

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/CS/SB 1142

SPONSOR: Appropriations Committee, Natural Resources Committee and Senator Dockery

SUBJECT: Water Resources

DATE: March 30, 2004

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Molloy</u>	<u>Kiger</u>	<u>NR</u>	<u>Fav/CS</u>
2.	<u>_____</u>	<u>_____</u>	<u>CU</u>	<u>Withdrawn</u>
3.	<u>_____</u>	<u>_____</u>	<u>CP</u>	<u>Withdrawn</u>
4.	<u>DeLoach</u>	<u>Hayes</u>	<u>AGG</u>	<u>Fav/CS</u>
5.	<u>_____</u>	<u>_____</u>	<u>AP</u>	<u>Withdrawn: Fav/CS</u>
6.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

I. Summary:

This bill redefines the term "priority project" to include certain water facilities as entities eligible to receive a bond allocation under the private activity bond program administered by the Division of Bond Finance within the State Board of Administration.

This bill requires the Department of Environmental Protection (DEP), in consultation with specified parties, to develop a comprehensive statewide water conservation program for public water supply. The bill clarifies that the water management districts shall not fix or revise rates, and allows public water supply utilities to propose a conservation plan or program tailored to the utility's specific service area. By December 1, 2005, the DEP must submit a written report to the Legislature outlining the progress made in implementing a statewide water conservation program.

The bill establishes additional responsibilities for the water management districts when regional water supply plans are being developed including public workshops, identification of alternative water sources as options for water supply development, inclusion of water reservations adopted by rule, and an analysis of areas where phosphate reclamation variances, or other resource extraction reclamation variances may be used to create water supply development or water resource development projects. Within the boundaries of a regional water supply authority located in the Southwest Florida Water Management District, (SWFWMD), the regional water supply authority and the SWFWMD must jointly develop the water supply component of a regional water supply plan.

This bill establishes funding priority criteria for alternative water supply development projects, and encourages the governing boards of the water management districts to establish nonlapsing revolving loan funds. The development of incentive-based programs for implementing water

reuse is encouraged. The results of reuse feasibility studies will govern permitting decisions for reuse facilities, and permitting decisions for consumptive use permits (CUPs) issued for the reuse of reclaimed water. Each state agency and water management district is required to use reclaimed water for certain purposes.

This bill provides for a feasibility study for the augmentation of groundwater supplies in South Florida through the discharge of reclaimed wastewater into canals and the aquifer system. The study must include an assessment of water quality, water supply, public health, technical, and legal implications related to canal discharge and collocation concepts. Nothing in the feasibility study can be used to alter the Comprehensive Everglades Restoration Plan (CERP) or the implementation of the federal Water Resources Development Act of 2000 (WRDA 2000).

This bill provides a \$200,000 appropriation to the DEP to fund the South Florida feasibility study.

This bill substantially amends ss. 159.803, 373.0361, 373.0831, 373.1961, 373.536, 403.064, and 403.1835, Florida Statutes, and creates ss. 373.227 and 403.0645, Florida Statutes.

II. Present Situation:

In Art. II, s. 7, the Florida Constitution establishes a state policy of "conserving and protecting" Florida's natural resources. The State Constitution requires that state law make adequate provision for the "abatement of air and water pollution...and for conservation and protection of natural resources." In s. 373.016, F.S., the Legislature declares that the waters of the state are among its most basic resources, and that this resource has not been conserved or fully controlled.

In 1972, the Legislature enacted the Florida Water Resources Act which created the five water management districts and provided the then Department of Natural Resources with the "power and responsibility to accomplish conservation, protection, management and control of the waters of the state... through the delegation of powers to the various districts". Even then, water conservation concerns were noted. During the 1972 Regular Session, the League of Women Voters addressed the House Natural Resources Committee, and in a written statement said:

"We support national policies and procedures which promote comprehensive long-range planning for conservation and development of water resources and improvement of water quality. The League agrees with many conservationists throughout our state that the most serious problem facing Florida today is that of the diminishing water supply".

US Environmental Protection Agency (EPA)

In 1998, the US EPA issued guidelines for water conservation plans for public water systems. The EPA said that the states could, if they wanted, require water systems to submit a water conservation plan that met EPA guidelines or any other guidelines as a condition of receiving a loan under the Drinking Water State Revolving Loan Fund. The guidelines provide information on water conservation measures such as universal metering, water accounting and loss control, water-use audits, retro-fitting, reuse and recycling, and water-user regulation. Although the DEP did not include conservation measures in the rules adopted to implement the state's Drinking Water State Revolving Fund program, water conservation measures are included in proposed

changes to the current Water Resource Implementation Rule contained in chapter 62-40, of the Florida Administrative Code (F.A.C.).

Department of Environmental Protection (DEP)

Under chapter 373, F.S., the DEP is required to "take into account cumulative impacts on water resources and manage those resources in a manner to ensure their sustainability", and to protect those water resources by requiring the use of water from other sources, including "all naturally occurring water sources and all alternative water sources, including but not limited to..conservation...".

In the Water Resource Implementation Rule, (62-40, F.A.C.) water conservation must be required by each of the water management districts unless conservation is not economically or environmentally feasible. The water management districts are directed to "prevent and reduce wasteful, uneconomical, impractical or unreasonable use of water resources", by providing local governments with assistance in developing water conservation programs that meet long-term needs. These programs can include incentives such as flexible or long-term permits, economic incentives, and certainty of water supply during times of water shortage. In addition, the water management districts can establish efficiency standards for urban, industrial, and agricultural demand which include water restrictions, reductions in unaccounted for water-losses, water-conserving rate structures, and water-conserving plumbing fixtures.

Florida Water Conservation Initiative

The Florida Water Conservation Initiative, started more than two years ago, represents the efforts of the DEP, the five water management districts, the Department of Agriculture & Consumer Services, the Public Service Commission, and individuals representing all facets of water users or producers. Six work groups were created and in April 2002, the final Initiative was issued with recommendations to assist in identifying and prioritizing changes that could result in the statewide conservation of water. The three top recommendations in priority order from each of the six work groups are as follows:

Agriculture: Cost share incentives to promote water conservation, more mobile irrigation labs to improve best management practices, increased rainfall harvesting and recycling of irrigation water.

Landscaping: Design and adopt state irrigation design and installation standards, expand and coordinate current education and outreach programs, and establish statewide training and certification programs.

Water Pricing: Phase in conservation rate structures, require drought rates, consider the use of market principles in the allocation of water.

Industrial/Commercial/Institutional: Consider establishing a "Conservation Certification" program, consider a range of financial and regulatory incentives and alternative supply credits, consider cooperative funding for the use of alternative technologies.

Indoor Water Use: Replace inefficient toilets, retrofit inefficient plumbing fixtures, provide incentives to retrofit inefficient homes.

Reuse of reclaimed water: Encourage metering and volume-based rate structures for reclaimed water service, expand education and outreach, facilitate seasonal reclaimed water storage.

Many of these concepts have been incorporated into revisions proposed for the Water Resource Implementation Rule (rule), which currently provides goals, objectives, and guidance for the development and review of programs, rules and plans relating to water resources. Under the provisions of s. 373.036 (1)(d), F.S., amendments to the rule must be adopted by the secretary of the DEP and submitted to the Speaker of the Florida House of Representatives and the President of the Florida Senate within 7 days after publication in the Florida Administrative Weekly. These amendments are not effective until the conclusion of the next Regular Session of the Legislature following the adoption of the amendments.

The DEP submitted the proposed rule to the Legislature prior to the beginning of the 2004 Regular Session, however an administrative challenge has been filed.

**Joint Statement of Commitment for the Development and
Implementation of a Statewide Comprehensive Water Conservation
Program for Public Water Supply**

The DEP, the five water management districts, the PSC, the Utility Council of the American Water Works Association, Florida Section; the Utility Council of the Florida Water Environment Association; and the Florida Rural Water Association have developed a Joint Statement of Commitment in agreement that a "goal-based, accountable, and measurable program should be developed and implemented to allow public water supply utilities the flexibility to tailor cost-effective conservation programs to reflect their individual circumstances so as to achieve greater water use efficiency." Under the Joint Statement, the parties agree that in implementing the Water Conservation Program, the following measures should be undertaken:

- Improve the measurement and evaluation of water conservation programs and practices.
- Improve the design and implementation of water conservation programs.
- Ensure that regulatory frameworks adequately support flexibility in the design of water conservation programs.
- Enhance assistance and information sharing regarding water conservation programs.

Within a 12-month period following execution of the Joint Statement, a work plan will be developed that identifies specific tasks, completion dates, estimates of cost, and assigned responsibilities, including the development of a Florida-specific water conservation guidance document. The Joint Statement will become effective when all of the parties have signed.

Water Management Districts¹

In 1992, the South Florida Water Management district adopted rules that imposed specific water conservation requirements on public water supply utilities and associated local governments, on commercial/industrial users, on landscape and golf course users, and on agricultural users. For individual water use permits to be acquired, all users must comply with the requirements

¹ Water Conservation Interim Project, Committee on Natural Resources, Florida House of Representatives, February 2003

depending on the user group. In June 2003, the district adopted mandatory year-round landscape irrigation measures for the portions of Lee, Collier, and Charlotte counties that lie within the district's boundaries.²

The St. Johns River Water Management District has a Water Conservation Rule that provides for year-round irrigation restrictions. The rule, which has been in place since 1991, applies to all users in the district that use water outdoors whether the source is a private well or a water supply utility. The District also has additional restrictions in place for portions of Brevard, Lake, Marion, and Orange counties, and for all of Seminole and Volusia counties.

In September 2003, the Southwest Florida Water Management District approved changes to the "Year Round Conservation Measures" rule first adopted by the District in 1992. The rule contains mandatory water conservation measures that are in effect in the district at all times. Some of these measures include a prohibition against the wasteful and unnecessary use of water such as allowing water to flow from an unattended hose or hosing down a driveway; irrigation hours for lawns, landscapes, golf courses, and other athletic areas; and agricultural irrigation restrictions.³

The Suwannee River Water Management District is home to at least 250 identified springs, five major river systems, and numerous lakes. According to the District, most of these systems are in relatively good conditions, and an adequate water supply is available to meet existing and future district needs. The district does not have a special water conservation rule.

The Northwest Florida Water Management District does not have a "water conservation rule" but does, like all four other districts, have requirements for declaring water shortages and for designating water resource caution areas. Within the District, Santa Rosa, Okaloosa and Walton counties have been declared water resource caution areas where freshwater resources are experiencing, or are expected to experience significant or widespread reductions in fresh water levels and salt water intrusion within the next 20 years.

Regional Water Supply Planning

In 1997, the Legislature enacted ch. 97-160, Laws of Florida, and directed that water management districts initiate water supply planning for each water supply planning region identified in a district water management plan where the district determines that sources of water are not adequate to supply water for existing and projected reasonable-beneficial uses and to sustain the water resources and related natural systems over a 20-year planning period. These regional water supply plans are to include water supply development and water resource development components, recovery and prevention strategies, and funding strategies. Water supply development components must identify the amount of water needed for existing and future uses with a level of certainty based on needs for a 1-in-10-year drought event, a list of water source options, the estimated amount of water available, and the costs of and potential source for those options. Also, the water supply development component must identify projects which support establishment of a dependable, sustainable supply of water which is not otherwise

² Chapter 40E-24, Florida Administrative Code

³ Chapter 40D-22, Florida Administrative Code

financially feasible; which provide significant environmental benefits by limiting adverse water resource impacts; or which significantly implement reuse, storage, recharge, or conservation of water.

Water resource development components must identify resource development projects that support water supply development, estimates for the amount of water that will become available, a construction and implementation timetable, funding sources and needs, and who will implement the project and how it will be implemented.

The DEP must submit an annual report on the status of regional water supply planning to the Governor and the Legislature. The Northwest Florida, Southwest Florida, St. Johns River and South Florida water management districts have completed regional water supply plans, and the first update of these plans is scheduled for this year.

Reuse and Reclaimed Water

Water reuse is integral to water resource management and wastewater management in Florida. According to the DEP's "2002 Reuse Inventory", a total of 467 domestic wastewater treatment facilities serviced 436 reuse systems with approximately 584 mgd of reclaimed water being reused for beneficial purposes. The reuse capacity of the systems is estimated to be 1,162 mgd.

Reclaimed water can be used for irrigation of golf courses, parks, residential properties, highway medians and other landscaped areas. Urban uses include toilet flushing, car washing and dust control. Agricultural uses include irrigation of edible food crops, and other crops including pasture lands, grasslands, and irrigation at nurseries. Environmental uses include wetlands creation, restoration, and enhancement, as ground water recharge.

In Florida, the City of St. Petersburg uses a dual distribution system for landscape irrigation. In Orlando, the Conserv II project pipes highly treated reclaimed water to irrigate citrus groves, foliage and landscape nurseries, tree farms, ferneries, and the Orange County National Golf Center. Project APRICOT in Altamonte Springs provides reclaimed water for irrigation of residential lawns and greenspace. Other reuse projects in Florida include the Orlando Wetlands, the Tallahassee Spray Irrigation System, Reedy Creek Utilities which provides reclaimed water for irrigation of landscaping at Disney World, and the City of Gainesville's reuse program which uses reclaimed water from the Southwest Reuse Project for irrigation and for recharge of the Floridan Aquifer.⁴

Public Service Commission (PSC) Private Activity Bonds

Part VI of chapter 159, F.S., is the "Florida Private Activity Bond Allocation Act" and provides for the allocation of the state volume limitation imposed on private activity bonds under s. 146 of the Internal Revenue Code of 1986 (Code). Each year, the Division of Bond Finance of the State Board of Administration determines the amount of private activity bonds to be issued in the state and distributes the funds under a formula. After the required distribution to the manufacturing facility pool, 5 percent of the remaining funds are allocated to finance priority

⁴ <http://www.dep.state.fl.us/water/reuse/project.htm>

projects which, under current law, include solid waste disposal facilities or sewage facilities as defined in s. 142 of the Code.

III. **Effect of Proposed Changes:**

Section 1. Amends s. 159.803, F.S., to expand the definition of "priority project" to include water facilities, as defined under s. 142 of the Internal Revenue Code of 1986, as amended, which are operated by a member-owned, not-for-profit utility, as entities eligible to receive a private activity bond allocation under the program administered by the Division of Bond Finance of the State Board of Administration.

Section 2. Creates s. 373.227, F.S., to provide for water conservation. Establishes legislative recognition that proper conservation of water is an important means of achieving economical and efficient utilization of the water necessary, in part, to constitute reasonable-beneficial use. Provides that the overall water conservation goal of the state is to prevent and reduce wasteful, uneconomical, impractical, or unreasonable use of water resources. Establishes legislative findings that the social, economic and cultural conditions of the state relating to public water supply use varies by service area, and that public water supply utilities must have flexibility to tailor water conservation measures to meet individual circumstances.

Establishes legislative intent that a variety of water conservation measures be made available and used to encourage efficient water use. Provides that to achieve water conservation objectives, the state should emphasize goal-based, accountable, tailored, and measurable water conservation programs for public water supply. Provides that for purposes of the water conservation guidance manual, "public water supply utility" means both publicly owned and privately owned water utilities.

Provides that the DEP, in cooperation with the water management districts and other stakeholders, is required to develop a statewide water conservation program that:

- Encourages utilities to implement water conservation programs which are economically efficient, effective, affordable, and appropriate.
- Allows no reduction in utility-specific water conservation effectiveness over current programs.
- Is goal-based, accountable, measurable, and implemented collaboratively with water suppliers, water users, and water management agencies.
- Focuses upon cost-effective measures for the unique characteristics of a service area.
- Uses standardized public water supply conservation definitions and standardized quantitative and qualitative performance measures.
- Creates a clearinghouse or inventory for water conservation programs and practices available to public water supply utilities that will provide an integrated statewide database for the collection, evaluation, and dissemination of quantitative and qualitative information on public water supply conservation programs and their effectiveness.
- Develops a standardized water conservation planning process for utilities.
- Develops and maintains a Florida-specific water conservation guidance document containing a menu of affordable and effective water conservation practices to assist public water supply utilities in the design and implementation of goal-based, utility-specific water conservation programs tailored for their individual service areas.

Provides that when a water management district is considering the use of water conservation or drought rate structures as a conservation practice, the district shall afford a public water supply utility wide latitude in selecting a rate structure. Limits a water management district's review of a rate structure to whether the utility has provided reasonable assurance that the rate structure contains a schedule of rates designed to promote efficient use of water by providing economic incentives. Prohibits water management districts from fixing or revising rates.

Authorizes public water supply utilities to propose a goal-based water conservation plan or program that is tailored to its individual circumstances, and requires that progress towards those goals be measurable. Provides that if a public water supply utility provides assurances that a water conservation plan or program will achieve effective water conservation at least as well as the water conservation requirements adopted by the appropriate water management district, the water management district must approve the water conservation plan or program which will satisfy water conservation requirements imposed as a condition of receiving a consumptive use permit. Conservation measures in an approved goal-based plan may be reviewed periodically and updated to ensure efficient water use.

Provides that by December 1, 2005, the DEP must submit a written report to the President of the Senate, the Speaker of the Florida House of Representatives, and the appropriate substantive committees of the Legislature on the progress made in implementing the comprehensive statewide water conservation program for public water supply. Provides that the written report must include any statutory changes and funding requests necessary for the continuation of the statewide water conservation program. Provides rulemaking authority.

Section 3. Amends s. 373.0361, F.S., to require that during development of a regional water supply plan but prior to completion of the plan, a water management district must conduct at least one public workshop to discuss the technical data and modeling tools anticipated to be used to support the plan. Provides that population projections used to determine public water supply needs as part of a water supply development component in a regional water supply plan must be based upon the best available data. In determining if the best available data is being used, a water management 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 if the population data and analysis support the local government's comprehensive plan. Provides that any adjustment of or deviation from the BEBR projections must be fully described, and the original BEBR data must be presented along with the adjusted data.

The water supply development component of a regional water supply plan must identify alternative water sources, as well as traditional water sources, the total capacity of which will, in conjunction with water conservation and other demand management measures, exceed the water supply need identified in the water supply development component of a regional water supply plan. Regional water supply plans must include any water reservation for the protection of fish and wildlife or the public health and safety that is adopted by rule.

Regional water supply plans must include an analysis of areas or instances in which phosphate reclamation variances, or other resource extraction reclamation variances, may be used to create

water supply development or water resource development projects. The analysis must be developed with the cooperation of the DEP. Within the boundaries of a regional water supply authority in the SWFWMD, the water supply development component of a regional water supply plan shall be developed jointly by the district and the regional water supply authority.

Annual reports submitted to the executive and legislative branches on regional water supply planning must contain an assessment of the overall progress in developing water supplies that are consistent with regional plans to meet existing and reasonable, beneficial needs during a 1-in-10-year drought. Annual reports must be submitted in conjunction with the 5-year water resource development work program report that is due within 45 days after a water management district adopts a final budget.

District water management plans can not be used in the review of consumptive use permits unless the water management district has adopted the plan, or an applicable portion of the plan, by rule. Authorizes the water management district to use the data or other information used to establish a district water management plan in reviewing consumptive use permits.

Section 4. Amends s. 373.0831, F.S., to encourage water management districts to implement water resource development as expeditiously as possible in areas subject to regional water supply plans. Proposed alternative water supply development projects identified in an approved regional water supply plan will receive a 20-year consumptive use permit if the project meets the "three-prong test" requirements⁵ and submits required compliance reports, and will be considered for priority funding under the revolving loan program established by the water management districts for alternative water supply projects.

Section 5. Amends s. 373.1961, F.S., to provide that the governing boards of water management districts with designated water resource caution areas must give priority funding through grants or loans to an alternative water supply development project. Encourages the governing boards of the water management districts to establish revolving loan funds to expand the total funds available to promote the development of alternative water supplies. Requires that a revolving loan fund must be a nonlapsing fund from which loans with interest rates below the prevailing market rates can be made to public or private entities.

Authorizes the governing boards of water management districts to adopt resolutions establishing nonlapsing revolving loan funds that specify the administrative details of the fund, the loan application procedures, criteria for loan approval, the initial capitalization of the fund, and the goals for future funding. Nonlapsing funds created by resolution must be used to expand the total amount and sources of funding available for development of alternative water supplies. Establishes the Legislature's intent that the creation of nonlapsing revolving loan funds will not be used to supplant or reduce existing sources or amounts of funding available through other means.

⁵ Section 373.223, F.S., provides that applicants for consumptive use permits must establish that a proposed use is a reasonable-beneficial use, will not interfere with presently existing uses of water, and is consistent with the public interest.

Funding assistance provided by a water management district for a water reuse system may include the following grant or loan conditions if the district determines that the following conditions will encourage water use efficiency:

- Metering of reclaimed water use for residential irrigation; agricultural irrigation; landscape irrigation; irrigation of other public access areas; commercial and institutional uses such as toilet flushing; transfers to other reclaimed water utilities; and industrial uses except for any municipal electric utility, any investor-owned electric utility, or any rural electric cooperative which owns, maintains, or operates an electric generation, transmission, or distribution system within the state.
- Implementation of reclaimed water rate structures based on actual use of reclaimed water.
- Implementation of education programs which inform the public about water issues, water conservation, and the importance and proper use of reclaimed water.
- Development of location data for key reuse facilities.

Section 6. Amends s. 373.536, F.S., to provide that the 5-year work program submitted by each water management district within 45 days of final budget adoption must

- Identify how work program projects will provide water;
- Explain how water resource development projects will produce additional water available for consumptive use;
- Estimate the quantity of water to be produced by each project; and
- Provide an assessment of the district's regional water supply plan contribution in supplying sufficient water to meet the needs of existing and future reasonable-beneficial uses for a 1-in-10-year drought event.

Section 7. Amends s. 403.064, F.S., to encourage the development of incentive-based programs for implementing water reuse. The data used in a reuse feasibility study and the conclusions of the study must be given significant consideration by a water management district, and a local government or utility with responsibility for wastewater management, in an analysis of the economic, environmental, and technical feasibility of providing reclaimed water for reuse. Prohibits a water management district from requiring a separate study when a reuse feasibility study has been completed by a domestic wastewater treatment facility permit applicant located within, serving a population located in, or discharging into a water resource caution area.

Creates subsection (16) to encourage utilities implementing reuse projects to meter the use of reclaimed water by end users, and to charge for reclaimed water use based on the actual volume used in cases where metering and charges can be shown to encourage conservation. Provides an exception for metering reuse for any municipal electric utility, any investor-owned electric utility, or any rural electric cooperative which owns, maintains, or operates an electric generation, transmission, or distribution system within the state.

The metering and use of volume-based rates are effective water management tools for reuse activities such as residential irrigation, agricultural irrigation, industrial uses, landscape irrigation, irrigation of other public access areas, commercial and institutional uses such as toilet flushing, and transfers to other reclaimed utilities. Beginning with the January 1, 2005 annual reuse report submitted to the DEP, each domestic wastewater utility providing reclaimed water

for reuse must include a summary of its metering and rate structure as part of the annual reuse report.

Section 8. Creates s. 403.0645, F.S., to encourage and promote the reuse of water as a state objective. Recognizes that reuse has become an integral part of water and wastewater management in Florida. Establishes that the state and various state agencies and water management districts should take a leadership role in the use of reclaimed water. Establishes that the use of reclaimed water by state agencies and facilities will conserve potable water and serve as an important public education function.

Requires that each state agency and water management district use reclaimed water to the greatest extent practicable for landscape irrigation, toilet flushing, aesthetic features such as decorative ponds and fountains, cooling water, and other purposes allowed by DEP rules, including but not limited to parks, rest areas, visitor welcome centers, buildings, college campuses, and other facilities. Provides that each state agency and water management district shall submit an annual summary of reuse activities and actual reclaimed water use to the Secretary of the DEP.

Section 9. Amends s. 403.1835, F.S., to authorize the DEP to make deposits to financial institutions earning less than the prevailing rate for U.S. Treasury securities with corresponding maturities, to allow those institutions to make below-market interest rate loans to entities qualified to receive loans under the Water Pollution Control Financial Assistance program, and DEP rules.

Section 10. Establishes legislative findings that ground water levels within specific areas identified in the Lower East Coast Regional Water Supply Plan approved by the South Florida Water Management District can benefit from augmentation, and that the 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. Establishes the Legislature's recognition that water quality and water quantity issues must be better understood and resolved, and that the co-location of enclosed conduits for conveyance of water for reuse should be explored for cost savings.

Requires that the DEP, in consultation with the South Florida Water Management District, local governments, local utilities, and other entities, conduct a study to investigate the feasibility of discharging reclaimed wastewater into canals and the aquifer system to augment ground water supplies, enhance natural systems, and convey reuse water within enclosed conduits within the canal right-of-way. If discharges are made as part of the feasibility study, such discharges must comply with applicable federal, state, and local laws and regulations. The study must include an assessment of the water quality, water supply, public health, technical, and legal implications related to the canal discharge and collocation concepts.

Preliminary reports must be issued by the DEP for public comment by November 1, 2004. Provides that written reports on the findings, including any public comments received, must be submitted by the DEP to the Governor and the appropriate substantive committees of the Legislature by January 31, 2005. Nothing in this section can be used to alter the purpose of the

Comprehensive Everglades Restoration Plan (CERP) or the federal Water Resources Development Act of 2000 (WRDA 2000).

Section 11. Provides that for Fiscal Year 2004-2005, \$200,000 in non-recurring general revenue is appropriated to the DEP for the purpose of funding the feasibility study on discharging reclaimed groundwater in the canals and aquifer in South Florida.

Section 12. Provides that this act shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Public and private utilities will incur some initial costs due to provisions of the bill requiring the development of a statewide water conservation program. Some consumers may pay more for water if a public or private utility implement water conservation rates or drought rates.

Consumptive use permit applicants may see some financial benefit in the development of alternative water supply projects which are eligible to receive long-term consumptive use permits, and priority consideration for project funding. However, recipients of the water created or supplied by alternative water supply projects or water resource development projects funded through the programs created in this bill may pay for the costs of those projects as the end users of the water being supplied or created.

C. Government Sector Impact:

DEP: The DEP estimates the cost to the department to conduct the feasibility study on discharging reclaimed wastewater in the canals and aquifer in South Florida is approximately \$200,000. For Fiscal Year 2004-2005, the bill appropriates \$200,000 from the General Revenue Fund to DEP for conducting the study.

WMDs: The Northwest Florida WMD and the Suwannee River WMD anticipate that the provisions of the bill will have minimal impact.

When the conservation guidance document is completed, the St. Johns River WMD anticipates a recurring expense of \$72,000 for 1 FTE to conduct water conservation program reviews. The district estimates that provisions of the bill requiring priority funding for alternative water supplies will have a significant fiscal impact. Funding for alternative water supply projects is estimated to increase from the current level of \$1 million annually to approximately \$10 million a year. Also, the district estimates the cost of implementing a cost-share program for reclaimed water will rise from \$1 million to \$10 million per year.

The SWFWMD estimates that the fiscal impact of the bill will primarily relate to additional staff resources required to assist DEP in the development of the conservation guidance document. The district estimates significant fiscal impact if implementing a revolving loan program or implementing new reuse facilities on district property.

The SFWMD estimates significant initial costs in establishing a revolving loan fund for grants and loans to alternative water supply projects, and anticipates some costs will be incurred in developing methods and procedures to promote effective water conservation. Also, the district estimates that the costs of the feasibility study for discharging reclaimed wastewater into canals and the aquifer will involve additional costs which may be offset through long-term savings realized by the beneficial use of reclaimed wastewater.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.