

MEMORANDUM

TO: Governing Board Members

FROM: Chip Merriam, Deputy Executive Director, Water Resources

DATE: September 11, 2008

SUBJECT: A Resolution of the Governing Board of the South Florida Water Management District authorizing entering into one year agreements with Alternative Water Supply Funding Program applicants as shown in Exhibit A of the Resolution in an amount not to exceed \$22,039,012 for which \$3,810,000 in District FY2009 ad valorem funds, \$1,600,000 in Big Cypress Basin FY2009 ad valorem funds, \$3,810,000 in FY2009 Dedicated Funds (State Appropriation), \$3,792,847 in FY2008 State Appropriations, \$728,483 in FY2007 State Appropriations, \$1,965,981 in District FY2008 ad valorem funds, \$1,660,414 in District FY2007 ad valorem funds, and \$4,671,287 in District FY2006 ad valorem funds are budgeted, subject to Governing Board approval of the FY2009 budget; delegating authority to the Executive Director to execute project funding agreements for the projects; providing an effective date.

Background: This is the fourth year of a program authorized by the 2005 Florida Legislature providing state funding that is matched with district funds to support development of alternative water supplies (AWS). Due to the significant State budget constraints, the amount of State funding provided for FY09 is substantially reduced from previous years. State funding in FY2009 is \$3.81 million, compared to \$15.6 million in FY2008, \$18 million in FY2007, and \$30 million in FY2006. However, unused and unallocated funding resulting from cancelled or amended projects from previous years combined with the \$3.81 million allocated by the State and District ad valorem match funding, the District has a total of \$22.04 million to award to AWS projects this year. Furthermore, the legislature directed \$3.0 million of the FY2009 state appropriation towards the Hialeah Floridan aquifer and reverse osmosis project that is required to be matched by the District, and the Big Cypress Basin Board will award their \$1.6 million in funding to projects within their basin. The resulting discretionary to be allocated is \$14.4 million.

There were 62 proposals submitted for funding consideration in FY2009. These projects are listed in the attached Exhibit 1. The list of projects recommended for funding will be presented at the Governing Board meeting. Exhibit 2 provides a breakdown of the Alternative Water Supply Funding available for allocation in FY2009.

How this helps meet the District's 10-Year Strategic Plan: The Water Supply Program strategy to provide financial incentives for water suppliers and users to develop alternative water sources.

Funding Source: Projects will be funded using unused and unallocated Alternative Water Supply rebudgeted funds of \$728,483 in FY2007 State Appropriations, \$3,792,847 in FY2008 State Appropriations, \$1,965,981 in District FY2008 ad valorem funds, \$4,671,287 in FY2006 District ad valorem funds, \$1,660,414 in FY2007 District ad valorem funds; and \$3,810,000 in FY2009 State Appropriations, \$3,810,000 in FY2009 District ad valorem revenues, and \$1,600,000 in FY2009 Big Cypress Basin ad valorem revenues.

This Board item impacts what areas of the District, both resource areas and geography: This item has District-wide benefits. The Water Supply Department is overseeing this process in cooperation with the Procurement Department, Finance and Administration Department and Office of Counsel and Regional Service Centers.

What concerns could this Board item raise? While a few of the proposed projects will not be recommended for funding because they do not meet the requirements of the program, the majority of the projects meet the established program criteria. However, due to the substantial reduction in available funds for FY2009, eligible projects must be prioritized. Staff's recommendation is that funding be prioritized for:

1. Year 2 and Year 3 funding of previously funded multi-year projects (nine (9) projects; \$7,982,500)
2. Projects supporting elimination of ocean outfall wastewater disposal (eight (8) projects; \$5,444,600)
3. "Special Merit" projects (one (1) Agricultural project \$152,300; one (1) Broward Reuse Project \$859,612)

With the above recommended prioritization strategy, AWS funding will be concentrated in the Lower East Coast and Lower West Coast regions of the District.

Why should the Governing Board approve this item? It will further the use of alternative water supplies throughout the District, as mandated by the Florida Legislature and the District's strategic plan.

CM/sa

Attachment – Exhibit 1, Exhibit 2, Resolution including Exhibit A, Exhibit B & Exhibit C