

By Senator Dockery

15-786A-04

1                                   A bill to be entitled  
2           An act relating to water resources; amending s.  
3           159.803, F.S.; revising the definition of  
4           "priority project"; amending s. 367.081, F.S.;  
5           revising procedure for fixing and changing  
6           rates to include the recovery of costs of  
7           alternative water supply facilities; amending  
8           s. 367.0814, F.S.; revising limit on the amount  
9           of revenues received by a utility to qualify  
10          for staff assistance in changing rates or  
11          charges; creating s. 373.227, F.S.; providing  
12          for the development of a water conservation  
13          guidance manual by the Department of  
14          Environmental Protection; providing for purpose  
15          and contents of the manual and requirements  
16          with respect thereto; requiring the Department  
17          of Environmental Protection to adopt the manual  
18          by rule by a specified date; providing program  
19          requirements for public water supply utilities  
20          that choose to design a comprehensive water  
21          conservation program based on the water  
22          conservation guidance manual; amending s.  
23          373.0361, F.S.; providing for a public workshop  
24          on the development of regional water supply  
25          plans that include the consideration of  
26          population projections; providing for a list of  
27          water source options in regional water supply  
28          plans; providing additional regional water  
29          supply plan components; including conservation  
30          measures in regional water supply plans;  
31          revising specified reporting requirements of

1 the Department of Environmental Protection;  
2 providing that a district water management plan  
3 may not be used as criteria for the review of  
4 permits for consumptive uses of water unless  
5 the plan or applicable portion thereof has been  
6 adopted by rule; providing construction;  
7 amending s. 373.0831, F.S.; revising the  
8 criteria by which water supply development  
9 projects may receive priority consideration for  
10 funding assistance; providing for permitting  
11 and funding of a proposed alternative water  
12 supply project identified in the relevant  
13 approved regional water supply plan; amending  
14 s. 373.1961, F.S.; providing funding priority;  
15 providing for the establishment of a revolving  
16 loan fund for alternative water supply  
17 projects; providing conditions for certain  
18 projects to receive funding assistance;  
19 amending s. 373.536, F.S.; expanding  
20 requirements of the 5-year water resource  
21 development work program for water management  
22 districts; amending s. 403.064, F.S.; revising  
23 provisions relating to reuse feasibility  
24 studies; providing for metering use of  
25 reclaimed water and volume-based rates  
26 therefor; requiring wastewater utilities to  
27 submit plans for metering use and volume-based  
28 rate structures to the department; creating s.  
29 403.0645, F.S.; requiring certain uses of  
30 reclaimed water at state facilities; requiring  
31 state agencies and water management districts

1 to submit to the Secretary of Environmental  
2 Protection periodic reports concerning  
3 reclaimed water use; amending s. 403.1835,  
4 F.S.; authorizing the Department of  
5 Environmental Protection to make specified  
6 deposits for the purpose of enabling  
7 below-market interest rate loans for treatment  
8 of polluted water; providing for a study of the  
9 feasibility of discharging reclaimed wastewater  
10 into canals and the aquifer system in a  
11 specified area as an environmentally acceptable  
12 means of accomplishing described objectives;  
13 requiring reports; providing effective dates.  
14

15 Be It Enacted by the Legislature of the State of Florida:  
16

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

19 159.803 Definitions.--As used in this part, the term:

20 (5) "Priority project" means a solid waste disposal  
21 facility or a sewage facility, as such terms are defined in s.  
22 142 of the Code, or water facility, as defined in s. 142 of  
23 the Code, which is operated by a member-owned, not-for-profit  
24 utility, or any project which is to be located in an area  
25 which is an enterprise zone designated pursuant to s.  
26 290.0065.

27 Section 2. Subsection (2) of section 367.081, Florida  
28 Statutes, is amended to read:

29 367.081 Rates; procedure for fixing and changing.--

30 (2)(a)1. The commission shall, either upon request or  
31 upon its own motion, fix rates which are just, reasonable,

1 compensatory, and not unfairly discriminatory. In every such  
2 proceeding, the commission shall consider the value and  
3 quality of the service and the cost of providing the service,  
4 which shall include, but not be limited to, debt interest; the  
5 requirements of the utility for working capital; maintenance,  
6 depreciation, tax, and operating expenses incurred in the  
7 operation of all property used and useful in the public  
8 service; and a fair return on the investment of the utility in  
9 property used and useful in the public service. Pursuant to s.  
10 373.1961(2)(1), the commission shall allow recovery of the  
11 full, prudently incurred costs of alternative water supply  
12 facilities. However, the commission shall not allow the  
13 inclusion of contributions-in-aid-of-construction in the rate  
14 base of any utility during a rate proceeding, nor shall the  
15 commission impute prospective future  
16 contributions-in-aid-of-construction against the utility's  
17 investment in property used and useful in the public service;  
18 and accumulated depreciation on such  
19 contributions-in-aid-of-construction shall not be used to  
20 reduce the rate base, nor shall depreciation on such  
21 contributed assets be considered a cost of providing utility  
22 service.

23           2. For purposes of such proceedings, the commission  
24 shall consider utility property, including land acquired or  
25 facilities constructed or to be constructed within a  
26 reasonable time in the future, not to exceed 24 months after  
27 the end of the historic base year used to set final rates  
28 unless a longer period is approved by the commission, to be  
29 used and useful in the public service, if:

30           a. Such property is needed to serve current customers;  
31

1           b. Such property is needed to serve customers 5 years  
2 after the end of the test year used in the commission's final  
3 order on a rate request as provided in subsection(6) at a  
4 growth rate for equivalent residential connections not to  
5 exceed 5 percent per year; or

6           c. Such property is needed to serve customers more  
7 than 5 full years after the end of the test year used in the  
8 commission's final order on a rate request as provided in  
9 subsection (6) only to the extent that the utility presents  
10 clear and convincing evidence to justify such consideration.

11  
12 Notwithstanding the provisions of this paragraph, the  
13 commission shall approve rates for service which allow a  
14 utility to recover from customers the full amount of  
15 environmental compliance costs. Such rates may not include  
16 charges for allowances for funds prudently invested or similar  
17 charges. For purposes of this requirement, the term  
18 "environmental compliance costs" includes all reasonable  
19 expenses and fair return on any prudent investment incurred by  
20 a utility in complying with the requirements or conditions  
21 contained in any permitting, enforcement, or similar decisions  
22 of the United States Environmental Protection Agency, the  
23 Department of Environmental Protection, a water management  
24 district, or any other governmental entity with similar  
25 regulatory jurisdiction.

26           (b) In establishing initial rates for a utility, the  
27 commission may project the financial and operational data as  
28 set out in paragraph (a) to a point in time when the utility  
29 is expected to be operating at a reasonable level of capacity.

30           Section 3. Subsection (1) of section 367.0814, Florida  
31 Statutes, is amended to read:

1           367.0814 Staff assistance in changing rates and  
2 charges; interim rates.--

3           (1) The commission may establish rules by which a  
4 water or wastewater utility whose gross annual revenues are  
5 ~~\$200,000~~~~\$150,000~~ or less may request and obtain staff  
6 assistance for the purpose of changing its rates and charges.  
7 A utility may request staff assistance by filing an  
8 application with the commission.

9           Section 4. Section 373.227, Florida Statutes, is  
10 created to read:

11           373.227 Water conservation guidance manual.--

12           (1) The Legislature recognizes that the proper  
13 conservation of water is an important means of achieving the  
14 economical and efficient utilization of water necessary to  
15 constitute a reasonable-beneficial use. The Legislature  
16 encourages the development and use of water conservation  
17 measures that are effective, flexible, and affordable. In the  
18 context of the use of water for public supply provided by a  
19 water utility, the Legislature intends for a variety of  
20 conservation measures to be available and used to encourage  
21 efficient water use. The Legislature finds that the social,  
22 economic, and cultural conditions of this state relating to  
23 the use of public water supply vary by geographic region, and  
24 thus water utilities must have the flexibility to tailor water  
25 conservation measures to best suit their individual  
26 circumstances. For purposes of this section, the term "public  
27 water supply utility" includes both publicly owned and  
28 privately owned public water supply utilities.

29           (2) In order to implement the findings in subsection  
30 (1), the Department of Environmental Protection shall develop  
31 a water conservation guidance manual containing a menu of

1 water conservation measures from which public water supply  
2 utilities may select in the development of a comprehensive,  
3 goal-based water conservation program tailored for their  
4 individual service areas which is effective and does not  
5 impose undue costs or burdens on customers. The water  
6 conservation guidance manual must promote statewide  
7 consistency in the approach to utility conservation while  
8 maintaining appropriate flexibility. The manual may contain  
9 measures such as: water conservation audits; informative  
10 billing practices to educate customers on their patterns of  
11 water use, the costs of water, and ways to conserve water;  
12 ordinances requiring low-flow plumbing fixtures and efficient  
13 landscape irrigation; rebate programs for the installation of  
14 water-saving plumbing or appliances; general water  
15 conservation educational programs, including bill inserts;  
16 measures to promote the more effective and efficient reuse of  
17 reclaimed water; water conservation or drought rate structures  
18 that encourage customers to conserve water through appropriate  
19 price signals; and programs to apply utility profits generated  
20 through conservation and drought rates to additional water  
21 conservation programs or water supply development. The manual  
22 must specifically state that it is the responsibility of the  
23 appropriate utility to determine the specific rates it will  
24 charge its customers and that the role of the department or  
25 water management district is confined to the review of those  
26 rate structures to determine whether they encourage water  
27 conservation. The water conservation guidance manual must also  
28 state that a utility need not adopt a water conservation or  
29 drought rate structure if the utility employs other measures  
30 that are equally or more effective. The manual must provide  
31 for different levels of complexity and expected levels of

1 effort in conservation programs depending on the size of the  
2 utility. However, all utilities will be expected to have at  
3 least basic programs in each of the following areas:

4 (a) Individual metering, to the extent feasible as  
5 determined by the utility.

6 (b) Water accounting and loss control.

7 (c) Cost of service accounting.

8 (d) Information programs on water conservation.

9 (e) Landscaping water efficiency programs.

10 (3) The Department of Environmental Protection shall  
11 develop the water conservation guidance manual no later than  
12 June 15, 2005. The department shall develop the manual in  
13 consultation with interested parties, which, at a minimum,  
14 shall include representatives from the water management  
15 districts, three utilities that are members of the American  
16 Water Works Association, and two utilities that are members of  
17 the Florida Water Environment Association, a representative of  
18 the Florida Chamber of Commerce, representatives of counties  
19 and municipalities, and representatives of environmental  
20 organizations. By December 15, 2005, the department shall  
21 adopt the water conservation guidance manual by rule. Once the  
22 department adopts the water conservation guidance manual by  
23 rule, the water management districts may apply the manual and  
24 any revisions thereto in the review of water conservation  
25 requirements for obtaining a permit pursuant to part II  
26 without the need to adopt the manual pursuant to s.  
27 120.54. Once the water conservation guidance manual is  
28 adopted by rule, a public water supply utility may choose to  
29 comply with the standard water conservation requirements  
30 adopted by the appropriate water management district for  
31 obtaining a consumptive use permit from that district or may

1 choose to develop a comprehensive, goal-based water  
2 conservation program from the options contained in the manual.  
3 If the utility chooses to design a comprehensive water  
4 conservation program based on the water conservation guidance  
5 manual, the proposed program must include the following:  
6 (a) An inventory of water system characteristics and  
7 conservation opportunities.  
8 (b) Demand forecasts.  
9 (c) An explanation of the proposed program.  
10 (d) Specific numeric water conservation targets for  
11 the utility as a whole and for appropriate customer classes,  
12 with a justification of why the numeric targets are  
13 appropriate based on that utility's particular customer  
14 characteristics and conservation opportunities.  
15 (e) A demonstration that the program will promote  
16 effective water conservation at least as well as standard  
17 water use conservation requirements adopted by the appropriate  
18 water management district.  
19 (f) A timetable for the utility and the water  
20 management district to evaluate progress in meeting the water  
21 conservation targets and making needed program modifications.  
22 (4) If the utility provides reasonable assurance that  
23 the proposed conservation program is consistent with the water  
24 conservation guidance manual and contains the elements  
25 specified in subsection (3), the water management district  
26 must approve the proposed program, and the program shall  
27 satisfy water conservation requirements imposed as a condition  
28 of obtaining a permit under part II. The department, in  
29 consultation with the parties specified in subsection(3), may  
30 periodically amend or revise the water conservation guidance  
31 manual rule as appropriate to reflect changed circumstances or

1 new technologies or approaches. The findings and provisions in  
2 this section do not apply to users of water other than public  
3 and private water supply utilities.

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

6 373.0361 Regional water supply planning.--

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

22 determination by the governing board that initiation of a  
23 regional water supply plan for a specific planning region is  
24 not needed pursuant to this section shall be subject to s.  
25 120.569. The governing board shall reevaluate such a  
26 determination at least once every 5 years and shall initiate a  
27 regional water supply plan, if needed, pursuant to this  
28 subsection.

29 (2) Each regional water supply plan shall be based on  
30 at least a 20-year planning period and shall include, but not  
31 be limited to:

1 (a) A water supply development component that  
2 includes:

3 1. A quantification of the water supply needs for all  
4 existing and reasonably projected future uses within the  
5 planning horizon. The level-of-certainty planning goal  
6 associated with identifying the water supply needs of existing  
7 and future reasonable-beneficial uses shall be based upon  
8 meeting those needs for a 1-in-10-year drought event.

9 Population projections used for determining public water  
10 supply needs must be based upon the best available data. In  
11 determining the best available data, the district shall  
12 consider the University of Florida's Bureau of Economic and  
13 Business Research (BEBR) medium population projections and any  
14 population projection data and analysis submitted by a local  
15 government pursuant to the public workshop described in  
16 subsection (1) if the data and analysis support the local  
17 government's comprehensive plan. Any adjustment of or  
18 deviation from the BEBR projections must be fully described,  
19 and the original BEBR data must be presented along with the  
20 adjusted data.

21 2. A list of water source options ~~for water supply~~  
22 ~~development~~, including traditional and alternative source  
23 options ~~sources~~, from which local government, government-owned  
24 and privately owned utilities, self-suppliers, and others may  
25 choose, for water supply development, the total capacity of  
26 which will, in conjunction with water conservation and other  
27 demand management measures, exceed the needs identified in  
28 subparagraph 1.

29 3. For each option listed in subparagraph 2., the  
30 estimated amount of water available for use and the estimated  
31

1 costs of and potential sources of funding for water supply  
2 development.  
3 4. A list of water supply development projects that  
4 meet the criteria in s. 373.0831(4).  
5 (b) A water resource development component that  
6 includes:  
7 1. A listing of those water resource development  
8 projects that support water supply development.  
9 2. For each water resource development project listed:  
10 a. An estimate of the amount of water to become  
11 available through the project.  
12 b. The timetable for implementing or constructing the  
13 project and the estimated costs for implementing, operating,  
14 and maintaining the project.  
15 c. Sources of funding and funding needs.  
16 d. Who will implement the project and how it will be  
17 implemented.  
18 (c) The recovery and prevention strategy described in  
19 s. 373.0421(2).  
20 (d) A funding strategy for water resource development  
21 projects, which shall be reasonable and sufficient to pay the  
22 cost of constructing or implementing all of the listed  
23 projects.  
24 (e) Consideration of how the options addressed in  
25 paragraphs (a) and (b) serve the public interest or save costs  
26 overall by preventing the loss of natural resources or  
27 avoiding greater future expenditures for water resource  
28 development or water supply development. However, unless  
29 adopted by rule, these considerations do not constitute final  
30 agency action.  
31

1 (f) The technical data and information applicable to  
2 the planning region which are contained in the district water  
3 management plan and are necessary to support the regional  
4 water supply plan.

5 (g) The minimum flows and levels established for water  
6 resources within the planning region.

7 (h) Reservations of water adopted by rule pursuant to  
8 s. 373.223(4).

9 (i) An analysis, developed in cooperation with the  
10 department, of areas or instances in which the variance  
11 provisions of s. 378.212(1)(g) or s. 378.404(9) may be used to  
12 create water supply development or water resource development  
13 projects.

14  
15 Within boundaries of a regional water supply authority in the  
16 Southwest Florida Water Management District, the water supply  
17 development component of the regional water supply plan  
18 relating to the use of water by the authority shall be  
19 developed jointly by the authority and the district.

20 (5) ~~By November 15, 1997, and Annually and in~~  
21 conjunction with the reporting requirements of s.  
22 373.536(6)(a)4. thereafter, the department shall submit to the  
23 Governor and the Legislature a report on the status of  
24 regional water supply planning in each district. The report  
25 shall include:

26 (a) A compilation of the estimated costs of and  
27 potential sources of funding for water resource development  
28 and water supply development projects, as identified in the  
29 water management district regional water supply plans.

30 (b) A description of each district's progress toward  
31 achieving its water resource development objectives, as

1 directed by s. 373.0831(3), including the district's  
2 implementation of its 5-year water resource development work  
3 program.

4 (c) An assessment of the overall progress being made  
5 to develop water supply that is consistent with regional water  
6 supply plans to meet existing and future reasonable-beneficial  
7 needs during a 1-in-10-year drought.

8 (6) Nothing contained in the water supply development  
9 component of the district water management plan shall be  
10 construed to require local governments, government-owned or  
11 privately owned water utilities, self-suppliers, or other  
12 water suppliers to select a water supply development option  
13 identified in the component merely because it is identified in  
14 the plan, nor may the plan be used in the review of permits  
15 under part II unless the plan, or an applicable portion  
16 thereof, has been adopted by rule. However, this subsection  
17 does not prohibit a water management district from employing  
18 the data or other information used to establish the plan in  
19 reviewing permits under part II, nor does it ~~shall not be~~  
20 construed to limit the authority of the department or  
21 governing board under part II.

22 Section 6. Subsection (3) of section 373.0831, Florida  
23 Statutes, is amended, and paragraph (c) is added to subsection  
24 (4) of that section, to read:

25 373.0831 Water resource development; water supply  
26 development.--

27 (3) The water management districts shall fund and  
28 implement water resource development as defined in s. 373.019.  
29 The water management districts are encouraged to implement  
30 water resource development as expeditiously as possible in  
31 areas subject to regional water supply plans.Each governing

1 board shall include in its annual budget the amount needed for  
2 the fiscal year to implement water resource development  
3 projects, as prioritized in its regional water supply plans.

4 (4)

5 (c) If a proposed alternative water supply development  
6 project is identified in the relevant approved regional water  
7 supply plan, the project shall receive:

8 1. A 20-year consumptive use permit, if it otherwise  
9 meets the permit requirements under ss. 373.223 and 373.236  
10 and rules adopted thereunder.

11 2. Priority funding pursuant to s. 373.1961(2) if the  
12 project meets one of the criteria in s. 373.0831(4).

13 Section 7. Subsection (2) of section 373.1961, Florida  
14 Statutes, is amended to read:

15 373.1961 Water production.--

16 (2) The Legislature finds that, due to a combination  
17 of factors, vastly increased demands have been placed on  
18 natural supplies of fresh water, and that, absent increased  
19 development of alternative water supplies, such demands may  
20 increase in the future. The Legislature also finds that  
21 potential exists in the state for the production of  
22 significant quantities of alternative water supplies,  
23 including reclaimed water, and that water production includes  
24 the development of alternative water supplies, including  
25 reclaimed water, for appropriate uses. It is the intent of the  
26 Legislature that utilities develop reclaimed water systems,  
27 where reclaimed water is the most appropriate alternative  
28 water supply option, to deliver reclaimed water to as many  
29 users as possible through the most cost-effective means, and  
30 to construct reclaimed water system infrastructure to their  
31 owned or operated properties and facilities where they have

1 reclamation capability. It is also the intent of the  
2 Legislature that the water management districts which levy ad  
3 valorem taxes for water management purposes should share a  
4 percentage of those tax revenues with water providers and  
5 users, including local governments, water, wastewater, and  
6 reuse utilities, municipal, industrial, and agricultural water  
7 users, and other public and private water users, to be used to  
8 supplement other funding sources in the development of  
9 alternative water supplies. The Legislature finds that public  
10 moneys or services provided to private entities for such uses  
11 constitute public purposes which are in the public interest.  
12 In order to further the development and use of alternative  
13 water supply systems, including reclaimed water systems, the  
14 Legislature provides the following:

15       (a) The governing boards of the water management  
16 districts where water resource caution areas have been  
17 designated shall include in their annual budgets an amount for  
18 the development of alternative water supply systems, including  
19 reclaimed water systems, pursuant to the requirements of this  
20 subsection. Beginning in 1996, such amounts shall be made  
21 available to water providers and users no later than December  
22 31 of each year, through grants, matching grants, revolving  
23 loans, or the use of district lands or facilities pursuant to  
24 the requirements of this subsection and guidelines established  
25 by the districts. In making grants or loans, funding priority  
26 must be given to projects in accordance with s. 373.0831(4).  
27 Without diminishing amounts available through other means  
28 described in this paragraph, the governing boards are  
29 encouraged to consider establishing revolving loan funds to  
30 expand the total funds available to accomplish the objectives  
31 of this section. A revolving loan fund created under this

1 paragraph must be a nonlapsing fund from which the water  
2 management district may make loans with interest rates below  
3 prevailing market rates to public or private entities for the  
4 purposes described in this section. The governing board may  
5 adopt resolutions to establish revolving loan funds which must  
6 specify the details of the administration of the fund, the  
7 procedures for applying for loans from the fund, the criteria  
8 for awarding loans from the fund, the initial capitalization  
9 of the fund, and the goals for future capitalization of the  
10 fund in subsequent budget years. Revolving loan funds created  
11 under this paragraph must be used to expand the total sums and  
12 sources of cooperative funding available for the development  
13 of alternative water supplies. The Legislature does not intend  
14 for the creation of revolving loan trust funds to supplant or  
15 otherwise reduce existing sources or amounts of funds  
16 currently available through other means.

17 (b) It is the intent of the Legislature that for each  
18 reclaimed water utility, or any other utility, which receives  
19 funds pursuant to this subsection, the appropriate  
20 rate-setting authorities should develop rate structures for  
21 all water, wastewater, and reclaimed water and other  
22 alternative water supply utilities in the service area of the  
23 funded utility, which accomplish the following:

24 1. Provide meaningful progress toward the development  
25 and implementation of alternative water supply systems,  
26 including reclaimed water systems;

27 2. Promote the conservation of fresh water withdrawn  
28 from natural systems;

29 3. Provide for an appropriate distribution of costs  
30 for all water, wastewater, and alternative water supply  
31

1 utilities, including reclaimed water utilities, among all of  
2 the users of those utilities; and

3 4. Prohibit rate discrimination within classes of  
4 utility users.

5 (c) Funding assistance provided by the water  
6 management districts for a water reuse system project may  
7 include the following grant or loan conditions for that  
8 project if the water management district determines that such  
9 conditions will encourage water use efficiency:

10 1. Metering of reclaimed water use for the following  
11 activities: residential irrigation, agricultural irrigation,  
12 industrial uses, except for electric utilities as defined in  
13 s. 366.02, landscape irrigation, irrigation of other public  
14 access areas, commercial and institutional uses such as toilet  
15 flushing, and transfers to other reclaimed water utilities.

16 2. Implementation of reclaimed water rate structures  
17 based on actual use of reclaimed water for the types of reuse  
18 activities listed in subparagraph 1.

19 3. Implementation of education programs to inform the  
20 public about water issues, water conservation, and the  
21 importance and proper use of reclaimed water.

22 4. Development of location data for key reuse  
23 facilities.

24 (d)~~(e)~~ In order to be eligible for funding pursuant to  
25 this subsection, a project must be consistent with a local  
26 government comprehensive plan and the governing body of the  
27 local government must require all appropriate new facilities  
28 within the project's service area to connect to and use the  
29 project's alternative water supplies. The appropriate local  
30 government must provide written notification to the  
31

1 appropriate district that the proposed project is consistent  
2 with the local government comprehensive plan.

3 (e)~~(d)~~ Any and all revenues disbursed pursuant to this  
4 subsection shall be applied only for the payment of capital or  
5 infrastructure costs for the construction of alternative water  
6 supply systems that provide alternative water supplies.

7 (f)~~(e)~~ By January 1 of each year, the governing boards  
8 shall make available written guidelines for the disbursement of  
9 revenues pursuant to this subsection. Such guidelines shall  
10 include at minimum:

11 1. An application process and a deadline for filing  
12 applications annually.

13 2. A process for determining project eligibility  
14 pursuant to the requirements of paragraphs (d)~~(e)~~ and (e)  
15 ~~(d)~~.

16 3. A process and criteria for funding projects  
17 pursuant to this subsection that cross district boundaries or  
18 that serve more than one district.

19 (g)~~(f)~~ The governing board of each water management  
20 district shall establish an alternative water supplies grants  
21 advisory committee to recommend to the governing board  
22 projects for funding pursuant to this subsection. The advisory  
23 committee members shall include, but not be limited to, one or  
24 more representatives of county, municipal, and investor-owned  
25 private utilities, and may include, but not be limited to,  
26 representatives of agricultural interests and environmental  
27 interests. Each committee member shall represent his or her  
28 interest group as a whole and shall not represent any specific  
29 entity. The committee shall apply the guidelines and project  
30 eligibility criteria established by the governing board in  
31 reviewing proposed projects. After one or more hearings to

1 solicit public input on eligible projects, the committee shall  
2 rank the eligible projects and shall submit them to the  
3 governing board for final funding approval. The advisory  
4 committee may submit to the governing board more projects than  
5 the available grant money would fund.

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

11 (i)~~(h)~~ For purposes of this subsection, alternative  
12 water supplies are supplies of water that have been reclaimed  
13 after one or more public supply, municipal, industrial,  
14 commercial, or agricultural uses, or are supplies of  
15 stormwater, or brackish or salt water, that have been treated  
16 in accordance with applicable rules and standards sufficient  
17 to supply the intended use.

18 (j)~~(i)~~ This subsection shall not be subject to the  
19 rulemaking requirements of chapter 120.

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

29 (l)~~(k)~~ The Florida Public Service Commission shall  
30 allow entities under its jurisdiction constructing alternative  
31 water supply facilities, including but not limited to aquifer

1 storage and recovery wells, to recover the full, prudently  
2 incurred cost of such facilities through their rate structure.  
3 Every component of an alternative water supply facility  
4 constructed by an investor-owned utility shall be recovered in  
5 current rates.

6 Section 8. Paragraph (a) of subsection (6) of section  
7 373.536, Florida Statutes, is amended to read:

8 373.536 District budget and hearing thereon.--

9 (6) FINAL BUDGET; ANNUAL AUDIT; CAPITAL IMPROVEMENTS  
10 PLAN; WATER RESOURCE DEVELOPMENT WORK PROGRAM.--

11 (a) Each district must, by the date specified for each  
12 item, furnish copies of the following documents to the  
13 Governor, the President of the Senate, the Speaker of the  
14 House of Representatives, the chairs of all legislative  
15 committees and subcommittees having substantive or fiscal  
16 jurisdiction over the districts, as determined by the  
17 President of the Senate or the Speaker of the House of  
18 Representatives as applicable, the secretary of the  
19 department, and the governing board of each county in which  
20 the district has jurisdiction or derives any funds for the  
21 operations of the district:

22 1. The adopted budget, to be furnished within 10 days  
23 after its adoption.

24 2. A financial audit of its accounts and records, to  
25 be furnished within 10 days after its acceptance by the  
26 governing board. The audit must be conducted in accordance  
27 with the provisions of s. 11.45 and the rules adopted  
28 thereunder. In addition to the entities named above, the  
29 district must provide a copy of the audit to the Auditor  
30 General within 10 days after its acceptance by the governing  
31 board.

1           3. A 5-year capital improvements plan, to be furnished  
2 within 45 days after the adoption of the final budget. The  
3 plan must include expected sources of revenue for planned  
4 improvements and must be prepared in a manner comparable to  
5 the fixed capital outlay format set forth in s. 216.043.

6           4. A 5-year water resource development work program to  
7 be furnished within 45 days after the adoption of the final  
8 budget. The program must describe the district's  
9 implementation strategy for the water resource development  
10 component of each approved regional water supply plan  
11 developed or revised under s. 373.0361. The work program must  
12 address all the elements of the water resource development  
13 component in the district's approved regional water supply  
14 plans and must identify which projects in the work program  
15 will provide water, explain how each water resource  
16 development project will produce additional water available  
17 for consumptive uses, estimate the quantity of water to be  
18 produced by each project, and provide an assessment of the  
19 contribution of the district's regional water supply plans in  
20 providing sufficient water to meet the water supply needs of  
21 existing and future reasonable-beneficial uses for a 1-in-10-  
22 year drought event. Within 45 days after its submittal, the  
23 department shall review the proposed work program and submit  
24 its findings, questions, and comments to the district. The  
25 review must include a written evaluation of the program's  
26 consistency with the furtherance of the district's approved  
27 regional water supply plans, and the adequacy of proposed  
28 expenditures. As part of the review, the department shall give  
29 interested parties the opportunity to provide written comments  
30 on each district's proposed work program. Within 60 days after  
31 receipt of the department's evaluation, the governing board

1 shall state in writing to the department which changes  
2 recommended in the evaluation it will incorporate into its  
3 work program or specify the reasons for not incorporating the  
4 changes. The department shall include the district's responses  
5 in a final evaluation report and shall submit a copy of the  
6 report to the Governor, the President of the Senate, and the  
7 Speaker of the House of Representatives.

8 (b) If any entity listed in paragraph (a) provides  
9 written comments to the district regarding any document  
10 furnished under this subsection, the district must respond to  
11 the comments in writing and furnish copies of the comments and  
12 written responses to the other entities.

13 Section 9. Subsections (1) and (6) of section 403.064,  
14 Florida Statutes, are amended, and subsection (16) is added to  
15 that section, to read:

16 403.064 Reuse of reclaimed water.--

17 (1) The encouragement and promotion of water  
18 conservation, and reuse of reclaimed water, as defined by the  
19 department, are state objectives and are considered to be in  
20 the public interest. The Legislature finds that the reuse of  
21 reclaimed water is a critical component of meeting the state's  
22 existing and future water supply needs while sustaining  
23 natural systems. The Legislature further finds that for those  
24 wastewater treatment plants permitted and operated under an  
25 approved reuse program by the department, the reclaimed water  
26 shall be considered environmentally acceptable and not a  
27 threat to public health and safety. The Legislature encourages  
28 the development of incentive-based programs for reuse  
29 implementation.

30 (6) A reuse feasibility study prepared under  
31 subsection(2) satisfies a water management district

1 requirement to conduct a reuse feasibility study imposed on a  
2 local government or utility that has responsibility for  
3 wastewater management. The data included in the study and the  
4 conclusions of the study must be given significant  
5 consideration by the applicant and the appropriate water  
6 management district in an analysis of the economic,  
7 environmental, and technical feasibility of providing  
8 reclaimed water for reuse under part II of chapter 373 and  
9 must be presumed relevant to the determination of feasibility.  
10 A water management district may not require a separate study  
11 when a reuse feasibility study has been completed under  
12 subsection (2).

13 (16) Utilities implementing reuse projects are  
14 encouraged, except in the case of use by electric utilities as  
15 defined in s. 366.02(2), to meter use of reclaimed water by  
16 all end users and to charge for the use of reclaimed water  
17 based on the actual volume used when such metering and charges  
18 can be shown to encourage water conservation. Metering and the  
19 use of volume-based rates are effective water management tools  
20 for the following reuse activities: residential irrigation,  
21 agricultural irrigation, industrial uses, landscape  
22 irrigation, irrigation of other public access areas,  
23 commercial and institutional uses such as toilet flushing, and  
24 transfers to other reclaimed water utilities. Beginning with  
25 the submittal due on January 1, 2005, each domestic wastewater  
26 utility that provides reclaimed water for the reuse activities  
27 listed in this section shall include a summary of its metering  
28 and rate structure as part of its annual reuse report to the  
29 department.

30 Section 10. Section 403.0645, Florida Statutes, is  
31 created to read:

1           403.0645 Reclaimed water use at state facilities.--

2           (1) The encouragement and promotion of reuse of  
3 reclaimed water has been established as a state objective in  
4 ss. 373.250 and 403.064. Reuse has become an integral part of  
5 water and wastewater management in Florida, and Florida is  
6 recognized as a national leader in water reuse.

7           (2) The state and various state agencies and water  
8 management districts should take a leadership role in using  
9 reclaimed water in lieu of other water sources. The use of  
10 reclaimed water by state agencies and facilities will conserve  
11 potable water and will serve an important public education  
12 function.

13           (3) Each state agency and water management district  
14 shall use reclaimed water to the greatest extent practicable  
15 for landscape irrigation, toilet flushing, aesthetic features  
16 such as decorative ponds and fountains, cooling water, and  
17 other useful purposes allowed by department rules at state  
18 facilities, including, but not limited to, parks, rest areas,  
19 visitor welcome centers, buildings, college campuses, and  
20 other facilities.

21           (4) Each state agency and water management district  
22 shall submit to the Secretary of Environmental Protection by  
23 February 1 of each year a summary of activities designed to  
24 utilize reclaimed water at its facilities along with a summary  
25 of the amounts of reclaimed water actually used for beneficial  
26 purposes.

27           Section 11. Paragraph (b) of subsection (3) of section  
28 403.1835, Florida Statutes, is amended to read:

29           403.1835 Water pollution control financial  
30 assistance.--

31

1           (3) The department may provide financial assistance  
2 through any program authorized under s. 603 of the Federal  
3 Water Pollution Control Act (Clean Water Act), Pub. L. No.  
4 92-500, as amended, including, but not limited to, making  
5 grants and loans, providing loan guarantees, purchasing loan  
6 insurance or other credit enhancements, and buying or  
7 refinancing local debt. This financial assistance must be  
8 administered in accordance with this section and applicable  
9 federal authorities. The department shall administer all  
10 programs operated from funds secured through the activities of  
11 the Florida Water Pollution Control Financing Corporation  
12 under s. 403.1837, to fulfill the purposes of this section.

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

26           Section 12. The Legislature finds that, within the  
27 area identified in the Lower East Coast Regional Water Supply  
28 Plan approved by the South Florida Water Management District  
29 pursuant to section 373.0361, Florida Statutes, the  
30 groundwater levels can benefit from augmentation. The  
31 Legislature finds that the direct or indirect discharge of

1 reclaimed water into canals and the aquifer system for  
2 transport and subsequent reuse may provide an environmentally  
3 acceptable means to augment water supplies and enhance natural  
4 systems; however, the Legislature also recognizes that there  
5 are water quality and water quantity issues that must be  
6 better understood and resolved. In addition, there are cost  
7 savings possible by collocating enclosed conduits for  
8 conveyance of water for reuse in this area within canal  
9 rights-of-way which should be investigated. Toward that end,  
10 the Department of Environmental Protection, in consultation  
11 with the South Florida Water Management District, Southeast  
12 Florida utilities, affected local governments, including local  
13 governments with principal responsibility for the operation  
14 and maintenance of a water control system capable of conveying  
15 reclaimed wastewater for reuse, representatives of the  
16 environmental and engineering communities, public health  
17 professionals, and individuals who have expertise in water  
18 quality, shall conduct a study to investigate the feasibility  
19 of discharging reclaimed wastewater into canals and the  
20 aquifer system as an environmentally acceptable means of  
21 augmenting groundwater supplies, enhancing natural systems,  
22 and conveying reuse water within enclosed conduits within the  
23 canal right-of-way. The study must include an assessment of  
24 the water quality, water supply, public health, technical, and  
25 legal implications related to the canal discharge and  
26 collocation concepts. The department shall issue a preliminary  
27 written report containing draft findings and recommendations  
28 for public comment by November 1, 2004. The department shall  
29 provide a written report on the results of its study to the  
30 Governor and the relevant substantive committees of the Senate  
31 and the House of Representatives by January 31, 2005. This

1 section may not be used to alter the purpose of the  
2 Comprehensive Everglades Restoration Plan or the  
3 implementation of the Water Resources Development Act of 2000.

4           Section 13. Except as otherwise expressly provided in  
5 this act, this act shall take effect upon becoming a law and  
6 shall apply to all contracts pending on that date.

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SENATE SUMMARY

Redefines the term "priority project," to include certain water facilities. Revises the procedure for fixing and changing rates to include the recovery of costs of alternative water supply facilities. Revises the limit on the amount of revenues that a facility must receive to qualify for staff assistance in changing rates or charges. Provides for the development of a water conservation guidance manual by the Department of Environmental Protection. Provides for the purpose and contents of the manual and establishes requirements with respect thereto. Requires the department to adopt the manual by rule by a specified date. Provides program requirements for public water supply utilities that choose to design a comprehensive water conservation program based on the water conservation guidance manual. Provides for a public workshop on the development of regional water supply plans that include the consideration of population projections. Provides for a list of water source options in regional water supply plans. Provides additional regional water supply plan components. Includes conservation measures in regional water supply plans. Revises specified reporting requirements of the department. Provides that a district water management plan may not be used as criteria for the review of permits for consumptive uses of water unless the plan or applicable portion thereof has been adopted by rule. Provides construction. Revises the criteria by which water supply development projects may receive priority consideration for funding assistance. Provides for the permitting and funding of a proposed alternative water supply project identified in the relevant approved regional water supply plan. Provides funding priority. Provides for the establishment of a revolving loan fund for alternative water supply projects. Provides conditions for certain projects to receive funding assistance. Expands requirements of the 5-year water resource development work program for water management districts. Revises provisions relating to reuse feasibility studies. Provides for metering use of reclaimed water and volume-based rates therefor. Requires wastewater utilities to submit plans for metering use and volume-based rate structures to the department. Authorizes the department to make specified deposits for the purpose of enabling below-market interest rate loans for the treatment of polluted water. Provides 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. Requires reports. Requires certain uses of reclaimed water at state facilities. Requires state agencies and water management districts to submit to the Secretary of Environmental Protection periodic reports concerning reclaimed water use. Provides for applicability.