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A bill to be entitled An act relating to water resources; amending s. 159.803, F.S.; revising the definition of "priority project"; amending s. 163.3167, F.S.; requiring local governments to include projected water use in comprehensive plans; amending s. 367.081, F.S.; revising procedure for fixing and changing rates to include the recovery of costs of alternative water supply facilities; amending s. 367.0814, F.S.; revising limit on the amount of revenues received by a utility to qualify for staff assistance in changing rates or charges; 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 for a public workshop on the development of regional water supply plans that include the consideration of population projections; providing for a list of water source options in regional water supply plans; providing additional regional water supply plan components; including conservation measures in regional water supply plans; revising specified reporting requirements of the Department of Environmental Protection; providing that a district water management plan may not be used as criteria for the review of permits for consumptive uses of water



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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 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.; providing funding priority; providing for the establishment of a revolving loan fund for alternative water supply projects; providing conditions for certain projects to receive funding assistance; amending s. 373.1963, F.S.; prohibiting the West Coast Regional Water Supply Authority from seeking permits from the South Florida Water Management District for the consumptive use of water from groundwater in a specified area; amending s. 373.223, F.S.; requiring the Department of Environmental Protection and the water management districts to submit specified recommendations to the Legislature; creating s. 373.2234, F.S.; authorizing the governing board of a water management district to adopt rules identifying certain preferred water supply sources; providing requirements with respect to such rules; providing construction; 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 s. 373.536, F.S.; expanding requirements of the 5-year water resource development work



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program for water management districts; providing legislative findings and intent with regard to landscape irrigation design; requiring water management districts to develop landscape irrigation and xeriscape design standards; amending s. 378.212, F.S.; providing for the granting of a variance from pt. III of ch. 378, F.S., relating to phosphate land reclamation, for specified reclamation, and from pt. IV of ch. 373, for certain projects under described circumstances; 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 water resource development under specified circumstances; amending s. 403.064, F.S.; revising provisions relating to reuse feasibility studies; providing for metering use of reclaimed water and volumebased rates therefor; requiring wastewater utilities to submit plans for metering use and volume-based rate structures to the department; amending s. 403.1835, F.S.; authorizing the Department of Environmental Protection to make specified deposits for the purpose of enabling belowmarket interest rate loans for treatment of polluted water; providing for development of rate structures for alternative water supply systems; providing criteria; 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 severability; providing legislative findings with respect to loss of property values due to the



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proximity of a regional water reservoir; authorizing a cause of action for a property owner; specifying a period during which a property owner may present a claim for compensation to the regional water supply authority that constructs, operates, and maintains the reservoir; providing requirements for the offer of compensation by a regional water supply authority; providing for judicial review under the Bert J. Harris, Jr., Private Property Rights Protection Act; providing for an award of costs and attorney's fees; providing for future repeal of the section; providing for applicability; providing for construction of the act in pari materia with laws enacted during the Regular Session of the Legislature; providing effective dates.

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

Section 1. Subsection (5) of section 159.803, Florida Statutes, is amended to read:

159.803 Definitions.--As used in this part, the term:

- (5) "Priority project" means a solid waste disposal facility or a sewage facility, as such terms are defined in s. 142 of the Code, or water facility, as defined in s. 142 of the Code, which is operated by a member-owned, not-for-profit utility, or any project which is to be located in an area which is an enterprise zone designated pursuant to s. 290.0065.
- Section 2. Subsection (13) is added to section 163.3167, Florida Statutes, to read:

163.3167 Scope of act.--

(13) Each local government shall address in its

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HB 0105A 2003 121 comprehensive plan, as enumerated in this chapter, the water supply projects necessary to meet and achieve the existing and 122 projected water use demand for the established planning period, 123 124 considering the applicable plan developed pursuant to s. 373.0361. 125 Subsection (2) of section 367.081, Florida Section 3. 126 Statutes, is amended to read: 127 367.081 Rates; procedure for fixing and changing .--128 (2)(a)1. The commission shall, either upon request or upon 129 its own motion, fix rates which are just, reasonable, 130 131 compensatory, and not unfairly discriminatory. In every such proceeding, the commission shall consider the value and quality 132 133 of the service and the cost of providing the service, which shall include, but not be limited to, debt interest; the 134 requirements of the utility for working capital; maintenance, 135 depreciation, tax, and operating expenses incurred in the 136 operation of all property used and useful in the public service; 137 and a fair return on the investment of the utility in property 138 used and useful in the public service. Pursuant to s. 139 373.1961(2)(1), the commission shall allow recovery of the full, 140 prudently incurred costs of alternative water supply facilities. 141 However, the commission shall not allow the inclusion of 142 contributions-in-aid-of-construction in the rate base of any 143 utility during a rate proceeding, nor shall the commission 144 impute prospective future contributions-in-aid-of-construction 145 against the utility's investment in property used and useful in 146 the public service; and accumulated depreciation on such 147 contributions-in-aid-of-construction shall not be used to reduce 148 the rate base, nor shall depreciation on such contributed assets 149 be considered a cost of providing utility service. 150

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CODING: Words stricken are deletions; words underlined are additions.



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- 2. For purposes of such proceedings, the commission shall consider utility property, including land acquired or facilities constructed or to be constructed within a reasonable time in the future, not to exceed 24 months after the end of the historic base year used to set final rates unless a longer period is approved by the commission, to be used and useful in the public service, if:
 - a. Such property is needed to serve current customers;
- b. Such property is needed to serve customers 5 years after the end of the test year used in the commission's final order on a rate request as provided in subsection(6) at a growth rate for equivalent residential connections not to exceed 5 percent per year; or
- c. Such property is needed to serve customers more than 5 full years after the end of the test year used in the commission's final order on a rate request as provided in subsection (6) only to the extent that the utility presents clear and convincing evidence to justify such consideration.

Notwithstanding the provisions of this paragraph, the commission shall approve rates for service which allow a utility to recover from customers the full amount of environmental compliance costs. Such rates may not include charges for allowances for funds prudently invested or similar charges. For purposes of this requirement, the term "environmental compliance costs" includes all reasonable expenses and fair return on any prudent investment incurred by a utility in complying with the requirements or conditions contained in any permitting, enforcement, or similar decisions of the United States Environmental Protection Agency, the Department of Environmental



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Protection, a water management district, or any other governmental entity with similar regulatory jurisdiction.

- (b) In establishing initial rates for a utility, the commission may project the financial and operational data as set out in paragraph (a) to a point in time when the utility is expected to be operating at a reasonable level of capacity.
- Section 4. Subsection (1) of section 367.0814, Florida Statutes, is amended to read:
- 367.0814 Staff assistance in changing rates and charges; interim rates.--
- (1) The commission may establish rules by which a water or wastewater utility whose gross annual revenues are \$200,000 \$150,000 or less may request and obtain staff assistance for the purpose of changing its rates and charges. A utility may request staff assistance by filing an application with the commission.
- Section 5. Section 373.227, Florida Statutes, is created to read:
 - 373.227 Water conservation guidance manual.--
- (1) The Legislature recognizes that the proper conservation of water is an important means of achieving the economical and efficient utilization of water necessary to 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

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water utilities must have the flexibility to tailor water conservation measures to best suit their 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 order to implement 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 on their patterns of water use, the costs of water, and ways to conserve water; ordinances requiring low-flow plumbing fixtures and 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 state that it is the responsibility of the appropriate utility to determine the specific rates it will



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241 charge its customers and that the role of the department or water management district is confined to the review of those 242 rate structures to determine whether they encourage water 243 conservation. The water conservation guidance manual shall also 244 state that a utility need not adopt a water conservation or 245 drought rate structure if the utility employs other measures 246 that are equally or more effective. The manual shall provide for 247 different levels of complexity and expected levels of effort in 248 conservation programs depending on the size of the utility. 249 However, all utilities will be expected to have at least basic 250

- (a) Individual metering, to the extent feasible as determined by the utility.
 - (b) Water accounting and loss control.
 - (c) Cost of service accounting.

programs in each of the following areas:

- (d) Information programs on water conservation.
- (e) Landscaping water efficiency programs.
- (3) The Department of Environmental Protection shall develop the water conservation guidance manual 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. By December 15, 2004, the department shall adopt the water conservation guidance manual by rule. Once the department adopts the water management



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districts may apply the manual and any revisions thereto in the review of water conservation requirements for obtaining a permit pursuant to part II 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, goal-based 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:

- (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 why the numeric targets are appropriate 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



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proposed conservation program is consistent with the water conservation guidance manual and contains the elements specified in subsection (3), then the water management district shall approve the proposed program and the program shall satisfy water conservation requirements imposed as a condition of obtaining a permit under part II. The department, in consultation with the parties specified in subsection(3), may periodically amend or revise the water conservation guidance manual rule as appropriate to reflect changed circumstances or new technologies or approaches. The findings and provisions in this section shall not be construed to apply to users of water other than public and private water supply utilities.

Section 6. Subsections (1), (2), (5), and (6) of section 373.0361, Florida Statutes, are amended to read:

373.0361 Regional water supply planning.--

(1) By October 1, 1998, the governing board shall initiate water supply planning for each water supply planning region identified in the district water management plan under s. 373.036, where it determines that sources of water are not adequate for the planning period to supply water for all existing and projected reasonable-beneficial uses and to sustain the water resources and related natural systems. The planning must be conducted in an open public process, in coordination and cooperation with local governments, regional water supply authorities, government-owned and privately owned water utilities, self-suppliers, and other affected and interested parties. During development but prior to completion of the regional water supply plan, the district must conduct at least one public workshop to discuss the technical data and modeling tools anticipated to be used to support the plan. A



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determination by the governing board that initiation of a regional water supply plan for a specific planning region is not needed pursuant to this section shall be subject to s. 120.569. The governing board shall reevaluate such a determination at least once every 5 years and shall initiate a regional water supply plan, if needed, pursuant to this subsection.

- (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:
 - (a) A water supply development component that includes:
- A quantification of the water supply needs for all existing and reasonably projected future uses within the planning horizon. The level-of-certainty planning goal associated with identifying the water supply needs of existing and future reasonable-beneficial uses shall be based upon meeting those needs for a 1-in-10-year drought event. Population projections used for determining public water supply needs shall be based upon the best available data. In determining the best available data, the district shall consider the University of Florida's Bureau of Economic and Business Research(BEBR) medium population projections and any population projection data and analysis submitted by a local government pursuant to the public workshop described in subsection(1) when such data and analysis support the local government's comprehensive plan. Any adjustment of or deviation from the BEBR projections shall be fully described and the original BEBR data shall be presented along with the adjusted data.
- 2. A list of water source options for water supply development, including traditional and alternative source options sources, from which local government, government-owned

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and privately owned utilities, self-suppliers, and others may choose, for water supply development, the total capacity of which will, in conjunction with water conservation and other demand management measures, exceed the needs identified in subparagraph 1.

- 3. For each option listed in subparagraph 2., the estimated amount of water available for use and the estimated costs of and potential sources of funding for water supply development.
- 4. A list of water supply development projects that meet the criteria in s. 373.0831(4).
 - (b) A water resource development component that includes:
- 1. A listing of those water resource development projects that support water supply development.
 - 2. For each water resource development project listed:
- a. An estimate of the amount of water to become available through the project.
- b. The timetable for implementing or constructing the project and the estimated costs for implementing, operating, and maintaining the project.
 - c. Sources of funding and funding needs.
- d. Who will implement the project and how it will be implemented.
- (c) The recovery and prevention strategy described in s. 373.0421(2).
- (d) A funding strategy for water resource development projects, which shall be reasonable and sufficient to pay the cost of constructing or implementing all of the listed projects.
- (e) Consideration of how the options addressed in paragraphs (a) and (b) serve the public interest or save costs

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overall by preventing the loss of natural resources or avoiding greater future expenditures for water resource development or water supply development. However, unless adopted by rule, these considerations do not constitute final agency action.

- (f) The technical data and information applicable to the planning region which are contained in the district water management plan and are necessary to support the regional water supply plan.
- (g) The minimum flows and levels established for water resources within the planning region.
- (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) or s. 378.404(9) may be used to create water supply development or water resource development projects.

- Within boundaries of a regional water supply authority, those parts of the water supply development component of the regional water supply plan which deal with or affect public utilities and public water supply shall be developed jointly by such authority and the district for those areas served by the authority and its member governments.
- (5) By November 15, 1997, and Annually and in conjunction with the reporting requirements of s. 373.536(6)(a)4.

 thereafter, the department shall submit to the Governor and the Legislature a report on the status of regional water supply planning in each district. The report shall include:
 - (a) A compilation of the estimated costs of and potential



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sources of funding for water resource development and water supply development projects, as identified in the water management district regional water supply plans.

- (b) A description of each district's progress toward achieving its water resource development objectives, as directed by s. 373.0831(3), including the district's implementation of its 5-year water resource development work program.
- (c) An assessment of the overall progress being made to develop water supply that is consistent with regional water supply plans to meet existing and future reasonable-beneficial needs during a 1-in-10-year drought.
- (6) Nothing contained in the water supply development 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 an 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, nor shall it not be construed to limit the authority of the department or governing board under part II.
- Section 7. 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.--
 - (3) The water management districts shall fund and

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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) if the project meets one of two criteria in s. 373.0831(4).
- Section 8. Subsection (2) of section 373.1961, Florida Statutes, is amended to read:
 - 373.1961 Water production.--
- (2) 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



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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:

(a) 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. In making grants or loans, funding priority shall be given to projects in accordance with s. 373.0831(4). Without diminishing amounts available through other means described in this



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

- (b) It is the intent of the Legislature that for each reclaimed water utility, or any other utility, which receives funds pursuant to this subsection, the appropriate rate-setting authorities should develop rate structures for all water, wastewater, and reclaimed water and other alternative water supply utilities in the service area of the funded utility, which accomplish the following:
- 1. Provide meaningful progress toward the development and implementation of alternative water supply systems, including reclaimed water systems;
 - 2. Promote the conservation of fresh water withdrawn from



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541 natural systems;

3. Provide for an appropriate distribution of costs for all water, wastewater, and alternative water supply utilities, including reclaimed water utilities, among all of the users of those utilities; and

- 4. Prohibit rate discrimination within classes of utility users.
- (c) Funding assistance provided by the water management districts for a water reuse system project shall include the following grant or loan conditions for that project when the water management district determines such conditions will encourage water use efficiency:
- 1. Metering of reclaimed water use for the following activities: residential irrigation, agricultural irrigation, industrial uses except for electric utilities as defined in s. 366.02(2), golf course irrigation, landscape irrigation, irrigation of other public access areas, commercial and institutional uses such as toilet flushing, and transfers to other reclaimed water utilities.
- 2. Implementation of reclaimed water rate structures based on actual use of reclaimed water for the types of reuse activities listed in subparagraph 1.
- 3. Implementation of education programs to inform the public about water issues, water conservation, and the importance and proper use of reclaimed water.
- 4. Development of location data for key reuse facilities.

 (d)(e) In order to be eligible for funding pursuant to this subsection, a project must be consistent with a local government comprehensive plan and the governing body of the local government must require all appropriate new facilities

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within the project's service area to connect to and use the project's alternative water supplies. The appropriate local government must provide written notification to the appropriate district that the proposed project is consistent with the local government comprehensive plan.

- $\underline{\text{(e)}(d)}$ Any and all revenues disbursed pursuant to this subsection shall be applied only for the payment of capital or infrastructure costs for the construction of alternative water supply systems that provide alternative water supplies.
- $\underline{(f)}$ (e) By January 1 of each year, the governing boards shall make available written guidelines for the disbursal of revenues pursuant to this subsection. Such guidelines shall include at minimum:
- 1. An application process and a deadline for filing applications annually.
- 2. A process for determining project eligibility pursuant to the requirements of paragraphs (d) (c) and (e)
- 3. A process and criteria for funding projects pursuant to this subsection that cross district boundaries or that serve more than one district.
- (g)(f) The governing board of each water management district shall establish an alternative water supplies grants advisory committee to recommend to the governing board projects for funding pursuant to this subsection. The advisory committee members shall include, but not be limited to, one or more representatives of county, municipal, and investor-owned private utilities, and may include, but not be limited to, representatives of agricultural interests and environmental interests. Each committee member shall represent his or her interest group as a whole and shall not represent any specific



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entity. The committee shall apply the guidelines and project eligibility criteria established by the governing board in reviewing proposed projects. After one or more hearings to solicit public input on eligible projects, the committee shall rank the eligible projects and shall submit them to the governing board for final funding approval. The advisory committee may submit to the governing board more projects than the available grant money would fund.

(h)(g) All revenues made available annually pursuant to this subsection must be encumbered annually by the governing board if it approves projects sufficient to expend the available revenues. Funds must be disbursed within 36 months after encumbrance.

<u>(i)(h)</u> For purposes of this subsection, alternative water supplies are supplies of water that have been reclaimed after one or more public supply, municipal, industrial, commercial, or agricultural uses, or are supplies of stormwater, or brackish or salt water, that have been treated in accordance with applicable rules and standards sufficient to supply the intended use.

 $\underline{(j)}$ (i) This subsection shall not be subject to the rulemaking requirements of chapter 120.

(k)(j) By January 30 of each year, each water management district shall submit an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives which accounts for the disbursal of all budgeted amounts pursuant to this subsection. Such report shall describe all projects funded and shall account separately for moneys provided through grants, matching grants, revolving loans, and the use of district lands or facilities.

(1) (k) The Florida Public Service Commission shall allow



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entities under its jurisdiction constructing alternative water supply facilities, including but not limited to aquifer storage and recovery wells, to recover the full, prudently incurred cost of such facilities through their rate structure. Every component of an alternative water supply facility constructed by an investor-owned utility shall be recovered in current rates.

- Section 9. Subsection (9) is added to section 373.1963, Florida Statutes, to read:
- 373.1963 Assistance to West Coast Regional Water Supply Authority.--
- in northeastern Hillsborough County which have not yet been adversely impacted by groundwater withdrawals for consumptive use not be subject to groundwater withdrawals by the development of wellfields by the authority. In order to protect the wetlands in this area, the authority is hereby prohibited from seeking permits from the Southwest Florida Water Management District for the consumptive use of water from groundwater in northeastern Hillsborough County north of Knights Griffin Road and east of State Road 39.
- Section 10. Subsection (5) is added to section 373.223, Florida Statutes, to read:
 - 373.223 Conditions for a permit.--
- (5) The Legislature finds that the issuance of consumptive use permits has a direct relation to efficient and effective water resource development. The Legislature further finds that the management of consumptive use permits has a direct relation to efficient and effective water supply development. To help identify the changes necessary to better utilize these permits, the Legislature directs that the Department of Environmental



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Protection and each water management district submit

recommendations to the appropriate substantive committees of

each house of the Legislature by December 1, 2003. The

recommendations shall identify alternative methods of extending
the use of existing water resources, including, but not limited
to, the potential rights of existing permitholders to share

water allocated under a consumptive use permit. The department
and the districts are encouraged to use public hearings to
gather information and shall include information provided by
basin boards and regional water supply authorities.

Section 11. Section 373.2234, Florida Statutes, is created to read:

373.2234 Preferred water supply sources. -- The governing board of the district is authorized to adopt rules identifying preferred water supply sources for which there is sufficient data to establish that the source can be used to provide a substantial new water supply to meet existing and reasonably anticipated water needs in a water supply planning region identified pursuant to s. 373.0361(1) while sustaining the water resources and related natural systems. Such rules shall, at a minimum, contain a description of the source and an assessment of the water the source is projected to produce. If a consumptive use permit applicant proposes to use such a source consistent with the assessment, the proposed use shall be subject to the provisions of s. 373.223(1), but such proposed use shall be a factor deemed to be consistent with the public interest pursuant to s. 373.223(1)(c). A consumptive use permit issued approving the use of such a source shall be for at least 20 years and may be subject to the provisions of s. 373.226(3). However, nothing in this section shall be construed to provide



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that the use of nonpreferred sources must receive a permit duration of less than 20 years or that such nonpreferred sources are not consistent with the public interest.

Section 12. Paragraph (c) is added to subsection (2) of section 373.250, Florida Statutes, to read:

373.250 Reuse of reclaimed water.--

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(c) A water management district may require the use of reclaimed water in lieu of surface water or groundwater when the use of uncommitted reclaimed water is environmentally, economically, and technically feasible. However, while recognizing that the state's surface water and groundwater are public resources, 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.

Section 13. Paragraph (a) of 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

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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 improvements and must be prepared in a manner comparable to the fixed capital outlay format set forth in s. 216.043.
- 4. 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



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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 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 14. Landscape irrigation design. --

(1) The Legislature finds that multiple areas throughout the state have been identified by water management districts as water resource caution areas, which indicates that in the near future water demand in those areas will exceed the current



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available water supply and that conservation is one of the mechanisms by which future water demand will be met.

- (2) The Legislature finds that landscape irrigation comprises a significant portion of water use and that the current typical landscape irrigation system and xeriscape designs offer significant potential water conservation benefits.
- (3) It is the intent of the Legislature to improve landscape irrigation water use efficiency by ensuring landscape irrigation systems meet or exceed minimum design criteria.
- (4) The water management districts shall develop and adopt by rule landscape irrigation and xeriscape design standards for new construction that incorporate a landscape irrigation system. The standards shall be based on the irrigation code defined in the Florida Building Code, Plumber's Volume, Appendix F. Such design standards should promote the effective and efficient use of irrigation water and include a consideration of local demographic, hydrologic, and other considerations as they apply to landscape irrigation water use. When adopting an ordinance or regulation, local governments shall use these approved irrigation design standards.
- (5) The water management districts shall work with the Florida Chapter of the American Society of Landscape Architects, the Florida Irrigation Society, the Florida Nurserymen and Growers Association, the Department of Agriculture and Consumer Services, the Institute of Food and Agricultural Sciences, the Department of Environmental Protection, the Florida League of Cities, and the Florida Association of Counties to develop scientifically-based model guidelines for urban, commercial, and residential landscape irrigation, including drip irrigation, for plants, trees, sod, and other landscaping. Local governments



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shall use the scientific information when developing landscape irrigation ordinances or guidelines. Every 3 years, the agencies and entities specified in this subsection shall review the model guidelines to determine whether new research findings require a change or modification of the guidelines.

Section 15. Paragraph (g) is added to subsection (1) of section 378.212, Florida Statutes, to read:

378.212 Variances.--

- (1) Upon application, the secretary may grant a variance from the provisions of this part or the rules adopted pursuant thereto. Variances and renewals thereof may be granted for any one of the following reasons:
- (g) To accommodate reclamation that provides water supply development or water resource development not inconsistent with the applicable regional water supply plan approved pursuant to s. 373.0361, provided adverse impacts are not caused to the water resources in the basin. A variance may also be granted from the requirements of part IV of chapter 373, or the rules adopted thereunder, 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 16. 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 not inconsistent with the applicable regional water supply plan approved pursuant to

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s. 373.0361, appropriate stormwater management, improved wildlife habitat, recreation, or a mixture thereof, provided adverse impacts are not caused to the water resources in the basin and public health and safety are not adversely affected.

Section 17. Subsections (1) and (6) of section 403.064, Florida Statutes, are amended, and subsection (16) is added to said section, 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. The data included in the study and the study's conclusions shall be given significant consideration by the applicant and the appropriate water management district in an analysis of the economic, environmental, and technical feasibility of providing reclaimed water for reuse under part II of chapter 373, and shall be presumed relevant to the determination of feasibility. A water



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management district shall not require a separate study when a reuse feasibility study has been completed under subsection (2).

(16) Utilities implementing reuse projects are encouraged, except in the case of use by electric utilities as defined in s. 366.02(2), to meter use of reclaimed water by all end users and, to charge for the use of reclaimed water based on the actual volume used when such metering and charges can be shown to encourage water conservation. Metering and the use of volumebased rates are effective water management tools for the following reuse activities: residential irrigation, agricultural irrigation, industrial uses, golf course irrigation, landscape irrigation, irrigation of other public access areas, commercial and institutional uses such as toilet flushing, and transfers to other reclaimed water utilities. Beginning with the submittal due on January 1, 2004, each domestic wastewater utility that provides reclaimed water for the reuse activities listed in this section shall include a summary of its metering and rate structure as part of its annual reuse report to the department.

Section 18. Paragraph (b) of subsection (3) of section 403.1835, Florida Statutes, is amended, and subsection (12) is added to said section, to read:

403.1835 Water pollution control 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

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CODING: Words stricken are deletions; words underlined are additions.



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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.
- (12)(a) It is the intent of the Legislature that for each reclaimed water utility or any other utility that receives funds pursuant to this subsection, the appropriate rate-setting authorities should develop rate structures for all water, wastewater, and reclaimed water and other alternative water supply utilities in the service area of the funded utility which accomplish the following:
- 1. Provide meaningful progress toward the development and implementation of alternative water supply systems, including reclaimed water systems.
- 2. Promote the conservation of fresh water withdrawn from natural systems.
- 3. Provide for an appropriate distribution of costs for all water, wastewater, and alternative water supply utilities,



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- including reclaimed water utilities, among all of the users of those utilities.
 - (b) Funding assistance provided for a water reuse system project shall include the following loan conditions for that project where such conditions will encourage water use efficiency:
 - 1. Metering of reclaimed water use for the following activities: residential irrigation, agricultural irrigation, industrial uses except for electric utilities as defined in s. 366.02(2), golf course irrigation, landscape irrigation, irrigation of other public access areas, and commercial uses.
 - 2. Implementation of reclaimed water rate structures based on actual use of reclaimed water for the reuse types listed in subparagraph 1.
 - 3. Implementation of education programs to inform the public about water issues, water conservation, and the importance and proper use of reclaimed water.

Section 19. 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 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



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HB 0105A 2003 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 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 20. If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this act which can be given effect without the



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invalid provision or application, and to this end the provisions of this act are declared severable.

Section 21. Private property rights and regional reservoirs.--

- (1) The Legislature finds that construction of a regional reservoir designed to store more than 10 billion gallons of water may inordinately burden nearby real property because of the proximity of the reservoir and may result in a loss of value for the property owner. Therefore, a regional water supply authority, serving three or fewer counties, that is authorized to construct, operate, and maintain such a regional reservoir shall be deemed a governmental entity under section 70.001, Florida Statutes, the Bert J. Harris, Jr., Private Property Rights Protection Act, for purposes of this section.
- (2) This section provides a cause of action for the actions of a regional water supply authority, in siting and constructing a reservoir as described in subsection (1), that may not rise to the level of a taking under the State

 Constitution or the United States Constitution. This section may not necessarily be construed under the case law regarding takings if the action of a regional water supply authority does not rise to the level of a taking. The provisions of this section are cumulative and do not abrogate any other remedy lawfully available, including any remedy lawfully available for the actions of a regional water supply authority that rise to the level of a taking. However, a regional water supply authority may not be liable more than once for compensation due to an action of the regional water supply authority that results in a loss of value for a subject real property.
 - (3) Each owner of real property located within 10,000 feet



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of the center of the footprint of a regional reservoir, as described in subsection (1), or 5,500 feet from the exterior of the berm of such reservoir, may present a claim for compensation in writing to the head of the regional water supply authority on or before December 31, 2004, for a loss in property value resulting from the proximity of the reservoir. For each claim presented under this section, section 70.001, Florida Statutes, applies, except when there is conflict with this section, the provisions of this section shall govern.

- (a) The property owner must submit along with the claim a bona fide, valid appraisal that supports the claim and demonstrates the loss in fair market value to the real property.
- (b) A claim under this section shall be presented only to the regional water supply authority that is authorized to construct, operate, and maintain the reservoir.
- (4) The Legislature recognizes that construction and maintenance of a regional reservoir may not necessarily interfere with allowable uses of real property near the reservoir. However, the siting and construction of the reservoir may result in an actual loss to the fair market value of real property located within 10,000 feet of the center of the footprint of the reservoir, or 5,500 feet from the exterior of the berm, because of the proximity of the reservoir. Therefore, any offer of compensation by the regional water supply authority shall be based solely on the loss of value for the property owner as a result of the proximity of the reservoir and not on the effects the reservoir has on existing uses or on a vested right to a specific use of real property.
- (a) Notwithstanding section 70.001, Florida Statutes, the regional water supply authority to whom a claim is presented



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shall, not later than 180 days after receiving such claim:

- 1. Make a written offer to purchase the real property if there is more than a 50-percent loss in value to the real property as a result of the proximity of the reservoir and if the property owner is a willing seller;
- 2. Make a written offer to purchase an interest in rights of use which may become transferable development rights to be held, sold, or otherwise disposed of by the regional water supply authority; or
 - 3. Terminate negotiations.
- (b) An offer by the regional water supply authority to purchase the property in fee or purchase an interest in rights of use under this section shall cover the cost of the appraisal required in subsection(3).
- (5) During the 180-day period, unless the property owner accepts a written offer for purchase pursuant to subparagraph (4)(a)1. or 2., the regional water supply authority shall issue a final decision stating that:
- (a) The real property has a loss in value due to an inordinate burden on the property resulting from the proximity of the reservoir and the regional water supply authority and property owner cannot reach agreement on the amount of compensation; or
- (b) The property owner has failed to establish a basis for relief under the provisions of this section and section 70.001, Florida Statutes.

Failure of the regional water supply authority to issue a final decision as required by this subsection shall cause the written offer or termination of negotiations required in subsection (4)

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to operate as a final decision. As a matter of law, this final decision constitutes the last prerequisite to judicial review of the merits for the purposes of the judicial proceeding provided for in section 70.001, Florida Statutes.

- (6) The circuit court, for purposes of this section, shall determine whether, considering the written offer and final decision, the regional water supply authority has inordinately burdened the subject real property. Following a determination that the regional water supply authority has inordinately burdened the real property, the court shall impanel a jury to determine the total amount of compensation to the property owner for the loss in value due to the inordinate burden to the subject real property.
- (7) Pursuant to section 70.001, Florida Statutes, the court may award reasonable costs and attorney's fees and the court shall determine the amount. If the court awards the property owner reasonable costs and attorney's fees, the costs shall include the cost of the appraisal required in subsection (3).
- (8) This section shall take effect July 1, 2003, and is repealed effective January 1, 2005. However, the repeal of this section shall not affect a claim filed on or before December 31, 2004.
- Section 22. If any law amended by this act was also amended by a law enacted at the 2003 Regular Session of the Legislature, such laws shall be construed as if they had been enacted at the same session of the Legislature, and full effect shall be given to each if possible.

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Section 23. Except as otherwise provided herein, this act shall take effect upon becoming a law and shall apply to all contracts pending on that date.

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