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1 A bill to be entitled

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

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30 reporting requirements of the Department of Environmental
31 Protection; providing that a district water management
32 plan may not be used as criteria for the review of permits
33 for consumptive uses of water unless the plan or
34 applicable portion thereof has been adopted by rule;
35 providing construction; amending s. 373.0831, F.S. ;
36 revising the criteria by which water supply development
37 projects may receive priority consideration for funding
38 assistance; providing for permitting and funding of a
39 proposed alternative water supply project identified in
40 the relevant approved regional water supply plan; amending
41 s. 373.1961, F.S.; providing funding priority; providing
42 for the establishment of a revolving loan fund for
43 alternative water supply projects; providing conditions
44 for certain projects to receive funding assistance;
45 amending s. 373.536, F.S.; expanding requirements of the
46 5-year water resource development work program for water
47 management districts; amending s. 373.250, F.S. ;
48 authorizing water management districts to require the use
49 of reclaimed water in lieu of surface or groundwater when
50 the use of uncommitted reclaimed water is environmentally,
51 economically, and technically feasible; providing
52 construction with respect to such authority; providing
53 legislative findings and intent with regard to landscape
54 irrigation design; requiring the Florida Building
55 Commission to develop landscape irrigation and xeriscape
56 design standards; amending s. 403.064, F.S.; revising
57 provisions relating to reuse feasibility studies;
58 providing for metering use of reclaimed water and volume-

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59 based rates therefor; requiring wastewater utilities to
 60 submit plans for metering use and volume-based rate
 61 structures to the department; creating s. 403.0645, F.S.;
 62 requiring certain uses of reclaimed water at state
 63 facilities; requiring state agencies and water management
 64 districts to submit to the Secretary of Environmental
 65 Protection periodic reports concerning reclaimed water
 66 use; amending s. 403.1835, F.S.; authorizing the
 67 Department of Environmental Protection to make specified
 68 deposits for the purpose of enabling below-market interest
 69 rate loans for treatment of polluted water; providing for
 70 development of rate structures for alternative water
 71 supply systems; providing criteria; providing for a study
 72 of the feasibility of discharging reclaimed wastewater
 73 into canals and the aquifer system in a specified area as
 74 an environmentally acceptable means of accomplishing
 75 described objectives; requiring reports; providing
 76 applicability; providing an effective date.

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

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

82 159.803 Definitions.--As used in this part, the term:

83 (5) "Priority project" means a solid waste disposal
 84 facility or a sewage facility, as such terms are defined in s.
 85 142 of the Code, or water facility, as defined in s. 142 of the
 86 Code, which is operated by a member-owned, not-for-profit

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

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87 utility, or any project which is to be located in an area which
 88 is an enterprise zone designated pursuant to s. 290.0065.

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

91 367.081 Rates; procedure for fixing and changing.--

92 (2)(a)1. The commission shall, either upon request or upon
 93 its own motion, fix rates which are just, reasonable,
 94 compensatory, and not unfairly discriminatory. In every such
 95 proceeding, the commission shall consider the value and quality
 96 of the service and the cost of providing the service, which
 97 shall include, but not be limited to, debt interest; the
 98 requirements of the utility for working capital; maintenance,
 99 depreciation, tax, and operating expenses incurred in the
 100 operation of all property used and useful in the public service;
 101 and a fair return on the investment of the utility in property
 102 used and useful in the public service. Pursuant to s.
 103 373.1961(2)(1), the commission shall allow recovery of the full,
 104 prudently incurred costs of alternative water supply facilities.

105 However, the commission shall not allow the inclusion of
 106 contributions-in-aid-of-construction in the rate base of any
 107 utility during a rate proceeding, nor shall the commission
 108 impute prospective future contributions-in-aid-of-construction
 109 against the utility's investment in property used and useful in
 110 the public service; and accumulated depreciation on such
 111 contributions-in-aid-of-construction shall not be used to reduce
 112 the rate base, nor shall depreciation on such contributed assets
 113 be considered a cost of providing utility service.

114 2. For purposes of such proceedings, the commission shall
 115 consider utility property, including land acquired or facilities

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116 constructed or to be constructed within a reasonable time in the
 117 future, not to exceed 24 months after the end of the historic
 118 base year used to set final rates unless a longer period is
 119 approved by the commission, to be used and useful in the public
 120 service, if:

- 121 a. Such property is needed to serve current customers;
- 122 b. Such property is needed to serve customers 5 years
 123 after the end of the test year used in the commission's final
 124 order on a rate request as provided in subsection (6) at a
 125 growth rate for equivalent residential connections not to exceed
 126 5 percent per year; or
- 127 c. Such property is needed to serve customers more than 5
 128 full years after the end of the test year used in the
 129 commission's final order on a rate request as provided in
 130 subsection (6) only to the extent that the utility presents
 131 clear and convincing evidence to justify such consideration.

132
 133 Notwithstanding the provisions of this paragraph, the commission
 134 shall approve rates for service which allow a utility to recover
 135 from customers the full amount of environmental compliance
 136 costs. Such rates may not include charges for allowances for
 137 funds prudently invested or similar charges. For purposes of
 138 this requirement, the term "environmental compliance costs"
 139 includes all reasonable expenses and fair return on any prudent
 140 investment incurred by a utility in complying with the
 141 requirements or conditions contained in any permitting,
 142 enforcement, or similar decisions of the United States
 143 Environmental Protection Agency, the Department of Environmental

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

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

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

152 367.0814 Staff assistance in changing rates and charges;
 153 interim rates.--

154 (1) The commission may establish rules by which a water or
 155 wastewater utility whose gross annual revenues are \$200,000
 156 ~~\$150,000~~ or less may request and obtain staff assistance for the
 157 purpose of changing its rates and charges. A utility may request
 158 staff assistance by filing an application with the commission.

159 Section 4. Section 373.227, Florida Statutes, is created
 160 to read:

161 373.227 Water conservation guidance manual.--

162 (1) The Legislature recognizes that the proper
 163 conservation of water is an important means of achieving the
 164 economical and efficient utilization of water necessary to
 165 constitute a reasonable-beneficial use. The Legislature
 166 encourages the development and use of water conservation
 167 measures that are effective, flexible, and affordable. In the
 168 context of the use of water for public supply provided by a
 169 water utility, the Legislature intends for a variety of
 170 conservation measures to be available and used to encourage
 171 efficient water use. The Legislature finds that the social,
 172 economic, and cultural conditions of this state relating to the

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173 use of public water supply vary by geographic region, and thus
174 water utilities must have the flexibility to tailor water
175 conservation measures to best suit their individual
176 circumstances. For purposes of this section, the term "public
177 water supply utility" includes both publicly owned and privately
178 owned public water supply utilities.

179 (2) In order to implement the findings in subsection (1),
180 the Department of Environmental Protection shall develop a water
181 conservation guidance manual containing a menu of water
182 conservation measures from which public water supply utilities
183 may select in the development of a comprehensive, goal-based
184 water conservation program tailored for their individual service
185 areas that is effective and does not impose undue costs or
186 burdens on customers. The water conservation guidance manual
187 shall promote statewide consistency in the approach to utility
188 conservation while maintaining appropriate flexibility. The
189 manual may contain measures such as: water conservation audits,
190 informative billing practices to educate customers on their
191 patterns of water use, the costs of water, and ways to conserve
192 water; ordinances requiring low-flow plumbing fixtures and
193 efficient landscape irrigation; rebate programs for the
194 installation of water-saving plumbing or appliances; general
195 water conservation educational programs, including bill inserts;
196 measures to promote the more effective and efficient reuse of
197 reclaimed water; water conservation or drought rate structures
198 that encourage customers to conserve water through appropriate
199 price signals; and programs to apply utility profits generated
200 through conservation and drought rates to additional water
201 conservation programs or water supply development. The manual

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202 shall specifically state that it is the responsibility of the
 203 appropriate utility to determine the specific rates it will
 204 charge its customers and that the role of the department or
 205 water management district is confined to the review of those
 206 rate structures to determine whether they encourage water
 207 conservation. The water conservation guidance manual shall also
 208 state that a utility need not adopt a water conservation or
 209 drought rate structure if the utility employs other measures
 210 that are equally or more effective. The manual shall provide for
 211 different levels of complexity and expected levels of effort in
 212 conservation programs depending on the size of the utility.
 213 However, all utilities will be expected to have at least basic
 214 programs in each of the following areas:

215 (a) Individual metering, to the extent feasible as
 216 determined by the utility.

217 (b) Water accounting and loss control.

218 (c) Cost-of-service accounting.

219 (d) Information programs on water conservation.

220 (e) Landscaping water efficiency programs.

221 (3) The Department of Environmental Protection shall
 222 develop the water conservation guidance manual no later than
 223 June 15, 2005. The department shall develop the manual in
 224 consultation with interested parties, which, at a minimum, shall
 225 include representatives from the water management districts,
 226 three utilities that are members of the American Water Works
 227 Association, two utilities that are members of the Florida Water
 228 Environment Association, a representative of the Florida Chamber
 229 of Commerce, representatives of counties and municipalities, and
 230 representatives of environmental organizations. By December 15,

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231 2005, the department shall adopt the water conservation guidance
 232 manual by rule. Once the department adopts the water
 233 conservation guidance manual by rule, the water management
 234 districts may apply the manual and any revisions thereto in the
 235 review of water conservation requirements for obtaining a permit
 236 pursuant to part II without the need to adopt the manual
 237 pursuant to s. 120.54. Once the water conservation guidance
 238 manual is adopted by rule, a public water supply utility may
 239 choose to comply with the standard water conservation
 240 requirements adopted by the appropriate water management
 241 district for obtaining a consumptive use permit from that
 242 district or may choose to develop a comprehensive, goal-based
 243 water conservation program from the options contained in the
 244 manual. If the utility chooses to design a comprehensive water
 245 conservation program based on the water conservation guidance
 246 manual, the proposed program must include the following:

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

249 (b) Demand forecasts.

250 (c) An explanation of the proposed program.

251 (d) Specific numeric water conservation targets for the
 252 utility as a whole and for appropriate customer classes, with a
 253 justification of why the numeric targets are appropriate based
 254 on that utility's particular customer characteristics and
 255 conservation opportunities.

256 (e) A demonstration that the program will promote
 257 effective water conservation at least as well as standard water
 258 use conservation requirements adopted by the appropriate water
 259 management district.

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260 (f) A timetable for the utility and the water management
 261 district to evaluate progress in meeting the water conservation
 262 targets and making needed program modifications.

263 (4) If the utility provides reasonable assurance that the
 264 proposed conservation program is consistent with the water
 265 conservation guidance manual and contains the elements specified
 266 in subsection (3), the water management district must approve
 267 the proposed program and the program shall satisfy water
 268 conservation requirements imposed as a condition of obtaining a
 269 permit under part II. The department, in consultation with the
 270 parties specified in subsection (3), may periodically amend or
 271 revise the water conservation guidance manual as appropriate to
 272 reflect changed circumstances or new technologies or approaches.
 273 The findings and provisions in this section do not apply to
 274 users of water other than public and private water supply
 275 utilities.

276 Section 5. Subsections (1), (2), (5), and (6) of section
 277 373.0361, Florida Statutes, are amended to read:

278 373.0361 Regional water supply planning.--

279 (1) By October 1, 1998, the governing board shall initiate
 280 water supply planning for each water supply planning region
 281 identified in the district water management plan under s.
 282 373.036, where it determines that sources of water are not
 283 adequate for the planning period to supply water for all
 284 existing and projected reasonable-beneficial uses and to sustain
 285 the water resources and related natural systems. The planning
 286 must be conducted in an open public process, in coordination and
 287 cooperation with local governments, regional water supply
 288 authorities, government-owned and privately owned water

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289 utilities, self-suppliers, and other affected and interested
 290 parties. During development but prior to completion of the
 291 regional water supply plan, the district must conduct at least
 292 one public workshop to discuss the technical data and modeling
 293 tools anticipated to be used to support the plan. A
 294 determination by the governing board that initiation of a
 295 regional water supply plan for a specific planning region is not
 296 needed pursuant to this section shall be subject to s. 120.569.
 297 The governing board shall reevaluate such a determination at
 298 least once every 5 years and shall initiate a regional water
 299 supply plan, if needed, pursuant to this subsection.

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

303 (a) A water supply development component that includes:

304 1. A quantification of the water supply needs for all
 305 existing and reasonably projected future uses within the
 306 planning horizon. The level-of-certainty planning goal
 307 associated with identifying the water supply needs of existing
 308 and future reasonable-beneficial uses shall be based upon
 309 meeting those needs for a 1-in-10-year drought event. Population
 310 projections used for determining public water supply needs must
 311 be based upon the best available data. In determining the best
 312 available data, the district shall consider the University of
 313 Florida's Bureau of Economic and Business Research (BEBR) median
 314 population projections and any population projection data and
 315 analysis submitted by a local government pursuant to the public
 316 workshop described in subsection (1) if the data and analysis
 317 support the local government's comprehensive plan. Any

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318 adjustment of or deviation from the BEBR projections must be
319 fully described, and the original BEBR data must be presented
320 along with the adjusted data.

321 2. A list of water source options ~~for water supply~~
322 ~~development~~, including traditional and alternative source
323 options ~~sources~~, from which local government, government-owned
324 and privately owned utilities, self-suppliers, and others may
325 choose for water supply development, the total capacity of,
326 which will, in conjunction with water conservation and other
327 demand management measures, exceed the needs identified in
328 subparagraph 1.

329 3. For each option listed in subparagraph 2., the
330 estimated amount of water available for use and the estimated
331 costs of and potential sources of funding for water supply
332 development.

333 4. A list of water supply development projects that meet
334 the criteria in s. 373.0831(4).

335 (b) A water resource development component that includes:

336 1. A listing of those water resource development projects
337 that support water supply development.

338 2. For each water resource development project listed:

339 a. An estimate of the amount of water to become available
340 through the project.

341 b. The timetable for implementing or constructing the
342 project and the estimated costs for implementing, operating, and
343 maintaining the project.

344 c. Sources of funding and funding needs.

345 d. Who will implement the project and how it will be
346 implemented.

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347 (c) The recovery and prevention strategy described in s.
 348 373.0421(2).

349 (d) A funding strategy for water resource development
 350 projects, which shall be reasonable and sufficient to pay the
 351 cost of constructing or implementing all of the listed projects.

352 (e) Consideration of how the options addressed in
 353 paragraphs (a) and (b) serve the public interest or save costs
 354 overall by preventing the loss of natural resources or avoiding
 355 greater future expenditures for water resource development or
 356 water supply development. However, unless adopted by rule, these
 357 considerations do not constitute final agency action.

358 (f) The technical data and information applicable to the
 359 planning region which are contained in the district water
 360 management plan and are necessary to support the regional water
 361 supply plan.

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

364 (h) Reservations of water adopted by rule pursuant to s.
 365 373.223(4).

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

371
 372 Within boundaries of a regional water supply authority in the
 373 Southwest Florida Water Management District, the water supply
 374 development component of the regional water supply plan relating

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375 to the use of water by the authority shall be developed jointly
 376 by the authority and the district.

377 (5) ~~By November 15, 1997, and~~ Annually and in conjunction
 378 with the reporting requirements of s. 373.536(6)(a)4.

379 ~~thereafter~~, the department shall submit to the Governor and the
 380 Legislature a report on the status of regional water supply
 381 planning in each district. The report shall include:

382 (a) A compilation of the estimated costs of and potential
 383 sources of funding for water resource development and water
 384 supply development projects, as identified in the water
 385 management district regional water supply plans.

386 (b) A description of each district's progress toward
 387 achieving its water resource development objectives, as directed
 388 by s. 373.0831(3), including the district's implementation of
 389 its 5-year water resource development work program.

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

394 (6) Nothing contained in the water supply development
 395 component of the district water management plan shall be
 396 construed to require local governments, government-owned or
 397 privately owned water utilities, self-suppliers, or other water
 398 suppliers to select a water supply development option identified
 399 in the component merely because it is identified in the plan,
 400 nor may the plan be used in the review of permits under part II
 401 unless the plan, or an applicable portion thereof, has been
 402 adopted by rule. However, this subsection does not prohibit a
 403 water management district from employing the data or other

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404 information used to establish the plan in reviewing permits
 405 under part II, nor does it shall not be construed to limit the
 406 authority of the department or governing board under part II.

407 Section 6. Subsection (3) of section 373.0831, Florida
 408 Statutes, is amended, and paragraph (c) is added to subsection
 409 (4) of said section, to read:

410 373.0831 Water resource development; water supply
 411 development.--

412 (3) The water management districts shall fund and
 413 implement water resource development as defined in s. 373.019.
 414 The water management districts are encouraged to implement water
 415 resource development as expeditiously as possible in areas
 416 subject to regional water supply plans. Each governing board
 417 shall include in its annual budget the amount needed for the
 418 fiscal year to implement water resource development projects, as
 419 prioritized in its regional water supply plans.

420 (4)

421 (c) If a proposed alternative water supply development
 422 project is identified in the relevant approved regional water
 423 supply plan, the project shall receive:

424 1. A 20-year consumptive use permit if it otherwise meets
 425 the permit requirements under ss. 373.223 and 373.236 and rules
 426 adopted thereunder.

427 2. Priority funding pursuant to s. 373.1961(2) if the
 428 project meets one of the criteria in this subsection.

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

431 373.1961 Water production.--

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432 (2) The Legislature finds that, due to a combination of
433 factors, vastly increased demands have been placed on natural
434 supplies of fresh water, and that, absent increased development
435 of alternative water supplies, such demands may increase in the
436 future. The Legislature also finds that potential exists in the
437 state for the production of significant quantities of
438 alternative water supplies, including reclaimed water, and that
439 water production includes the development of alternative water
440 supplies, including reclaimed water, for appropriate uses. It is
441 the intent of the Legislature that utilities develop reclaimed
442 water systems, where reclaimed water is the most appropriate
443 alternative water supply option, to deliver reclaimed water to
444 as many users as possible through the most cost-effective means,
445 and to construct reclaimed water system infrastructure to their
446 owned or operated properties and facilities where they have
447 reclamation capability. It is also the intent of the Legislature
448 that the water management districts which levy ad valorem taxes
449 for water management purposes should share a percentage of those
450 tax revenues with water providers and users, including local
451 governments, water, wastewater, and reuse utilities, municipal,
452 industrial, and agricultural water users, and other public and
453 private water users, to be used to supplement other funding
454 sources in the development of alternative water supplies. The
455 Legislature finds that public moneys or services provided to
456 private entities for such uses constitute public purposes which
457 are in the public interest. In order to further the development
458 and use of alternative water supply systems, including reclaimed
459 water systems, the Legislature provides the following:

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460 (a) The governing boards of the water management districts
 461 where water resource caution areas have been designated shall
 462 include in their annual budgets an amount for the development of
 463 alternative water supply systems, including reclaimed water
 464 systems, pursuant to the requirements of this subsection.
 465 Beginning in 1996, Such amounts shall be made available to water
 466 providers and users no later than December 31 of each year,
 467 through grants, matching grants, revolving loans, or the use of
 468 district lands or facilities pursuant to the requirements of
 469 this subsection and guidelines established by the districts. In
 470 making grants or loans, funding priority shall be given to
 471 projects in accordance with s. 373.0831(4). Without diminishing
 472 amounts available through other means described in this
 473 paragraph, the governing boards are encouraged to consider
 474 establishing revolving loan funds to expand the total funds
 475 available to accomplish the objectives of this section. A
 476 revolving loan fund created under this paragraph shall be a
 477 nonlapsing fund from which the water management district may
 478 make loans with interest rates below prevailing market rates to
 479 public or private entities for the purposes described in this
 480 section. The governing board may adopt resolutions to establish
 481 revolving loan funds which shall specify the details of the
 482 administration of the fund, the procedures for applying for
 483 loans from the fund, the criteria for awarding loans from the
 484 fund, the initial capitalization of the fund, and the goals for
 485 future capitalization of the fund in subsequent budget years.
 486 Revolving loan funds created under this paragraph shall be used
 487 to expand the total sums and sources of cooperative funding
 488 available for the development of alternative water supplies. The

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489 Legislature does not intend for the creation of revolving loan
 490 funds to supplant or otherwise reduce existing sources or
 491 amounts of funds currently available through other means.

492 (b) It is the intent of the Legislature that for each
 493 reclaimed water utility, or any other utility, which receives
 494 funds pursuant to this subsection, the appropriate rate-setting
 495 authorities should develop rate structures for all water,
 496 wastewater, and reclaimed water and other alternative water
 497 supply utilities in the service area of the funded utility,
 498 which accomplish the following:

499 1. Provide meaningful progress toward the development and
 500 implementation of alternative water supply systems, including
 501 reclaimed water systems;

502 2. Promote the conservation of fresh water withdrawn from
 503 natural systems;

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

508 4. Prohibit rate discrimination within classes of utility
 509 users.

510 (c) Funding assistance provided by the water management
 511 districts for a water reuse system project may include the
 512 following grant or loan conditions for that project if the water
 513 management district determines such conditions will encourage
 514 water use efficiency:

515 1. Metering of reclaimed water use for the following
 516 activities: residential irrigation, agricultural irrigation,
 517 industrial uses except for electric utilities as defined in s.

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518 366.02(2), landscape irrigation, irrigation of other public
519 access areas, commercial and institutional uses such as toilet
520 flushing, and transfers to other reclaimed water utilities.

521 2. Implementation of reclaimed water rate structures based
522 on actual use of reclaimed water for the types of reuse
523 activities listed in subparagraph 1.

524 3. Implementation of education programs to inform the
525 public about water issues, water conservation, and the
526 importance and proper use of reclaimed water.

527 4. Development of location data for key reuse facilities.

528 (d)(e) In order to be eligible for funding pursuant to
529 this subsection, a project must be consistent with a local
530 government comprehensive plan and the governing body of the
531 local government must require all appropriate new facilities
532 within the project's service area to connect to and use the
533 project's alternative water supplies. The appropriate local
534 government must provide written notification to the appropriate
535 district that the proposed project is consistent with the local
536 government comprehensive plan.

537 (e)(d) Any and all revenues disbursed pursuant to this
538 subsection shall be applied only for the payment of capital or
539 infrastructure costs for the construction of alternative water
540 supply systems that provide alternative water supplies.

541 (f)(e) By January 1 of each year, the governing boards
542 shall make available written guidelines for the disbursement of
543 revenues pursuant to this subsection. Such guidelines shall
544 include at minimum:

545 1. An application process and a deadline for filing
546 applications annually.

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

549 3. A process and criteria for funding projects pursuant to
 550 this subsection that cross district boundaries or that serve
 551 more than one district.

552 (g)~~(f)~~ The governing board of each water management
 553 district shall establish an alternative water supplies grants
 554 advisory committee to recommend to the governing board projects
 555 for funding pursuant to this subsection. The advisory committee
 556 members shall include, but not be limited to, one or more
 557 representatives of county, municipal, and investor-owned private
 558 utilities, and may include, but not be limited to,
 559 representatives of agricultural interests and environmental
 560 interests. Each committee member shall represent his or her
 561 interest group as a whole and shall not represent any specific
 562 entity. The committee shall apply the guidelines and project
 563 eligibility criteria established by the governing board in
 564 reviewing proposed projects. After one or more hearings to
 565 solicit public input on eligible projects, the committee shall
 566 rank the eligible projects and shall submit them to the
 567 governing board for final funding approval. The advisory
 568 committee may submit to the governing board more projects than
 569 the available grant money would fund.

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

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

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

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

591 (l)~~(k)~~ The Florida Public Service Commission shall allow
 592 entities under its jurisdiction constructing alternative water
 593 supply facilities, including but not limited to aquifer storage
 594 and recovery wells, to recover the full, prudently incurred cost
 595 of such facilities through their rate structure. Every component
 596 of an alternative water supply facility constructed by an
 597 investor-owned utility shall be recovered in current rates.

598 Section 8. Paragraph (a) of subsection (6) of section
 599 373.536, Florida Statutes, is amended to read:

600 373.536 District budget and hearing thereon.--

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

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603 (a) Each district must, by the date specified for each
 604 item, furnish copies of the following documents to the Governor,
 605 the President of the Senate, the Speaker of the House of
 606 Representatives, the chairs of all legislative committees and
 607 subcommittees having substantive or fiscal jurisdiction over the
 608 districts, as determined by the President of the Senate or the
 609 Speaker of the House of Representatives as applicable, the
 610 secretary of the department, and the governing board of each
 611 county in which the district has jurisdiction or derives any
 612 funds for the operations of the district:

613 1. The adopted budget, to be furnished within 10 days
 614 after its adoption.

615 2. A financial audit of its accounts and records, to be
 616 furnished within 10 days after its acceptance by the governing
 617 board. The audit must be conducted in accordance with the
 618 provisions of s. 11.45 and the rules adopted thereunder. In
 619 addition to the entities named above, the district must provide
 620 a copy of the audit to the Auditor General within 10 days after
 621 its acceptance by the governing board.

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

627 4. A 5-year water resource development work program to be
 628 furnished within 45 days after the adoption of the final budget.
 629 The program must describe the district's implementation strategy
 630 for the water resource development component of each approved
 631 regional water supply plan developed or revised under s.

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632 373.0361. The work program must address all the elements of the
 633 water resource development component in the district's approved
 634 regional water supply plans and must identify which projects in
 635 the work program will provide water, explain how each water
 636 resource development project will produce additional water
 637 available for consumptive uses, estimate the quantity of water
 638 to be produced by each project, and provide an assessment of the
 639 contribution of the district's regional water supply plans in
 640 providing sufficient water to meet the water supply needs of
 641 existing and future reasonable-beneficial uses for a 1-in-10-
 642 year drought event. Within 45 days after its submittal, the
 643 department shall review the proposed work program and submit its
 644 findings, questions, and comments to the district. The review
 645 must include a written evaluation of the program's consistency
 646 with the furtherance of the district's approved regional water
 647 supply plans, and the adequacy of proposed expenditures. As part
 648 of the review, the department shall give interested parties the
 649 opportunity to provide written comments on each district's
 650 proposed work program. Within 60 days after receipt of the
 651 department's evaluation, the governing board shall state in
 652 writing to the department which changes recommended in the
 653 evaluation it will incorporate into its work program or specify
 654 the reasons for not incorporating the changes. The department
 655 shall include the district's responses in a final evaluation
 656 report and shall submit a copy of the report to the Governor,
 657 the President of the Senate, and the Speaker of the House of
 658 Representatives.

659 (b) If any entity listed in paragraph (a) provides written
 660 comments to the district regarding any document furnished under

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661 this subsection, the district must respond to the comments in
 662 writing and furnish copies of the comments and written responses
 663 to the other entities.

664 Section 9. Paragraph (c) is added to subsection (2) of
 665 section 373.250, Florida Statutes, to read:

666 373.250 Reuse of reclaimed water.--

667 (2)

668 (c) A water management district may require the use of
 669 reclaimed water in lieu of surface water or groundwater when the
 670 use of uncommitted reclaimed water is environmentally,
 671 economically, and technically feasible. However, while
 672 recognizing that the state's surface water and groundwater are
 673 public resources, nothing in this paragraph shall be construed
 674 to give a water management district the authority to require a
 675 provider of reclaimed water to redirect reclaimed water from one
 676 user to another or to provide uncommitted water to a specific
 677 user if such water is anticipated to be used by the provider, or
 678 a different user selected by the provider, within a reasonable
 679 amount of time.

680 Section 10. Landscape irrigation design.--

681 (1) The Legislature finds that multiple areas throughout
 682 the state have been identified by water management districts as
 683 water resource caution areas, which identification indicates
 684 that water demand in those areas will exceed the current
 685 available water supply and that conservation is one of the
 686 mechanisms by which future water demand will be met.

687 (2) The Legislature finds that landscape irrigation
 688 comprises a significant portion of water use and that the

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689 current typical landscape irrigation system and xeriscape
 690 designs offer significant potential water conservation benefits.

691 (3) It is the intent of the Legislature to improve
 692 landscape irrigation water use efficiency by ensuring that
 693 landscape irrigation systems meet or exceed minimum design
 694 criteria.

695 (4) The Florida Building Commission shall develop and
 696 adopt by rule landscape irrigation and xeriscape design
 697 standards for new construction that incorporate a landscape
 698 irrigation system. The standards shall be based on the
 699 irrigation code defined in the Florida Building Code, Plumber's
 700 Volume, Appendix F. Such design standards should promote the
 701 effective and efficient use of irrigation water and include a
 702 consideration of local demographic, hydrologic, and other
 703 considerations as they apply to landscape irrigation water use.
 704 When adopting an ordinance or regulation, local governments
 705 shall use these approved irrigation design standards.

706 (5) The water management districts shall work with the
 707 Florida Nurserymen and Growers Association, the Florida Chapter
 708 of the American Society of Landscape Architects, the Florida
 709 Irrigation Society, the Department of Agriculture and Consumer
 710 Services, the Institute of Food and Agricultural Sciences, the
 711 Department of Environmental Protection, the Utility Council of
 712 the American Water Works Association, the Florida League of
 713 Cities, and the Florida Association of Counties to develop
 714 scientifically based model guidelines for urban, commercial, and
 715 residential landscape irrigation, including drip irrigation, for
 716 plants, trees, sod, and other landscaping. Local governments
 717 shall use the scientific information when developing landscape

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718 irrigation ordinances or guidelines. Every 3 years, the agencies
 719 and entities specified in this subsection shall review the model
 720 guidelines to determine whether new research findings require a
 721 change or modification of the guidelines.

722 Section 11. Subsections (1) and (6) of section 403.064,
 723 Florida Statutes, are amended, and subsection (16) is added to
 724 said section, to read:

725 403.064 Reuse of reclaimed water.--

726 (1) The encouragement and promotion of water conservation,
 727 and reuse of reclaimed water, as defined by the department, are
 728 state objectives and are considered to be in the public
 729 interest. The Legislature finds that the reuse of reclaimed
 730 water is a critical component of meeting the state's existing
 731 and future water supply needs while sustaining natural systems.
 732 The Legislature further finds that for those wastewater
 733 treatment plants permitted and operated under an approved reuse
 734 program by the department, the reclaimed water shall be
 735 considered environmentally acceptable and not a threat to public
 736 health and safety. The Legislature encourages the development of
 737 incentive-based programs for reuse implementation.

738 (6) A reuse feasibility study prepared under subsection
 739 (2) satisfies a water management district requirement to conduct
 740 a reuse feasibility study imposed on a local government or
 741 utility that has responsibility for wastewater management. The
 742 data included in the study and the study's conclusions shall be
 743 given significant consideration by the applicant and the
 744 appropriate water management district in an analysis of the
 745 economic, environmental, and technical feasibility of providing
 746 reclaimed water for reuse under part II of chapter 373 and shall

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747 be presumed relevant to the determination of feasibility. A
748 water management district shall not require a separate study
749 when a reuse feasibility study has been completed under
750 subsection (2).

751 (16) Utilities implementing reuse projects are encouraged,
752 except in the case of use by electric utilities as defined in s.
753 366.02(2), to meter use of reclaimed water by all end users and
754 to charge for the use of reclaimed water based on the actual
755 volume used when such metering and charges can be shown to
756 encourage water conservation. Metering and the use of volume-
757 based rates are effective water management tools for the
758 following reuse activities: residential irrigation, agricultural
759 irrigation, industrial uses, golf course irrigation, landscape
760 irrigation, irrigation of other public access areas, commercial
761 and institutional uses such as toilet flushing, and transfers to
762 other reclaimed water utilities. Beginning with the submittal
763 due on January 1, 2005, each domestic wastewater utility that
764 provides reclaimed water for the reuse activities listed in this
765 section shall include a summary of its metering and rate
766 structure as part of its annual reuse report to the department.

767 Section 12. Section 403.0645, Florida Statutes, is created
768 to read:

769 403.0645 Reclaimed water use at state facilities.--

770 (1) The encouragement and promotion of reuse of reclaimed
771 water has been established as a state objective in ss. 373.250
772 and 403.064. Reuse has become an integral part of water and
773 wastewater management in Florida, and Florida is recognized as a
774 national leader in water reuse.

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775 (2) The state and various state agencies and water
 776 management districts should take a leadership role in using
 777 reclaimed water in lieu of other water sources. The use of
 778 reclaimed water by state agencies and facilities will conserve
 779 potable water and will serve an important public education
 780 function.

781 (3) Each state agency and water management district shall
 782 use reclaimed water to the greatest extent practicable for
 783 landscape irrigation, toilet flushing, aesthetic features such
 784 as decorative ponds and fountains, cooling water, and other
 785 useful purposes allowed by department rules at state facilities,
 786 including, but not limited to, parks, rest areas, visitor
 787 welcome centers, buildings, college campuses, and other
 788 facilities.

789 (4) Each state agency and water management district shall
 790 submit to the Secretary of Environmental Protection by February
 791 1 of each year a summary of activities designed to utilize
 792 reclaimed water at its facilities along with a summary of the
 793 amounts of reclaimed water actually used for beneficial
 794 purposes.

795 Section 13. Paragraph (b) of subsection (3) of section
 796 403.1835, Florida Statutes, is amended, and subsection (12) is
 797 added to said section, to read:

798 403.1835 Water pollution control financial assistance.--

799 (3) The department may provide financial assistance
 800 through any program authorized under s. 603 of the Federal Water
 801 Pollution Control Act (Clean Water Act), Pub. L. No. 92-500, as
 802 amended, including, but not limited to, making grants and loans,
 803 providing loan guarantees, purchasing loan insurance or other

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804 credit enhancements, and buying or refinancing local debt. This
 805 financial assistance must be administered in accordance with
 806 this section and applicable federal authorities. The department
 807 shall administer all programs operated from funds secured
 808 through the activities of the Florida Water Pollution Control
 809 Financing Corporation under s. 403.1837, to fulfill the purposes
 810 of this section.

811 (b) The department may make or request the corporation to
 812 make loans, grants, and deposits to other entities eligible to
 813 participate in the financial assistance programs authorized
 814 under the Federal Water Pollution Control Act, or as a result of
 815 other federal action, which entities may pledge any revenue
 816 available to them to repay any funds borrowed. Notwithstanding
 817 s. 17.57, the department may make deposits to financial
 818 institutions that earn less than the prevailing rate for United
 819 States Treasury securities with corresponding maturities for the
 820 purpose of enabling such financial institutions to make below-
 821 market interest rate loans to entities qualified to receive
 822 loans under this section and the rules of the department.

823 (12)(a) It is the intent of the Legislature that for each
 824 reclaimed water utility or any other utility that receives funds
 825 pursuant to this subsection, the appropriate rate-setting
 826 authorities should develop rate structures for all water,
 827 wastewater, and reclaimed water and other alternative water
 828 supply utilities in the service area of the funded utility which
 829 accomplish the following:

- 830 1. Provide meaningful progress toward the development and
- 831 implementation of alternative water supply systems, including
- 832 reclaimed water systems.

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833 2. Promote the conservation of fresh water withdrawn from
 834 natural systems.

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

839 (b) Funding assistance provided for a water reuse system
 840 project shall include the following loan conditions for that
 841 project where such conditions will encourage water use
 842 efficiency:

843 1. Metering of reclaimed water use for the following
 844 activities: residential irrigation, agricultural irrigation,
 845 industrial uses except for electric utilities as defined in s.
 846 366.02(2), golf course irrigation, landscape irrigation,
 847 irrigation of other public access areas, and commercial uses.

848 2. Implementation of reclaimed water rate structures based
 849 on actual use of reclaimed water for the reuse types listed in
 850 subparagraph 1.

851 3. Implementation of education programs to inform the
 852 public about water issues, water conservation, and the
 853 importance and proper use of reclaimed water.

854 Section 14. The Legislature finds that, within the area
 855 identified in the Lower East Coast Regional Water Supply Plan
 856 approved by the South Florida Water Management District pursuant
 857 to s. 373.0361, Florida Statutes, the groundwater levels can
 858 benefit from augmentation. The Legislature finds that the direct
 859 or indirect discharge of reclaimed water into canals and the
 860 aquifer system for transport and subsequent reuse may provide an
 861 environmentally acceptable means to augment water supplies and

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862 enhance natural systems; however, the Legislature also
863 recognizes that there are water quality and water quantity
864 issues that must be better understood and resolved. In addition,
865 there are cost savings possible by collocating enclosed conduits
866 for conveyance of water for reuse in this area within canal
867 rights-of-way that should be investigated. Toward that end, the
868 Department of Environmental Protection, in consultation with the
869 South Florida Water Management District, Southeast Florida
870 utilities, affected local governments, including local
871 governments with principal responsibility for the operation and
872 maintenance of a water control system capable of conveying
873 reclaimed wastewater for reuse, representatives of the
874 environmental and engineering communities, public health
875 professionals, and individuals having expertise in water
876 quality, shall conduct a study to investigate the feasibility of
877 discharging reclaimed wastewater into canals and the aquifer
878 system as an environmentally acceptable means of augmenting
879 groundwater supplies, enhancing natural systems, and conveying
880 reuse water within enclosed conduits within the canal right-of-
881 way. The study shall include an assessment of the water quality,
882 water supply, public health, technical, and legal implications
883 related to the canal discharge and collocation concepts. The
884 department shall issue a preliminary written report containing
885 draft findings and recommendations for public comment by
886 November 1, 2005. The department shall provide a written report
887 on the results of its study to the Governor and the relevant
888 substantive committees of the House of Representatives and the
889 Senate by January 31, 2006. Nothing in this section shall be
890 used to alter the purpose of the Comprehensive Everglades

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891 Restoration Plan or the implementation of the Water Resources
892 Development Act of 2000.

893 Section 15. Except as otherwise expressly provided in this
894 act, this act shall take effect upon becoming a law and shall
895 apply to all contracts pending on that date.