain restrictions on the issuance of bonds by the Florida Water Pollution Control Financing Corporation; deleting obsolete provisions; providing for a study of the feasibility of discharging reclaimed wastewater into canals and the aquifer system in a specified area as an environmentally acceptable means of accomplishing described objectives; requiring reports; providing an effective date.

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Be It Enacted by the Legislature of the State of Florida:

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Section 1. Section 373.227, Florida Statutes, is created to read:

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373.227 Water Conservation Guidance Manual.--

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(1) The Legislature recognizes that the proper conservation of water is an important means of achieving the economic and efficient utilization of water necessary to



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constitute a reasonable-beneficial use. The Legislature
encourages the development and use of water conservation
measures that are effective, flexible, and affordable. In the
context of the use of water for public supply provided by a
water utility, the Legislature intends for a variety of
conservation measures to be available and used to encourage
efficient water use. The Legislature finds that the social,
economic, and cultural conditions of this state relating to the
use of public water supply vary by geographic region, and thus
water utilities must have the flexibility to tailor water
conservation measures to best suit individual circumstances.
For purposes of this section, the term "public water supply
utility" shall include both publicly owned and privately owned
public water supply utilities.

(2) In furtherance of the findings in subsection (1), the Department of Environmental Protection shall develop a water conservation guidance manual containing a menu of water conservation measures from which public water supply utilities may select in the development of a comprehensive, goal-based water conservation program tailored for their individual service areas that is effective and does not impose undue costs or burdens on customers. The water conservation guidance manual shall promote statewide consistency in the approach to utility conservation while maintaining appropriate flexibility. The manual may contain measures such as water conservation audits; informative billing practices to educate customers as to their patterns of water use, the costs of water, and ways to conserve water; ordinances requiring low-flow plumbing fixtures or

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efficient landscape irrigation; rebate programs for the installation of water-saving plumbing or appliances; general water conservation educational programs, including bill inserts; measures to promote the more effective and efficient reuse of reclaimed water; water conservation or drought rate structures that encourage customers to conserve water through appropriate price signals; and programs to apply utility profits generated through conservation and drought rates to additional water conservation programs or water supply development. The manual shall specifically set forth that it is the responsibility of the appropriate utility to determine the specific rates it will charge its customers and that the role of the department or water management district is confined to the review of those rate structures to determine whether they encourage water conservation. The water conservation guidance manual shall also set forth that a utility need not adopt a water conservation or drought rate structure if the utility employs other measures that are equally or more effective. The manual shall provide for different levels of complexity and expected levels of effort in conservation programs depending on the size of the utility. However, all utilities shall be expected to have at least basic programs in each of the following areas:

- (a) Individual metering, to the extent feasible as determined by the utility.
 - Water accounting and loss control. (b)
- (c) Cost-of-service accounting and metered rates for 139 water.
 - (d) Information programs on water conservation.



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(e) Landscaping water efficiency programs.

(3) The water conservation guidance manual shall be developed no later than June 15, 2004. The department shall develop the manual in consultation with interested parties, which, at a minimum shall include representatives from the water management districts, three utilities that are members of the American Water Works Association, two utilities that are members of the Florida Water Environment Association, a representative of the Florida Chamber of Commerce, representatives of counties and municipalities, and representatives of environmental organizations. The department shall, by December 15, 2004, adopt the water conservation guidance manual by rule. Once the department adopts the water conservation guidance manual by rule, the water management districts may apply the manual in the review of water conservation requirements for obtaining a permit pursuant to part II of chapter 373 without the need to adopt the manual pursuant to s. 120.54. Once the water conservation guidance manual is adopted by rule, a public water supply utility may choose to comply with the standard water conservation requirements adopted by the appropriate water management district for obtaining a consumptive use permit from that district or may choose to develop a comprehensive, goalbased water conservation program from the options contained in the manual. If the utility chooses to design a comprehensive water conservation program based on the water conservation guidance manual, the proposed program must include the following:



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(a) An inventory of water system characteristics and conservation opportunities.

- (b) Demand forecasts.
- (c) An explanation of the proposed program.
- (d) Specific numeric water conservation targets for the utility as a whole and for appropriate customer classes, with a justification of the appropriateness of the numeric targets, based on that utility's particular customer characteristics and conservation opportunities.
- (e) A demonstration that the program will promote effective water conservation at least as well as standard water use conservation requirements adopted by the appropriate water management district.
- (f) A timetable for the utility and the water management district to evaluate progress in meeting the water conservation targets and making needed program modifications.
- (4) If the utility provides reasonable assurance that the proposed conservation program is consistent with the water conservation guidance manual and contains the elements above, then the water management district shall approve the proposed program and the program shall satisfy water conservation requirements imposed as a condition to obtaining a permit under part II of chapter 373. The department, in consultation with the aforementioned entities, may periodically amend or revise the water conservation guidance manual rule as appropriate to reflect changed circumstances or new technologies or approaches. When the guidance manual is modified, the water management districts shall approve the changes within 6 months after the

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modifications. The findings and provisions in this section shall not be construed to apply to users of water other than public water supply utilities.

Section 2. Paragraphs (h) and (i) are added to subsection (2) of section 373.0631, Florida Statutes, and subsection (6) of said section is amended, to read:

373.0361 Regional water supply planning .--

- (2) Each regional water supply plan shall be based on at least a 20-year planning period and shall include, but not be limited to:
- (h) Reservations of water adopted by rule pursuant to s. 373.223(4).
- (i) An analysis, developed in cooperation with the department, of areas or instances in which the variance provisions of s. 378.212(1)(g) may be used to create water supply development or water resource development projects.
- component of the district water management plan shall be construed to require local governments, government-owned or privately owned water utilities, self-suppliers, or other water suppliers to select a water supply development option identified in the component merely because it is identified in the plan, nor may the plan be used in the review of permits under part II unless the plan, or applicable portion thereof, has been adopted by rule. However, this subsection does not prohibit a water management district from employing the data or other information used to establish the plan in reviewing permits under part II,

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223 <u>nor</u> shall <u>it</u> not be construed to limit the authority of the department or governing board under part II.

Section 3. Subsection (3) of section 373.0831, Florida Statutes, is amended, and paragraph (c) is added to subsection (4) of said section, to read:

373.0831 Water resource development; water supply development.--

implement water resource development as defined in s. 373.019.

The water management districts are encouraged to implement water resource development as expeditiously as possible in areas subject to regional water supply plans. Each governing board shall include in its annual budget the amount needed for the fiscal year to implement water resource development projects, as prioritized in its regional water supply plans.

(4)

- (c) If a proposed alternative water supply development project is identified in the relevant approved regional water supply plan, the project shall receive:
- 1. A 20-year consumptive use permit, if it otherwise meets the permit requirements under ss. 373.223 and 373.236 and rules adopted thereunder.
- 2. Priority funding pursuant to s. 373.1961(2) with the implementation of the water resource development component of the proposed project.
- Section 4. Paragraph (a) of subsection (2) of section 373.1961, Florida Statutes, is amended to read:
 - 373.1961 Water production.--



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The Legislature finds that, due to a combination of factors, vastly increased demands have been placed on natural supplies of fresh water, and that, absent increased development of alternative water supplies, such demands may increase in the future. The Legislature also finds that potential exists in the state for the production of significant quantities of alternative water supplies, including reclaimed water, and that water production includes the development of alternative water supplies, including reclaimed water, for appropriate uses. It is the intent of the Legislature that utilities develop reclaimed water systems, where reclaimed water is the most appropriate alternative water supply option, to deliver reclaimed water to as many users as possible through the most cost-effective means, and to construct reclaimed water system infrastructure to their owned or operated properties and facilities where they have reclamation capability. It is also the intent of the Legislature that the water management districts which levy ad valorem taxes for water management purposes should share a percentage of those tax revenues with water providers and users, including local governments, water, wastewater, and reuse utilities, municipal, industrial, and agricultural water users, and other public and private water users, to be used to supplement other funding sources in the development of alternative water supplies. The Legislature finds that public moneys or services provided to private entities for such uses constitute public purposes which are in the public interest. In order to further the development and use of alternative water supply systems, including reclaimed water systems, the Legislature provides the following:



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The governing boards of the water management districts where water resource caution areas have been designated shall include in their annual budgets an amount for the development of alternative water supply systems, including reclaimed water systems, pursuant to the requirements of this subsection. Beginning in 1996, such amounts shall be made available to water providers and users no later than December 31 of each year, through grants, matching grants, revolving loans, or the use of district lands or facilities pursuant to the requirements of this subsection and guidelines established by the districts. Without diminishing amounts available through other means described in this paragraph, the governing boards are encouraged to consider establishing revolving loan funds to expand the total funds available to accomplish the objectives of this section. A revolving loan fund created pursuant to this paragraph shall be a nonlapsing fund from which the water management district may make loans with interest rates below prevailing market rates to public or private entities for the purposes described in this section. The governing board may adopt resolutions to establish revolving loan funds which shall specify the details of the administration of the fund, the procedures for applying for loans from the fund, the criteria for awarding loans from the fund, the initial capitalization of the fund, and the goals for future capitalization of the fund in subsequent budget years. Revolving loan funds created pursuant to this paragraph shall be used to expand the total sums and sources of cooperative funding available for the development of alternative water supplies. The Legislature does not intend for



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the creation of revolving loan trust funds to supplant or otherwise reduce existing sources or amounts of funds currently available through other means.

Section 5. Paragraph (c) is added to subsection (2) of section 373.250, Florida Statutes, to read:

373.250 Reuse of reclaimed water.--

- (2)(a) For purposes of this section, "uncommitted" means the average amount of reclaimed water produced during the three lowest-flow months minus the amount of reclaimed water that a reclaimed water provider is contractually obligated to provide to a customer or user.
- (b) Reclaimed water may be presumed available to a consumptive use permit applicant when a utility exists which provides reclaimed water, which has uncommitted reclaimed water capacity, and which has distribution facilities, which are initially provided by the utility at its cost, to the site of the affected applicant's proposed use.
- (c) A water management district may require the use of reclaimed water in lieu of surface or groundwater when the use of uncommitted reclaimed water is environmentally, economically, and technically feasible. However, nothing in this paragraph shall be construed to give a water management district the authority to require a provider of reclaimed water to redirect reclaimed water from one user to another, or to provide uncommitted water to a specific user if such water is anticipated to be used by the provider, or a different user selected by the provider, within a reasonable amount of time.

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Section 6. Subsection (6) of section 373.536, Florida Statutes, is amended to read:

373.536 District budget and hearing thereon. --

- (6) FINAL BUDGET; ANNUAL AUDIT; CAPITAL IMPROVEMENTS PLAN; WATER RESOURCE DEVELOPMENT WORK PROGRAM.--
- (a) Each district must, by the date specified for each item, furnish copies of the following documents to the Governor, the President of the Senate, the Speaker of the House of Representatives, the chairs of all legislative committees and subcommittees having substantive or fiscal jurisdiction over the districts, as determined by the President of the Senate or the Speaker of the House of Representatives as applicable, the secretary of the department, and the governing board of each county in which the district has jurisdiction or derives any funds for the operations of the district:
- 1. The adopted budget, to be furnished within 10 days after its adoption.
- 2. A financial audit of its accounts and records, to be furnished within 10 days after its acceptance by the governing board. The audit must be conducted in accordance with the provisions of s. 11.45 and the rules adopted thereunder. In addition to the entities named above, the district must provide a copy of the audit to the Auditor General within 10 days after its acceptance by the governing board.
- 3. A 5-year capital improvements plan, to be furnished within 45 days after the adoption of the final budget. The plan must include expected sources of revenue for planned



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improvements and must be prepared in a manner comparable to the fixed capital outlay format set forth in s. 216.043.

A 5-year water resource development work program to be furnished within 45 days after the adoption of the final budget. The program must describe the district's implementation strategy for the water resource development component of each approved regional water supply plan developed or revised under s. 373.0361. The work program must address all the elements of the water resource development component in the district's approved regional water supply plans, and must identify which projects in the work program will provide water, explain how each water resource development project will produce additional water available for consumptive uses, estimate the quantity of water to be produced by each project, and provide an assessment of the contribution of the district's regional water supply plans in providing sufficient water to meet the water supply needs of existing and future reasonable beneficial uses for a 1-in-10year drought event. Within 45 days after its submittal, the department shall review the proposed work program and submit its findings, questions, and comments to the district. The review must include a written evaluation of the program's consistency with the furtherance of the district's approved regional water supply plans, and the adequacy of proposed expenditures. As part of the review, the department shall give interested parties the opportunity to provide written comments on each district's proposed work program. Within 60 days after receipt of the department's evaluation, the governing board shall state in writing to the department which changes recommended in the

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evaluation it will incorporate into its work program or specify the reasons for not incorporating the changes. The department shall include the district's responses in a final evaluation report and shall submit a copy of the report to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

- (b) If any entity listed in paragraph (a) provides written comments to the district regarding any document furnished under this subsection, the district must respond to the comments in writing and furnish copies of the comments and written responses to the other entities.
- Section 7. Subsection (1) of section 378.212, Florida Statutes, is amended to read:

378.212 Variances.--

- (1) Upon application, the secretary may grant a variance from the provisions of this part, part IV, or the rules adopted pursuant thereto. Variances and renewals thereof may be granted for any one of the following reasons:
- (a) There is no practicable means known or available to comply with the provisions of this part or the rules adopted pursuant thereto.
- (b) Compliance with a particular requirement or requirements from which a variance is sought will necessitate the taking of measures which must be spread over a considerable period of time. A variance granted for this reason shall prescribe a timetable for the taking of the measures required.

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(c) To relieve or prevent hardship, including economic hardship, of a kind other than those provided for in paragraphs(a) and (b).

- (d) To accommodate specific phosphate mining, processing or chemical plant uses that otherwise would be inconsistent with the requirements of this part.
- (e) To provide for an experimental technique that would advance the knowledge of reclamation and restoration methods.
- (f) To accommodate projects, including those proposing offsite mitigation, that provide a significant regional benefit for wildlife and the environment.
- (g) To accommodate reclamation that provides water supply development or water resource development consistent with the applicable regional water supply plan approved pursuant to s. 373.0361. A variance may be granted from the requirements of this part, part IV, or part IV of chapter 373, or the rules adopted pursuant thereto, when a project provides an improvement in water availability in the basin and does not cause adverse impacts to water resources in the basin.
- Section 8. Subsection (9) is added to section 378.404, Florida Statutes, to read:
- 378.404 Department of Environmental Protection; powers and duties.—The department shall have the following powers and duties:
- (9) To grant variances from the provisions of this part to accommodate reclamation that provides for water supply development or water resource development, consistent with the applicable regional water supply plan approved pursuant to s.

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373.0361, appropriate stormwater management, wildlife habitat, or recreation, provided regional water resources and public health and safety are not adversely affected.

Section 9. Subsections (1) and (6) of section 403.064, Florida Statutes, are amended to read:

403.064 Reuse of reclaimed water.--

- (1) The encouragement and promotion of water conservation, and reuse of reclaimed water, as defined by the department, are state objectives and are considered to be in the public interest. The Legislature finds that the reuse of reclaimed water is a critical component of meeting the state's existing and future water supply needs while sustaining natural systems. The Legislature further finds that for those wastewater treatment plants permitted and operated under an approved reuse program by the department, the reclaimed water shall be considered environmentally acceptable and not a threat to public health and safety. The Legislature encourages the development of incentive-based programs for reuse implementation.
- (6) A reuse feasibility study prepared under subsection
 (2) satisfies a water management district requirement to conduct
 a reuse feasibility study imposed on a local government or
 utility that has responsibility for wastewater management, and
 the conclusions of the study shall be given significant
 consideration in an analysis of the feasibility of providing
 reclaimed water for reuse under part II of chapter 373.

Section 10. Paragraph (b) of subsection (3) of section 403.1835, Florida Statutes, is amended to read:

403.1835 Water pollution control financial assistance. --



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(3) The department may provide financial assistance through any program authorized under s. 603 of the Federal Water Pollution Control Act (Clean Water Act), Pub. L. No. 92-500, as amended, including, but not limited to, making grants and loans, providing loan guarantees, purchasing loan insurance or other credit enhancements, and buying or refinancing local debt. This financial assistance must be administered in accordance with this section and applicable federal authorities. The department shall administer all programs operated from funds secured through the activities of the Florida Water Pollution Control Financing Corporation under s. 403.1837, to fulfill the purposes of this section.

(b) The department may make or request the corporation to make loans, grants, and deposits to other entities eligible to participate in the financial assistance programs authorized under the Federal Water Pollution Control Act, or as a result of other federal action, which entities may pledge any revenue available to them to repay any funds borrowed. Notwithstanding s. 18.10, the department may make deposits to financial institutions that earn less than the prevailing rate for United States Treasury securities with corresponding maturities for the purpose of enabling such financial institutions to make belowmarket interest rate loans to entities qualified to receive loans under this section and the rules of the department.

Section 11. Subsection (6) of section 403.1837, Florida Statutes, is amended to read:

403.1837 Florida Water Pollution Control Financing Corporation.--



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The corporation may issue and incur notes, bonds, certificates of indebtedness, or other obligations or evidences of indebtedness payable from and secured by amounts received from payment of loans and other moneys received by the corporation, including, but not limited to, amounts payable to the corporation by the department under a service contract entered into under subsection (5). The corporation may not issue bonds in excess of an amount authorized by general law or an appropriations act except to refund previously issued bonds. The corporation may issue bonds in amounts not exceeding \$50 million in fiscal year 2000-2001, \$75 million in fiscal year 2001-2002, and \$100 million in fiscal year 2002-2003. The proceeds of the bonds may be used for the purpose of providing funds for projects and activities provided for in subsection (1) or for refunding bonds previously issued by the corporation. The corporation may select a financing team and issue obligations through competitive bidding or negotiated contracts, whichever is most cost-effective. Any such indebtedness of the corporation does not constitute a debt or obligation of the state or a pledge of the faith and credit or taxing power of the state.

Section 12. The Legislature finds that, within the area identified in the Lower East Coast Regional Water Supply Plan approved by the South Florida Water Management District pursuant to s. 373.0361, Florida Statutes, the groundwater levels can benefit from augmentation. The Legislature finds that the direct or indirect discharge of reclaimed water into canals and the aquifer system for transport and subsequent reuse may provide an environmentally acceptable means to augment water



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supplies and enhance natural systems; however, the Legislature also recognizes that there are water quality and water quantity issues that must be better understood and resolved. In addition, there are cost savings possible by collocating enclosed conduits for conveyance of water for reuse in this area within canal rights-of-way that should be investigated. Toward that end, the Department of Environmental Protection, in consultation with the South Florida Water Management District, Southeast Florida utilities, affected local governments, including local governments with principal responsibility for the operation and maintenance of a water control system capable of conveying reclaimed wastewater for reuse, representatives of the environmental and engineering communities, public health professionals, and individuals having expertise in water quality, shall conduct a study to investigate the feasibility of discharging reclaimed wastewater into canals and the aquifer system as an environmentally acceptable means of augmenting groundwater supplies, enhancing natural systems, and conveying reuse water within enclosed conduits within the canal right-ofway. The study shall include an assessment of the water quality, water supply, public health, technical, and legal implications related to the canal discharge and collocation concepts. The department shall issue a preliminary written report containing draft findings and recommendations for public comment by November 1, 2003. The department shall provide a written report on the results of its study to the Governor and the relevant substantive committees of the House of Representatives and the Senate by January 31, 2004. Nothing in



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this section shall be used to alter the purpose of the

Comprehensive Everglades Restoration Plan or the implementation
of the Water Resources Development Act of 2000.

Section 13. This act shall take effect upon becoming a
law.