

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/SB 2342

SPONSOR: Natural Resources Committee and Senator Alexander

SUBJECT: Water Policy

DATE: April 5, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Molloy</u>	<u>Kiger</u>	<u>NR</u>	<u>Fav/CS</u>
2.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill revises the statutory boundaries of the Southwest Florida Water Management District (SWFWMD) and the South Florida Water Management District (SFWMD), to transfer that portion of Highlands County lying within the SWFWMD to the SFWMD. This bill also revises the membership of the SWFWMD's governing board to remove Highlands County.

This bill substantially amends ss. 373.069, 373.0691, and 373.073, Florida Statutes:

II. Present Situation:

Water Management Districts

In 1972, the Legislature enacted the Florida Water Resources Act which divided the state into five water management districts now known as the Northwest Florida Water Management District, the Suwannee River Water Management District, the St. Johns River Water Management District, the Southwest Florida Water Management District, and the South Florida Water Management District.

Southwest Florida Water Management District (SWFWMD)

The SWFWMD encompasses all or part of sixteen counties in west-central Florida, from Charlotte County running north to Levy County, and from the Gulf of Mexico east to include parts of Polk and Highlands counties. The district is divided into nine basins, eight of which have separate basin boards, and is home to more than 4 million people living within 10,000 square miles.¹ In fiscal year 2003, the district expected to receive almost \$130 million in ad valorem tax revenue.²

¹ "District Water Management Plan, July 2000", SWFWMD, pg. 1-3

² Budget in Brief, Fiscal Year 2004, Annual Service Budget, SWFWMD, pg. 20

The governing board of the SWFWMD is composed of 11 members each of whom must live within certain areas of the district based upon statutory residency requirements. The current membership of the board is:

- 2 appointees from Hillsborough County,
- 2 appointees from Pinellas County,
- 1 at large appointee from Hillsborough and Pinellas Counties,
- 1 appointee from Polk County,
- 1 appointee from Manatee County,
- 1 appointee from Pasco County,
- 1 at large appointee from Levy, Marion, Citrus, Sumter, Hernando, and Lake Counties,
- 1 at large appointee from Sarasota, Hardee, DeSoto, Charlotte and Highlands Counties, and
- 1 at large appointee from Levy, Sumter, Citrus, Highlands, Hernando, Lake, Sarasota, Hardee, DeSoto, Marion and Charlotte Counties.

South Florida Water Management District (SFWMD)

The SFWMD encompasses all or part of sixteen counties in south-central Florida, from Monroe County in the south, to parts of Orange County in the north, and running from the Atlantic Ocean west past Lake Okeechobee to include Glades, Hendry, and Lee counties, and parts of Charlotte, Highlands, and Polk counties. The two primary basins in the SFWMD are the Okeechobee Basin and the Big Cypress Basin. The district covers an area of almost 18,000 square miles, contains almost 6 million people, and in fiscal year 2003, expected to receive more than \$300 million in ad valorem revenues.³

The governing board of the SFWMD is composed of 9 members each of whom must live within certain areas of the district based upon statutory residency requirements. The current membership of the board is:

- 2 appointees from Dade County,
- 1 appointee from Broward County,
- 1 appointee from Palm Beach County,
- 1 at large appointee from Collier, Lee, Hendry or Charlotte Counties,
- 1 at large appointee from Glades, Okeechobee, Highlands, Polk, Orange or Osceola Counties,
- 2 at large appointees from St. Lucie, Martin, Palm Beach, Broward, Dade and Monroe Counties, and
- 1 at large appointee from Collier, Lee, Charlotte, Hendry, Glades, Osceola, Okeechobee, Polk, Highlands and Orange Counties.

Highlands County

Highlands County is located in southwest Florida along a 100-mile chain of sand hills known as the Lake Wales Ridge. These ancient hilltops remained as islands when most of Florida was submerged land. Highlands County contains more than 100 lakes, the largest of which is Lake Istokpoga. It is through Lake Istokpoga that the majority of the surface water flows from the Lake Wales Ridge south to Lake Okeechobee and the Everglades.⁴

³ Fiscal Year 2002-2003 Budget, Financial Summary, SFWMD, pg. 3.28

⁴ *Highlands County Issues*, Missie Barletto, SFWMD, pg. 1

While the City of Sebring is the county seat, the City of Avon Park and the Town of Lake Placid also are located in Highlands County. The total population of the county is a little over 80,000⁵, and the economic base includes water-driven recreational activities, retirement communities, and agriculture (primarily citrus). The majority of the Highlands County population and the majority of the county's 100 lakes are located within the boundaries of the SWFWMD, and the district's boundary line follows the outline of the Lake Wales Ridge. However, Lake Istokpoga and the remainder of the county are located within the boundary of the SFWMD.⁶

When the Florida Water Resources Act was implemented in 1972 and the water management district boundaries were created, Highlands County was mostly within the boundaries of the SFWMD. In 1978, the Legislature enacted chapter 78-65, Laws of Florida, to transfer \$23 million of taxable property in Polk county and \$153 million of taxable property in Highlands county from the SFWMD to the SWFWMD to save the property owners in those counties approximately \$11,000 in ad valorem tax payments.⁷

In 1978, property owners in Highlands county paid approximately \$50,500 in ad valorem taxes to the SWFWMD. In 2002, property owners living in the portion of Highlands County located within the SWFWMD paid the district approximately \$1.5 million in ad valorem taxes on property with an assessed value of almost \$2.5 billion.⁸ In that same year, property owners living in the portion of Highlands County located within the SFWMD paid the district approximately \$331,000 in ad valorem taxes on property with an assessed value of approximately \$474 million.⁹

Southern Water Use Caution Area (SWUCA)

In 1992, the SWFWMD designated a water use caution area in the southern portion of the district. This area, known as the SWUCA, covers 5,100 square miles and includes all of Manatee, Sarasota, Hardee and DeSoto counties, and portions of Hillsborough, Charlotte, Polk and Highlands counties. A water use caution area is an area where the district determines that that water resources within the area are or will become critical over a 20-year period. Water resource concerns in the SWUCA include saltwater intrusion in the Floridan aquifer seeping in from the Gulf of Mexico, and the decline of lake levels along the Lake Wales Ridge (a/k/a/ Highlands Ridge) in Highlands and Polk counties, which is primarily where recharge of the Floridan aquifer occurs. The SWUCA rule was upheld by an administrative law judge who found that the district's minimum Floridan aquifer levels and the science used to establish the levels were valid.¹⁰

The SWUCA encompassed the Eastern Tampa Bay Water Caution Area and the Highlands Ridge Water Caution Area which were created in 1989. The Highlands Ridge (a/k/a Lake Wales Ridge) Water Caution Area was created as the result of two studies, one conducted in 1978 and one initiated in 1987. The 1978 study found that lake levels along the ridge were declining due to below normal rainfall and ground water pumping. The 1987 study concluded that ground water

⁵ Florida Estimates of Population 2001, Bureau of Business and Economic Research (BEER), April 2001

⁶ *Highlands County Issues*, Missie Barletto, SWFWMD, pg. 1

⁷ Senate Staff Analysis and Economic Statement for SB 695, April 18 1978

⁸ SWFWMD Schedule of Principal Taxpayers by County, September 2002

⁹ Fiscal Year 2002-2003 Budget, Financial Summary, SWFWMD, pg. 3.38

¹⁰ *Issue Papers 2001: Southern Water Use Caution Area*, SWFWMD

withdrawals beyond the Highlands Ridge area affected water levels along the Ridge.¹¹ As part of the SWUCA recovery strategy, the district intends to restore the minimum levels for priority lakes in the Lake Wales Ridge by 2015.¹²

According to the SWFWMD, lake levels on the Lakes Wales Ridge declined until about 1991, generally increased through 1996 due to reductions in ground water pumping and above average rainfall, decreased again in 1996, increased again in 1997 and 1998, and decreased again as a result of the 2001-2002 drought. Currently, lake water levels on the Lake Wales Ridge are recovering.¹³

Ground water in the SWUCA is supplied by three aquifers - the surficial aquifer, the intermediate aquifer, and the Floridan aquifer which is the deepest of the three and supplies more than 80 percent of the ground water used in the Southern West-Central Florida Ground Water Basin where Highlands County is located. The Floridan aquifer is highly transmissive and withdrawals within other areas of the basin affect ground water levels in Highlands County. Although Highlands County has recovered about 10 feet to the potentiometric surface in most areas of the county,¹⁴ "it is the interdependence or cumulative effect of groundwater users within the SWUCA, and the necessity for withdrawals to be managed in a comprehensive manner that requires Highlands County to be included in the SWUCA".¹⁵

Highlands County Commission

On August 5, 2003, the Highlands County Commission adopted Resolution #03-161 which expressed their objection to being included in the SWUCA without specific scientific reasons and asked that the Highlands County representative on the SWFWMD governing board request that the county be removed from the SWUCA. The resolution also specifically asked that the SWFWMD governing board respond to the commission in writing within a sixty day period.

On October 7, 2003, after the SWFWMD governing board failed to respond to the county's request for a response in writing, the Highlands County Commission voted unanimously to ask the Highlands County legislative delegation to propose a bill that would "make the governing boards of water management districts more responsive to the people they serve", and voted to ask the legislative delegation to pursue the idea of moving all of Highlands County into one water management district.¹⁶

On October 28, 2003, the Highlands Board of County Commissioners adopted Resolution #03-04-13, to formally request that the Highlands County legislative delegation sponsor a bill that moves the portion of Highlands County within the boundaries of the SWFWMD to the SFWMD.

¹¹ *Southern Water Use Caution Area Recovery Strategy*, November 2003 Draft, SWFWMD, Sec. 2, pg. 1.

¹² *Southern Water Use Caution Area Recovery Strategy*, November 2003 Draft, SWFWMD, Sec. 1, pg 2.

¹³ Richard S. Owen, AICP, Planning Director, SWFWMD, letter to Highlands County Commissioner Bob Bullard dated January 14 2004.

¹⁴ *Highlands County Issues*, Missie Barletto, SFWMD, pg. 1.

¹⁵ Richard S. Owen, AICP, Planning Director, SWFWMD, letter to Highlands County Commissioner Bob Bullard dated January 14 2004.

¹⁶ Minutes of the Regular Meeting of the Board, October 7 2003, Book 19, Page 616, Office of the County Clerk, Highlands County

III. Effect of Proposed Changes:

Section 1. Amends s. 373.069, F.S., to amend the statutory boundaries of the SWFWMD and the SFWMD.

Section 2. Amends s. 373.0691, F.S., to provide that effective July 1, 2004 at 12:01 a.m., that portion of Highlands County located within the boundaries of the SWFWMD is transferred to the SFWMD. Provides that with respect to the transferred area, all contractual obligations of the SWFWMD, all real property owned by the SWFWMD, all regulatory responsibilities of the SWFWMD, all equipment and other personal property used by the SWFWMD within the transferred area, and all records of the SWFWMD shall be transferred and delivered to the SFWMD.

Section 3. Amends s. 373.073, F.S., revising the membership of the SWFWMD governing board to remove Highlands County.

Section 4. Provides that the act takes effect on July 1, 2004.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

If this bill is enacted, ad valorem taxes on property in Highlands County that is transferred from the SWFWMD to the SFWMD will increase.

B. Private Sector Impact:

If this bill is enacted, property owners in the portion of Highlands County currently located within the boundaries of the SWFWMD will see their ad valorem tax rate increase from .617 mills to .697 mills (assuming 2003 levels). On property with a net taxable value of \$100,000, a taxpayer will pay an additional \$8 per year.

C. Government Sector Impact:

If this bill is enacted, the SWFWMD will lose approximately \$1.5 million per year in ad valorem revenue, and the SFWMD will see an increase of approximately \$1.8 million in ad valorem revenue based on property valued at approximately \$2.5 billion.

While the SWFWMD should experience a reduction in staff expense, the SFWMD estimates the following additional expenditures. With 54 Environmental Resource Permit applications transferred:

1 Engineer FTE	.75
1 Biologist FTE	.75
1 Compliance FTE	.50
<u>TOTAL FTE</u>	<u>2.0</u>
TOTAL FTE COST	\$150,000
Overhead	\$ 10,000
Computer Equipment	10,000
Helicopter Inspections	5,000
<u>TOTAL</u>	<u>\$ 25,000</u>

The Highlands County Tax Collector may see an increased workload and additional administrative expenses if it is necessary to calculate and prepare two ad valorem tax notices for property transferred from SWFWMD to SFWMD.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.