Welcome/Introductions

Utility Council Structure

- The meeting began at 10:10 am with Pat Lehman, the AWWAUC Chair, discussing the UC structure. He is trying to get all the pieces of the organization to work together with better coordination. The areas of discussion were the Utility Council, Florida 2030, Conserve Florida, and the Legislative Action Team (LAT) and how each of these groups was created and how effective each group became. A new structure was created, but needs to be approved by the Executive Committee (See attached: Proposed Structure).
- With the UCs the group discussed that most AWWA UC members are members to other Utility Councils, such as the Florida Water Environment Association Utility Council (FWEAUC). The goal is to have broad enough agendas so we can work together. Also, there are regional UCs throughout the state and it is important to have a liaison from each of those regions within the UC. We also need to coordinate with other organizations such as FWPCOA or FRWA.
- Florida 2030 was discussed, the consensus of the group was to have a broader overview and then bring those ideas to the UC as a task for the LAT. From there it would be determined if policy needs to be set.
- The UC needs to make sure that we are supporting the effort of Conserve Florida. With the current economic climate, will Conserve Florida still be funded and if not, is the UC willing to help fund it? The foundation was to gather all the “tools” concerning conservation and then allow the utilities to decide on how they would implement those “tools”. Language also needs to be drafted to allow a utility to keep any water they saved through conservation, if you can show future demand. Should we bring the same concept of the Reuse Workgroup to the Conserve Florida?
- Chairs were also updated for the following committees:
  - Legislative Committee – Edgar Fernandez

Attendees:

- Suzanne Goss, JEA
- Edgar G. Fernandez, Miami Dade
- Pat Lehman, PRMRWSA
- Charlotte St. John, BCWWS (phone)
- Ted McKim, Reedy Creek
- Rob Teagarden, OUC
- Tom Miller, PBC
- Brian Wheeler, TWA
- Doug Mann, LMA
- Richard Anderson, AWWA Section Chair
- Patricia DiPiero, Lee County Utilities
- Jason Yarborough, Palm Bay Utilities
- Jeff McGarvey, HDR Engineering
- Joe Grusauskas, City of Oviedo
- Chip Merriam, OUC
- Jeff Thompson, City of Cocoa
Approval of Minutes

- No minutes to approve.

Treasurer’s Report

- Pat Lehman provided an updated budget along with projections out to 2015 (See attached: Budget). Pat also wants to look at incentivizing new members and what to do to bring back old members. Some ideas were to offer ½ off the dues or provide a trial membership. In order to try and regain some old members the Board would look at the list of members that have dropped off and do individual outreach.

Legislative Update (Doug’s Legislative Update Attached)

- A Statement of Qualifications (SOQ) was put out for our lobbying efforts. Doug Mann’s contract ends in October 2011. Pat will take any comments on the SOQs and the contract itself.
- Doug Mann provided an update on Representative Trudi Williams’ large water bill and how folks were not comfortable with the NNC language, thus not allowing it to move. A bill will probably come back again next year.
- Doug also stressed that the legislators like to see unity by an industry. If that unity is not there and there are one or two utilities that come out against a proposed bill, it could be enough to kill the bill or postpone it, which has the same effect.
- Looking ahead to the 2012 Legislative Session, it is important to let our members know what the legislative agenda is going to be for the year in advance. The advance legislative agenda will also help in securing sponsors for the bills. The UC needs to have a modest agenda to get small bills passed, but to also start on some bills that may take 2 to 3 years to get passed.

Adjournment

- The meeting ended at 12:40 am.

Future Meetings

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Attachments: Organization Structures – Current and Proposed
FSAWWAUC Budget
Doug Mann’s Legislative Summary
Sign-in List
FSAWWA Utility Council

Revised Organizational Chart: July 2011

[FSAWWA Standards Practice Manual; Dec 2009]
FSAWWA Utility Council

[Diagram showing organizational chart]

Revised Organizational Chart: July 2011

[FSAWWA Standards Practice Manual; Dec 2009]
## FSAWWA Utility Council

July 13, 2011

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AWWA UTILITY COUNCIL MEETING

July 13th, 2011
Orlando, Florida

Prepared By:
Littlejohn, Mann & Associates
Tallahassee, FL
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SUMMARY OF 2011 LEGISLATIVE SESSION
Great Expectations
Battered by Budget Blues

By Doug Mann

The Utility Council of the Florida Section, American Water Works Association (FSAWWA), started the 2011 Florida Legislative Session with high hopes. The Utility Council's Legislative Action Team had developed three legislative proposals which they hoped to pass: (1) the creation of a statewide water supply task force, (2) amending the law to create a sustainable water use permit, and (3) amending the current criteria for alternative water supply projects to include water storage projects.

Our first legislative goal was reached before the session started when House Speaker Dean Cannon created the House Select Committee on Water Policy and selected Rep. Trudi Williams to be its chair.

Rep. Williams has always been very supportive of our legislative efforts. We visited with her immediately after her appointment and outlined the other two issues we wanted passed during the 2011 session. She was very supportive and said she would include them in a large water bill she had planned.

The Legislative Action Team then focused on finding Senate sponsors for our other legislation. Senator Jack Latvala agreed to sponsor both the sustainable water use permit and the change in criteria for alternative water supply projects. We knew we would face a rough time in the Senate because it did not have a committee similar to the House Select Committee.

While we had great expectations for the 2011 Session, it soon became apparent that the Legislature's main focus would be on finding a way to balance the state budget because of a projected $4.2 billion shortfall in revenues. Also, the legislative leadership was focused on a series of high-profile issues which did not include water.

Facing this new reality, we worked with the House Select Committee staff to develop a series of programs and speakers that would educate the new committee members. We were fortunate to have two new freshmen House members on the Select Committee who were knowledgeable about water issues. Both Rep. Ray Pilon and Rep. Jason Brodeur were able during the committee process to provide important information to other members about water issues. We will be working with both of them a lot in the future. We also were able to get our Utility Council chair, Pat Lehman, to testify twice before the House Select Committee on Water Supply issues.

Once again, we used the weekly conference calls during the session to keep up to date. Lisa Wilson Davis did her usual super job of keeping our bill tracking list up to date. Each Friday, David Childs and I would host the conference call to FSAWWA and FWEA Utility Council members. We not only reviewed the bills that Lisa had identified, but we also provided some insights as to the politics behind each bill. Here are the bills the group identified as important or high priority by the end of the session:

**House Bill 1001** by Rep. Trudi Williams—This is the large water bill we mentioned previously. It included not only our sustainable permitting language and alternative water supply criteria change, but a requirement for CUP to be issued for 20 years. It eliminated CUP compliance reports and removed the authority of the FDEP or water management district boards to modify or revoke CUPs, mandatory reuse zones, and other items.

**Senate Bill 1514** by Senator Latvala was the slimmed-down model of House Bill 1001. To make the long story short, the House bill never moved to its first committee. One reason could be that it contained so many hard issues.

While the Senate bill moved through a few committees, it ran into trouble along the way because of our language regarding sustainable water use. The agriculture industry and the power industry felt that the language gave water utilities a first-in-line status.

Over several weeks, redrafting the language was attempted but we never could satisfy those stakeholder groups. The Senate bill died in the Senate Budget Committee. For the first time, the FSAWWA was seen as trying to upset the delicate balance of CUP holders. It will take some time to rebuild the relationships and trust with staff and the affected stakeholders.

**House Bill 239** by Rep. Trudi Williams—This bill prohibited the implementation of certain federal numeric nutrient water quality criteria rules used by the FDEP. Rep. Williams not only introduced this bill but also held a committee hearing on the issue.

The FWEA had high hopes for this bill when it was first introduced. The language was redrafted on the House side several times as it moved through the committee process. It passed the House.

**Senate Bill 1090** by Senator Dean on the numerical nutrient issue never got out of the Senate Committee on Environmental Preservation. Toward the end of the session, there was some discomfort by the governor's office, the FDEP, and others. This issue and its impact on Florida will not go away, and you can expect some legislative action next session.

**House Bill 421** by Rep. Bembry revises current the agricultural exemption to allow agricultural activities which impede or divert the flow of surface waters or impact wetlands to go forward as long as this result is not the sole purpose of the activities. If there is a dispute between the landowner and a water management district, a binding determination can be made by the Department of Agricultural and Consumer Services. The agricultural industry worked very hard to pass this legislation.

**Senate Bill 1174** by Senator Siplin,
the Senate companion to House Bill 421, also moved through the process with some bumps but did pass all the Senate committees.

**Senate Bill 2142** by Senator Alexander—This bill, which did not have a House companion, did pass the Senate but was not picked up by the House. How did it become law? When Senator Alexander saw that the House was not going to act, he acted as Budget Committee chair, to have it placed in the budget as what is called a “conforming bill.” The governor signed this bill.

The bill makes changes to the way water management districts adopt their budgets. It requires the Legislative Budget Commission (LBC) to review the proposed budgets of each district yearly.

Also, the LBC reviews the taxes to be levied and determines the level of property tax revenues to be raised. If the LBC does not set a tax rate, it reverts to the prior year’s rate. The bill also sets the tax rates for each of the districts for the 2011-2012 fiscal year and provides that the governor’s office will analyze each district’s budget and provide the analysis to the LBC. This effort by the legislature to gain some control over water management districts is huge.

**House Bill 613** by Rep. Trujillo postponed the dates by which domestic wastewater utilities must meet more stringent treatment and management standards. This bill was pushed by a number of southeast coast utilities that wanted additional time for the requirements to be enforced. While this was a regional issue, the FSAWWA Utility Council did have an interest in the legislation. Edgar Fernandez of Miami-Dade County gets a lot of credit for working so hard on this bill throughout the session.

While the House bill passed, the Senate bill by Senator Bennett got stuck in the Senate Budget Committee and did not pass. It joined a lot of other bills that ended up during the last week of session stuck in the Budget Committee, where they died. I would think the group of utilities would be back next year with similar legislation.

**House Bill 223** by Rep. Hudson provides for recovery of the costs of water and wastewater system improvement projects through surcharges. It requires Public Service Commission approval of such surcharges, limits surcharge amounts, has requirements for surcharge billings, and contains other provisions. Senator Bennett was the sponsor of this legislation on the Senate side and it ended up stuck in the Senate Budget Committee at the end of session.

**House Bill 649** by Rep. Pilon revised provisions relating to the membership of basin boards and provides that basin board members designated by district governing boards’ chairs must be voting members. It allowed basin board chairs and co-chairs to transact official business if a vacancy occurs, exempted cooperative funding programs for certain rulemaking requirements, and contained other provisions. Senator Detert sponsored the Senate Bill. Although the House passed this bill, it died in the Senate.

**House Bill 993** by Rep. Roberson—This legislation was not on our radar screen but will have a significant impact on water management districts and local governments. For water management districts, there will be a one-time review of all their rules to determine their economic impact. A comprehensive review of these rules with take place over several years and will include public comments and legislative reviews. This process should be completed by 2014.

During the final days of the session, this bill was amended to shift the burden of proof to those who file legal challenges. This change is huge and will impact governments at every level in Florida. The environmental community was not happy with this amendment. House Bill 993 is on the governor’s desk awaiting action.

I would like to thank Suzanne Goss, Edgar Fernandez, Diane Salz, Martha Edenfield, and other lobbyists who helped us during the 2011 Legislative Session. Also, Pat Lehman, the FSAWWA Utility Council chair, took time away from his job on several occasions to come and testify before legislative committees. Thanks, too, to those sponsors who helped us put on the FSAWWA Legislative Day in Tallahassee.

Finally, one thing we really must work on between now and next session is a way to develop a consensus on legislation. Water has become a popular issue and we have many more utilities employing their own lobbyists. While this can be beneficial, it also can create problems.

Legislators do like to see unity by an industry. If you have one or two utilities who do not like a proposal that a vast majority of FSAWWA Utility Council members have endorsed, they can stop it by having their lobbyist raise enough holl so that the bill dies or action is postponed, which accomplishes the same goal. If we do not find a way to deal with this issue, we will have a very difficult time in being successful in future legislative sessions.

Doug Mann, a partner in the governmental consulting firm Littlejohn, Mann & Associates, is the legislative liaison for the Florida Section of the American Water Works Association.
NEW DAY FOR FLORIDA’S WATER MANAGEMENT DISTRICTS
SB 2142- Relating to Water Management Districts
An act relating to water management districts;
amending s. 373.503, F.S.; removing obsolete
provisions; requiring the Legislature to annually
review the preliminary budget and authorized millage
rate for each water management district and set the
amount of revenue a district may raise through its ad
valorem tax authority; providing for the maximum
amount of property tax raised by a district to revert
to the amount authorized in the prior year if the
Legislature fails to set the amount; providing a limit
on total ad valorem taxes levied for the 2011-2012
fiscal year for each water management district;
amending s. 373.536, F.S.; requiring each water
management district to provide a monthly financial
statement to its governing board; requiring that each
district make budget information available to the
public through the district's website; revising
provisions relating to the development of district
budgets and review by the Executive Office of the
Governor and Legislative Budget Commission; providing
an effective date.

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

Section 1. Subsections (3), (4), and (5) of section
373.503, Florida Statutes, are amended to read:
373.503 Manner of taxation.—
(3)(a) The districts may levy ad valorem taxes on property

CODING: Words stricken are deletions; words underlined are additions.
with the district solely for the purposes of this chapter and
of chapter 25270, 1949, Laws of Florida, as amended, and chapter
61-691, Laws of Florida, as amended. The authority to levy ad
valorem taxes as provided in this act shall commence with the
year 1977. However, the taxes levied for 1977 by the governing
boards pursuant to this section shall be prorated to ensure that
no such taxes will be levied for the first 4 days of the tax
year, which days will fall prior to the effective date of the
amendment to s. 9(b), Art. VII of the State Constitution, which
was approved March 9, 1976. If When appropriate, taxes levied by
each governing board may be separated by the governing board
into a millage necessary for the purposes of the district and a
millage necessary for financing basin functions specified in s.
373.0695. Beginning with the taxing year 1977, and
(a) Notwithstanding the provisions of any other general or
special law to the contrary, and subject to subsection (4), the
maximum total millage rate for district and basin purposes shall
be:

1. Northwest Florida Water Management District: 0.05 mill.
2. Suwannee River Water Management District: 0.75 mill.
4. Southwest Florida Water Management District: 1.0 mill.
5. South Florida Water Management District: 0.80 mill.

(b) The apportionment in the South Florida Water Management
District shall be a maximum of 40 percent for district purposes
and a maximum of 60 percent for basin purposes, respectively.

(c) Within the Southwest Florida Water Management District,
the maximum millage assessed for district purposes may shall not
exceed 50 percent of the total authorized millage if when there
are one or more basins in the district, and the maximum millage assessed for basin purposes may not exceed 50 percent of the total authorized millage.

(4) (a) To ensure that taxes authorized by this chapter continue to be in proportion to the benefits derived by the parcels of real estate within the districts, the Legislature shall annually review the preliminary budget for the next fiscal year and the authorized millage rate for each district. Based upon this review, the Legislature shall set the maximum amount of revenue to be raised by each district in the next fiscal year from the taxes levied. Except as provided in paragraph (b), if the annual maximum amount of property tax revenue is not set by the Legislature on or before July 1 of each year, the maximum property tax revenue that may be raised reverts to the amount authorized in the prior year.

(b) For the 2011-2012 fiscal year, the total ad valorem taxes levied may not exceed $3,946,969 for the Northwest Florida Water Management District, $5,412,674 for the Suwannee River Water Management District, $85,335,619 for the St. Johns Water Management District, $107,766,957 for the Southwest Florida Water Management District, and $284,901,967 for the South Florida Water Management District.

(b)(4) It is hereby determined that the taxes authorized by this chapter are in proportion to the benefits to be derived by the several parcels of real estate within the districts to which territories are annexed and transferred. It is further determined that the cost of conducting elections within the respective districts or within the transferred or annexed territories, including costs incidental thereto in preparing for
such election and in informing the electors of the issues therein, is a proper expenditure of the department, of the respective districts, and of the district to which such territory is or has been annexed or transferred.

(5) Each water management district created under this chapter which does not receive state shared revenues under part II of chapter 218 shall, before January 1 of each year, certify compliance or noncompliance with s. 200.065 to the Department of Financial Services. Specific grounds for noncompliance must be stated in the certification. In its annual report required by s. 218.32(2), the Department of Financial Services shall report to the Governor and the Legislature those water management districts certifying noncompliance or not reporting.

Section 2. Subsections (4) and (5) of section 373.536, Florida Statutes, are amended to read:

373.536 District budget and hearing thereon.—
(4) BUDGET CONTROLS; FINANCIAL INFORMATION.—
(a) The final adopted budget for the district will thereupon be the operating and fiscal guide for the district for the ensuing year; however, transfers of funds may be made within the budget by action of the governing board at a public meeting of the governing board.
(b) The district shall control its budget, at a minimum, by funds and shall provide to the Executive Office of the Governor a description of its budget control mechanisms.
(c) Should the district receive unanticipated funds after the adoption of the final budget, the final budget may be amended by including such funds, so long as notice of intention to amend is published in the notice of the governing board.
meeting at which the amendment will be considered, pursuant to s. 120.525. The notice shall set forth a summary of the proposed amendment. However, in the event of a disaster or of an emergency arising to prevent or avert the same, the governing board shall not be limited by the budget but shall have authority to apply such funds as may be available therefor or as may be procured for such purpose.

(d) By September 1, 2011, each water management district shall provide a monthly financial statement to its governing board and make such monthly financial statement available for public access on its website.

(5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND APPROVAL.—

(a) The Executive Office of the Governor and the Legislative Budget Commission are authorized to approve or disapprove, in whole or in part, the budget of each water management district. The Executive Office of the Governor and shall analyze each budget as to the adequacy of fiscal resources available to the district and the adequacy of district expenditures related to water supply, including water resource development projects identified in the district’s regional water supply plans; water quality; flood protection and floodplain management; and natural systems. This analysis shall be based on the particular needs within each water management district in those four areas of responsibility and shall be provided to the Legislative Budget Commission.

(b) The Executive Office of the Governor, the Legislative Budget Commission, and the water management districts shall develop a process to facilitate review and communication.
regarding water management district budgets, as necessary.

Written disapproval of any provision in the tentative budget must be received by the district at least 5 business days prior to the final district budget adoption hearing conducted under s. 200.065(2)(d). If written disapproval of any portion of the budget is not received at least 5 business days prior to the final budget adoption hearing, the governing board may proceed with final adoption. Any provision rejected by the Governor or the Legislative Budget Commission shall not be included in a district's final budget.

(c) Each water management district shall, by August 1 of each year, submit for review a tentative budget to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Legislative Budget Commission, the chair of all legislative committees and subcommittees with substantive or fiscal jurisdiction over water management districts, as determined by the President of the Senate or the Speaker of the House of Representatives as applicable, the secretary of the department, and the governing body of each county in which the district has jurisdiction or derives any funds for the operations of the district.

(d) The tentative budget must set forth the proposed expenditures of the district, to which may be added an amount to be held as reserve. The tentative budget must include, but is not limited to, the following information for the preceding fiscal year and the current fiscal year, and the proposed amounts for the upcoming fiscal year, in a standard format prescribed by the Executive Office of the Governor:

1. The estimated amount of funds remaining at the beginning

CODING: Words struck out are deletions; words underlined are additions.
of the fiscal year which have been obligated for the payment of
outstanding commitments not yet completed.

2. The estimated amount of unobligated funds or net cash
balance on hand at the beginning of the fiscal year, and the
estimated amount of funds to be raised by district taxes or
received from other sources to meet the requirements of the
district.

3. The millage rates and the percentage increase above the
rolled-back rate, together with a summary of the reasons the
increase is required, and the percentage increase in taxable
value resulting from new construction within the district.

4. The salaries and benefits, expenses, operating capital
outlay, number of authorized positions, and other personal
services for the following program areas of the district:

a. Water resource planning and monitoring;
b. Land acquisition, restoration, and public works;
c. Operation and maintenance of works and lands;
d. Regulation;
e. Outreach for which the information provided must contain
a full description and accounting of expenditures for water
resources education; public information and public relations,
including public service announcements and advertising in any
media; and lobbying activities related to local, regional, state
and federal governmental affairs, whether incurred by district
staff or through contractual services; and
f. Management and administration.

In addition to the program areas reported by all water
management districts, the South Florida Water Management
District shall include in its budget document separate sections on all costs associated with the Everglades Construction Project and the Comprehensive Everglades Restoration Plan.

5. The total estimated amount in the district budget for each area of responsibility listed in subparagraph 4. and for water resource development projects identified in the district’s regional water supply plans.

6. A description of each new, expanded, reduced, or eliminated program.

7. The funding sources, including, but not limited to, ad valorem taxes, Surface Water Improvement and Management Program funds, other state funds, federal funds, and user fees and permit fees for each program area.

(e) By September 5 of the year in which the budget is submitted, the House and Senate appropriations and appropriate substantive committee chairs may transmit to each district comments and objections to the proposed budgets. Each district governing board shall include a response to such comments and objections in the record of the governing board meeting where final adoption of the budget takes place, and the record of this meeting shall be transmitted to the Executive Office of the Governor, the department, and the chairs of the House and Senate appropriations committees.

(f) The Executive Office of the Governor shall annually, on or before December 15, file with the Legislature a report that summarizes its review of the water management districts’ tentative budgets and displays the adopted budget allocations by program area. The report must identify the districts that are not in compliance with the reporting requirements of this
section. State funds shall be withheld from a water management
district that fails to comply with these reporting requirements.
Section 3. This act shall take effect upon becoming a law.
Governor’s Letter to DEP Sec. Herschel Vinyard
April 12, 2011

Secretary Herschel Vinyard  
Department of Environmental Protection  
3900 Commonwealth Boulevard M.S. 49  
Tallahassee, FL 32399

Dear Secretary Vinyard:

Effective and efficient water management is essential to the public and to the environmental and economic health and welfare of the State. Specifically, current budgetary constraints mandate that water management core responsibilities be carried out in a fiscally responsible manner so that the priorities of water supply, flood protection, and resource protection can be fulfilled. In addition, citizens, including businesses, are entitled to clear, predictable and consistent application of the rules, policies and orders of the Department of Environmental Protection (Department) and the Water Management Districts (Districts) in the implementation of Chapter 373, Florida Statutes (F.S.).

Chapter 373, F.S., establishes the core responsibilities to be carried out by the Department and the State's five Districts as it relates to managing and protecting the State's water resources. Section 373.026(7), F.S., mandates that the Department exercise general supervisory authority over the Districts.

To this end, I expect the Department to supervise activities of the Districts, including their water supply and regulatory activities, to ensure statewide consistency is achieved, taking into account the differing regional characteristics of the State's water resources. Further, the Department should ensure that the core responsibilities undertaken by the Districts are consistent with Chapter 373, F.S., for managing the State's water resources.

I expect these actions to include the following review and oversight of:

- Proposed budgets and any plans for debt issuance;
- Rulemaking activities for Environmental Resources Permitting, Consumptive Use Permitting, Uniform Mitigation Assessment Methodology, and Minimum flows and Levels rules, practices and related programs;
- Development of meaningful and measurable proposals that will streamline regulatory programs;
- Ensuring consistency across District boundaries;
Secretary Herschel Vinyard
Department of Environmental Protection
April 12, 2011
Page Two

- Prior coordination of District positions, including lobbying, of any issues having implications on policy or budgetary matters concerning the State's water resources; and
- Coordination of land acquisition and disposition.

Please ensure that I am updated on District issues periodically.

Sincerely,

Rick Scott
Governor

RS/mm

cc:
George Roberts, Chair, Northwest Florida Water Management District
Donald J. Quincey, Jr., Chairman, Suwannee River Water Management District
W. Leonard Wood, Chairman, St. Johns River Water Management District
Ronald E. Oakley, Chair, Southwest Florida Water Management District
Joe Collins, Chair, South Florida Water Management District
Douglas E. Barr, Executive Director, Northwest Florida Water Management District
David Still, Executive Director, Suwannee River Water Management District
Kirby B. Green, III, Executive Director, St. Johns River Water Management District
Dave Moore, Executive Director, Southwest Florida Water Management District
Carol Ann Wehle, Executive Director, South Florida Water Management District
Letter to WMD Directors from
Jon Steverson
TO: Douglas E. Barr, ED NWFWMD
    David Still, ED SRWMD
    Kirby B. Green, III, ED SJRWMD
    David Moore, ED SWFWMD
    Melissa L. Meeker, ED SFWMD

FROM: Jon Steverson, Special Counsel on Policy & Legislative Affairs

DATE: June 16, 2011

SUBJECT: WMD Budget Direction

There is much to appreciate about the work of our water management districts (districts) and their conscientious and diligent staffs. The commitment of the districts to our water resources is without question. However, we cannot ask Floridians who are struggling to find work and provide for their families to continue to support the mission of the Department of Environmental Protection (DEP) or the districts if we are not spending their tax dollars wisely. Therefore, it is imperative that we reexamine the structure and activities of each district to ensure that we are meeting all of our core mission responsibilities without exceeding the means of our citizens. We must be able to make the districts more focused, more effective, and newly dedicated to the accomplishment of our core mission.

The following guidelines shall provide the foundation upon which your district budgets will be evaluated by DEP and the Executive Office of the Governor (EOG) in the weeks following the approval of your tentative budgets. While the guidelines do cover some of the individual budget items you are now deliberating, they are not intended to be all-inclusive.

Debt

Spending less than we take in is a fundamental principle of good budgeting. Floridians count on us to be good stewards of their tax dollars, and it is our responsibility to ensure that districts are meeting that expectation. Therefore, no additional debt is to be accrued by districts without the approval of the Governor and the Secretary. Such debt can include, but is not limited to, bonding and certificates of participation.
Land Acquisition

The state of Florida has been home to some of the most prolific land buying programs in the world. However, prioritizing our spending requires us to take a much harder look at whether the dollars we spend are congruent with the core mission of the districts. Therefore, until an official process for systematic review of district land acquisitions is developed, no new land purchases should be made unless the district is already legally obligated by contract, or the district has received the authorization of DEP, to complete the purchase. All current purchase obligations should be submitted to DEP for review.

Salaries and Benefits

Over the years, salaries and benefit structures at many of the districts have become significantly out of line with the rest of our state’s employees and the state as a whole. Many of the districts have also become top-heavy in their organizational structures. Therefore, the districts are directed to analyze their staffing and adjust their personnel and administrative structures, as well as their salary and benefits schedules, to reflect a reduction in unnecessary levels of administration and to more closely mirror the benefits currently enjoyed by state employees throughout Florida.

Benefits that should be made consistent with other districts and other state employees include, but are not limited to: health, dental, vision, disability and life insurance; pensions; deferred compensation; leave payouts; education benefits and; bonuses and awards. Subsequent to finalizing the consistency effort between the districts and the state regarding benefits and services to employees, the districts should be prepared to quantify proactive efforts that will be taken in the coming fiscal year to analyze the financial benefit of consolidating “back office” functions of the districts.

Core Mission

Districts should be seeking to eliminate non-core activities. For example, mitigation administration and banking is done by most of the districts, but it is a service that is currently, cost-effectively, offered in the private sector. Also, outreach programs tend to be duplicative with local government and utility efforts and can be unnecessarily costly to the districts. Districts should begin the process of paring down or eliminating these functions. Additionally, the districts should eliminate participation in non-vital organizations and associations and should limit participation as vendors or sponsors of professional conferences or other events unless it is imperative to the core mission of the district.
Regulatory Staffing

Taxpayers and the regulated community become frustrated when government grows in size and scope but does not improve its level of service. The size of regulatory staff should be consistent with the changing regulatory workload of the districts. Districts should be able to demonstrate the measurable and tangible benefits of their staffing decisions to the taxpayers through a more efficient process. Therefore, districts should make all necessary adjustments to regulatory staffing levels and should quantify a specific plan to develop new benchmarks by which the level of service can be evaluated in a manner consistent with the other districts while meeting the standards set forth by the Secretary and the Governor.

Cooperation

In advance of our review and analysis of the district budgets, we ask that you work with EOG and DEP staff to provide necessary clarification of district Capital Improvement Plans, including new documentation for the review and analysis of Fixed Capital Outlay Projects, their costs, and their progress. These projects will be evaluated individually by DEP and EOG based on their direct correlation to the core mission of the five districts. Districts will also need to provide a coherent explanation of the relationship between funds held in reserve and their relationship to the districts’ short, intermediate, and long-term water supply plans.

The task ahead of us is not easy, but I am confident that if we work together, we can make significant strides in building and sustaining the trust of our fellow Floridians. Thank you all for your cooperation and continued hard work. If you have any questions about specific budget items or policies, please do not hesitate to contact me.

cc: George Roberts, Chair, NWFWMMD
    Donald J. Quincy, Jr., Chair, SRWMD
    W. Leonard Wood, Chair, SJRWMD
    H. Paul Senft, Jr., Chair, SWFWMD
    Joe Collins, Chair, SFWMD
    Herschel T. Vinyard Jr., Secretary, FDEP
    Jennifer Fitzwater, Chief of Staff, FDEP
REP. TRUDI WILLIAMS’ SELECT COMMITTEE ON WATER POLICY
February 24, 2011

The Honorable Dean Cannon, Speaker
The Florida House of Representatives
420 The Capitol
402 South Monroe Street
Tallahassee, FL 32399-1300

Re: The Select Committee on Water Policy - Preliminary Report

Dear Mr. Speaker:

On December 7, 2010, you announced the creation of the House Select Committee on Water Policy and directed the committee to "conduct a comprehensive review of the state's water policies and recommend legislative actions to further ensure Florida uses its water resources in an effective and sustainable manner to meet future water supply needs." You also directed the committee to report its preliminary findings and recommendations prior to the 2011 regular session and final findings and recommendations prior to the 2012 regular session. I hereby submit to you the committee's preliminary findings and recommendations.

In order to arrive at these preliminary findings and recommendations, the committee met during four of the five interim committee weeks. The committee's four meetings may be summarized as follows:

Meeting 1 - January 13, 2011: In an effort to introduce members to the various governmental entities that have a role in Florida's water policy and governance structure, the committee heard testimony from representatives of the Department of Environmental Protection (DEP), the Department of Agriculture & Consumer Services (DACS), and the water management districts. I also invited any interested party to submit written comments or suggestions to the committee by January 25, 2011, with the intention of providing those comments to the members at the next meeting.

Meeting 2 - January 27, 2011: The introduction to the agencies and entities involved in implementing Florida's water policy was completed when the committee heard testimony from representatives of cities, counties, and water utilities. The committee was also introduced to major issues in water resource management and supply when it heard from a panel of speakers representing agricultural interests, business interests, environmental interests, and utilities. Lastly, the members were provided with a
compilation of written comments provided by 25 interested parties representing a wide range of interests and perspectives.

**Meeting 3 - February 10, 2011:** The committee was introduced to the issues surrounding the U.S. Environmental Protection Agency’s numeric nutrient criteria rule by hearing from representatives of the DEP, the Florida Attorney General’s Office, and a panel of speakers representing agricultural interests, environmental interests, local governments, business interests, and utilities. The committee also discussed its preliminary findings and recommendations.

**Meeting 4 - February 24, 2011:** The committee completed its pre-session work by hearing open public testimony from various interested parties. The remainder of the meeting was devoted to discussing and approving the committee’s preliminary findings and recommendations.

**Preliminary Findings**

Based upon the testimony heard and written comments received by the committee thus far, the committee finds that:

1. The long-term well-being of the people and economy of this state depends upon an adequate, sustainable, and affordable water supply for all existing and future reasonable beneficial uses, including the state’s natural systems.

2. While Florida may be considered a water-rich state, there are areas of the state where growing demands have resulted in environmental impacts, shortages, and litigious competition for water.

3. Prior to refining Florida’s existing water laws and policy to address these complex and interrelated concerns, a thorough and deliberative analysis should be performed, providing an equal voice to all regions and constituencies in Florida.

4. The state must consider strategies to minimize the economic impact on the state and other affected parties of the U.S. Environmental Protection Agency’s numeric nutrient criteria, or any other criteria developed by the DEP, and assure that the criteria ultimately applied has a sound scientific basis.

**Preliminary Recommendations**

Therefore, the committee recommends that, for remainder of 2011, it proceed with a thorough and deliberative analysis of water resource management issues, water supply issues, and water quality issues including, but not limited to, the following:

1. Evaluating Florida’s policies and regulations affecting the protection and allocation of scarce water resources to determine what, if any, changes are necessary to address current and future conditions in Florida.

2. Evaluating the manner in which alternative water supplies and water storage capabilities are developed and funded, including disbursed water storage,
reservoirs, reverse osmosis, desalination, aquifer storage and recovery, and water reuse.

3. Evaluating water conservation as a demand management tool for public water supply utilities to ensure sustainability of the state's water resources by efficiently and economically using existing and alternative water resources, and evaluating financial options to incentivize water utilities to further implement water conservation programs.

4. Evaluating the implementation and effectiveness of current programs, including minimum flows and levels and water reservations, to protect the natural systems in Florida while considering the social and economic consequences of those programs.

5. Evaluating the interrelationship between growth management and water supply and whether refinements are advisable to promote adequate and sustainable water supplies for areas with growing populations.

6. Evaluating whether the current division of responsibilities between the DEP, the five water management districts, regional water supply authorities, and local water utilities should be refined to address inefficiencies in the implementation of Florida's water policy, including duplicative regulations. This evaluation will also examine whether the current regulations and allocation of responsibilities for water supply planning and permitting are appropriate and effective.

7. Evaluating the manner in which the state encourages preservation of agricultural lands for purposes of water storage and treatment and ground water recharge, including an evaluation of public-private partnerships to further the objectives of the state with respect to water resource management.

8. Evaluating the manner in which water management district board members are selected to determine if modifications to the current selection process are warranted.

Thank you again for the opportunity to serve as the Chair of the Select Committee. I look forward to working with you and the members to address these very important issues.

Respectfully,

Trudi K. Williams, Chair
AWWA 2011
LEGISLATIVE POLICIES
Legislative Policies for 2011

The Florida Section of the American Water Works Association Utility Council (Utility Council) is comprised of over 90 member utilities providing drinking water to approximately 9 million Florida residents. Our membership is comprised of scientific, technical, and educational water utility professionals dedicated to improving the quality and supply of drinking water. The Utility Council recognizes the importance of protecting and ensuring the viability and sustainability of Florida's water resources and has developed the following legislative policies for 2011. The following prioritized policies include provisions that address the development of effective and sustainable water management strategies.

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Resource Protection and Sustainability

As solutions to the water supply issues in Florida are evaluated and developed, water resource management must identify opportunities to integrate key components and optimal solutions that minimize cost and maximize the protection, reliability and sustainability of the water supply and the environment.

- The Utility Council supports:

- Coordinated implementation of traditional water supply, alternative water supply, and water quality programs to promote consistent integrated policies among regulatory agencies.
The ability to integrate multiple water source types into public utility potable water supply systems through the issuance of a single “Sustainable Use” permit that affords operational flexibility.

Assurance of safe, reliable water supplies at reasonable cost to customers through the protection of drinking water sources from contamination through federal, state, and local programs.

Purchase or controlled use of lands by the State of Florida and/or water management districts within catchment areas of surface and ground water sources to ensure the safety and reliability of those sources.

Utility and local government ability to utilize mitigation of impacts to sustain and maintain currently developed water resources.

**Alternative Water Supply Development**

Use limitations placed on otherwise available water supplies in Florida necessitate the development of alternative available water supply sources such as reclaimed water, non-traditional surface waters and groundwaters, and sea water. The development of alternative water supplies benefits the environment as well as the agriculture industry and increases the amount and sustainability of water available for public consumption. Because there is an increasing need for local governments and other stakeholders to work together on a regional basis, programs and provisions for financial and regulatory incentives are essential.

- The Utility Council **supports**:
  - Inclusion of projects that provide additional storage capacity of surface and/or other waters to ensure sustainability of public water supplies in the list of factors to be given significant weight by water management district governing boards when making decisions regarding financial assistance for alternative water supply project.
  
  - Programs that create partnerships with water management districts and other stakeholders to maximize the storage, retention and use of alternative available water supply sources that is in excess of environmental needs for public water supply or agricultural purposes.
  
  - Development and implementation of a wide range of financial and regulatory incentives by the Florida Department of Environmental Protection and water management districts.
  
  - Development and application of innovative business models that recognize regional differences and foster collaboration on regional projects by local governments, stakeholders, and all water management districts.
  
  - Development and implementation of programs that align the quality of water with usage to ensure the sustainability of the highest quality water for human consumption by the Florida Department of Environmental Protection and water management districts.
Water Conservation

Water Conservation is an important tool to sustain Florida’s water resources while balancing water needs and minimizing environmental impacts. The Utility Council supports appropriate water conservation practices for all water users in Florida, including public supply. Water conservation is an important tool to ensure that Florida achieves its water needs while minimizing environmental impacts.

Different parts of Florida present different water resource and economic challenges; however, the state could more effectively address these challenges with an effective, overarching state water conservation policy. An effective state water conservation policy will help ensure that water resources are available to support Florida’s economic growth in all sectors.

- The Utility Council supports:

  - Establishment of a process for setting measurable and defined water conservation goals based on uniform metrics that take regional, socio-economic, and resource variations into account through cooperative agreement between the Florida Department of Environmental Protection, the water management districts and water utilities. Such variations include transient and seasonal populations, soil and climate variability, development densities, and others. A water utility that meets its applicable goal achieves reasonable beneficial demand.

  - Incentivizing water conservation practices for progressive utilities that use less water than the applicable water conservation goal. Water conservation policy should recognize existing programs and achievements that public utilities have already implemented within their service area. If a utility uses less water than an established goal, the consumptive use permit for the utility should be extended to reflect the additional conservation.

  - Water conservation policy that appropriately regulates self-supply wells for domestic use and irrigation based on water supply constraints and ensures that self-supply entities are treated consistently with customers connected to public water supply systems.

  - Water conservation policy that recognizes reclaimed water systems reuse water that has already been removed from the environment and its use can offset or minimize additional withdrawals and that the use of reclaimed water is encouraged where appropriate.

  - Water conservation policy that requires water conservation programs to be economically, technically, and environmentally feasible in order to be implemented.

  - Water conservation policy that balances water conservation goals with water quantity impacts resulting from demand reductions.

  - Dedicated and permanent funding from the State of Florida for the Water Conservation Clearinghouse, which supports an effective and cost efficient Conserve Florida Program.

  - Existing state water conservation policy that grants water utilities wide latitude in establishing their rate structures. While taking into consideration the composition and use characteristics of its customer base, utility rate structures are designed to accomplish the dual goals of meeting financial requirements and promoting water conservation.
Numeric Nutrient Criteria

The State of Florida's response to the U.S. Environmental Protection Agency's imposition of federal numeric nutrient criteria will greatly shape the future of water quality policy in Florida and throughout the nation. As the statewide umbrella organization for Florida's public water supply utilities, the FSAWWA Utility Council is committed to representing the interests of Florida's public water supply utilities and the communities they serve on this critical regulatory issue.

- The Utility Council is committed:

  - To working with the U.S. Environmental Protection Agency, Florida Department of Environmental Protection, water management districts, Florida Water Environment Association Utility Council, and Florida Rural Water Association to:
    
    o Ensure that nutrient criteria are scientifically defensible;
    
    o Ensure that needed nutrient reductions are tailored to the water body as currently happens under Florida's existing narrative standard;
    
    o Ensure that any changes to nutrient water quality programs do not undermine state and regional water supply programs;
    
    o Develop reasonable implementation plans and schedules to meet the adopted criteria, including the use of existing Total Maximum Daily Load's; and
    
    o Continue implementing and improving Florida's progressive water quality standards programs.

- The Utility Council supports:

  - Science-based and peer reviewed nutrient criteria that protect state water resources and ecosystems and protects utility ratepayers from the economic burdens of unsound regulatory policy.

Reclaimed Water

Beneficial and efficient use of reclaimed water is a critical and valuable alternative water source that offsets traditional water source withdrawals, creates water resource sustainability, and is an essential component of many of Florida's water supplies. Reclaimed water can be utilized for: irrigation; urban wetlands development, restoration and/or enhancement; ground water recharge; salt water intrusion protection; augmentation of surface waters; the elimination of the need for nutrient supplementation; and industrial purposes. The use of reclaimed water must afford flexibility and maintain consideration of the reclaimed water as a key function of water reclamation facilities and cannot alter effluent discharge rate and timing.
The Utility Council supports:

- Ongoing collaborative statewide effort among Florida Department of Environmental Protection, water management districts, utilities and stakeholders to develop consensus based reclaimed water policies and programs.

- Establishment of peer reviewed science-based nutrient criteria which include flexible implementation and best management plans that protect the optimization of beneficial and efficient use of reclaimed water, state water ecosystems and utility ratepayers from the economic burdens of unsound regulatory policy.

- Flexibility to establish mandatory reuse zones and to afford the use of reclaimed water priority within these zones.

- Regulatory incentives, including substitution credits and impact offsets, which encourage utilities to invest in reclaimed water system development and expansion.

- Regulatory programs that recognize and support the environmental benefits of using reclaimed water and facilitate the multiple uses of reclaimed water such as agricultural, industrial, commercial, and residential, as an alternative water source.

- Utility control of the beneficial and efficient reuse of reclaimed water to ensure unique all local considerations are addressed.

- Reclaimed water management practices that include system planning, development, usage, rates, and other related activities remain under sole jurisdiction of the utility as permitted by the Florida Department of Environmental Protection.

- A statutory requirement that water management districts and the Florida Department of Environment Protection provide financial and regulatory incentives for utilities that effectively and efficiently manage the use of reclaimed water as part of alternative water supply development and demand management activities.

- Augmentation of reclaimed water with other water sources to maximize the beneficial and efficient use of reclaimed water as a sustainable and reliable alternative water source.

- Utilities and local governments maintaining the authority to set reclaimed water rates.

Water Management Districts

Coordination, collaboration and integration of water resources and water supplies is paramount to meet the public drinking water, environmental and economic needs of Florida through partnerships between water management districts, public utilities and other stakeholders. Water management districts are charged with the responsibility for water resource development.
The Utility Council supports:

- Creation of a task force to conduct a two-year study of the water management district's responsibility specifically relating to water supply including policy, planning, permitting, production, and funding to ensure adequate and sustainable supplies of potable water of all potable water needs.

- Evaluation and streamlining of the structure of water management districts with a goal to become more consistent and balanced across the state.

- Creation of a dedicated and permanent revenue funding source for water resource development projects including surface water reservoirs and Aquifer Storage and Recovery projects.

- Water management district focus on their fundamental mission elements to provide sustainability for surface water and natural resource protection, flood protection, water supply development and protection, and water quality protection.

- Development and application of consistent rules, policies, and technical criteria across water management districts where similarities in issues or regional circumstances exist, specifically in the areas of: Consumptive or Water Use Permits; Alternative Water Supply Funding; Water Shortages; Water Conservation; and Water Reservations.

- Change in current law to require that each water management district Board include a public water utility executive as a member of the Board.

- Strengthening and enhancement of partnerships, water supply planning and development among water management districts, the Florida Department of Environmental Protection, utilities and local governments to resolve issues with rules, regulations and/or policies to achieve a more cohesive statewide water plan and improved implementation.

**Water Reservation**

A water reservation is a legal mechanism to set aside water for the protection of fish and wildlife or public health and safety, authorized by Section 373.223 (4) FS. A water reservation rule is developed following a series of public workshops, and extensive scientific peer review of a series of drafts. Once a rule is adopted, it is then implemented through a water management district’s consumptive use permitting and water supply planning program. Such reservations shall be subject to periodic review and revision in the light of changed conditions. However, all presently existing legal uses of water, including public water supply, shall be protected so long as such use is not contrary to the public interest.

The Utility Council supports:

- Water supply development and environmental restoration that takes place concurrently and expeditiously to safeguard public health, safety, and the environment in the establishment of water reservations.

- Subjecting the establishment of water reservations to the same procedural safeguards that exist for the establishment of Minimum Flows and Levels to ensure the scientific integrity of the reservation.
- All affected water users and uses must equally share in the responsibility and management of declared water shortages.

**Alternative Water Supply Funding**

The cost of alternative water source development is greater than the cost to develop traditional water supply sources. Public acceptance of these more costly alternatives may depend on how the increased costs can be distributed among all water consumers. Funding has been provided for over 344 alternative water supply projects. However, according to the Florida Department of Environmental Protection Agency's "Annual Report of Regional Water Supply Planning (March 2010)", an additional 2.0 billion gallons of water a day is needed to meet Florida's future demands by 2025. Therefore, funding assistance from the State of Florida and water management districts is essential to provide start-up capital to offset the substantial construction costs of alternative water supply projects.

- The Utility Council **supports**:
  - Dedicated and sustained state grant programs that include sufficient funding for all water utilities to research and develop cost effective alternative water supplies.
  - Dedicated and permanent funding from the State of Florida and water management districts for alternative water supply development projects identified by the regional water supply plans.
  - Equitable distribution of funds for all types of cost effective alternative water supply projects and demand management methods that effectively address regional and local needs, regardless of the size of the utility.
  - Fifty percent maximum local matching fund requirement for any alternative water supply grant funding.
  - Stronger coordination of water supply planning between the Florida Department of Environmental Protection, water management districts and all water utilities when establishing funding priorities.
  - Stronger coordination with Florida's Congressional Delegation to leverage more federal water and reclaimed water infrastructure funding.
  - Alternative water supply funding for programs that demonstrate water savings using water conservation or demand management.

**Water Rates and Rate Structure**
Florida has a long statutory history as identified in Section 373.227(3) FS, which affords local governments and utilities the right to develop and establish water rates. To remain accountable to their rate payers, local governments and utilities must retain the sole authority and flexibility regarding water rates and rate structures.

- The Utility Council supports:
  - Current state water law that recognizes that local governments and utilities have the sole responsibility and right to establish rates and rate structures for all of their services.
  - Local governments and utilities having flexibility to set water rates and rate structures to meet the unique needs and characteristics of the utility systems and customer base.
  - Local governments and utilities maintain oversight of utility rates.

**FSAWWA Utility Council Legislative Contacts**

**Lisa Wilson-Davis**, FSAWWA Utility Council Legislative & Regulatory Policy Chair  
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<td>EMAIL</td>
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