



Water Infrastructure Projects are Vital

*Develop and Fund a 3-5 Year Strategic
Work Program*



October 2023

Dear Fellow Taxpayer,

Water provides varied and vital benefits to Floridians, our businesses, and visitors. We literally could not live without it. Our water resources are a massive, interconnected system, one that is expensive to maintain. Federal, state, and local governments have been spending a lot of taxpayer money on upkeep and enhancements, but there is still much work to be done.

The state has been enjoying unprecedented flush coffers in recent years and the Governor and Legislature are commended for devoting so much of it to water funding. There are numerous grants and other programs that allow local governments to seek financial assistance from the state for water infrastructure.

Florida also has a state Water Plan, which strives to lay out a vision, goals, and priorities. However, the current system for planning, assessing, and selecting water projects is lacking, particularly when it comes to legislator-requested local projects. We can and must do better.

A statewide, coordinated, and comprehensive system is needed. There are examples in Florida of such systems. The Florida Department of Transportation has a Five-Year Work Program, developed by the department and stakeholders from the local level on up. It contains all the planned transportation projects and acts as the department's budget request. The Legislature routinely funds it as is. In 2021, the Legislature saw the need for such a system to fund flooding and resiliency projects. It created a statewide plan and funding mechanism that includes a comprehensive set of criteria to rank projects based on the state's priorities.

The state should develop a more comprehensive, coordinated, and thorough process for selecting water projects, with a focus on achieving outcomes that best support, integrate, coordinate, and sustain the statewide goals and priorities. This will create a statewide legacy of significant infrastructure and fiscal stewardship for generations of Floridians to preserve and enjoy. Florida's valuable and vital water resources, and the state's taxpayers, deserve nothing less.

Respectfully,



Dominic M. Calabro
President & Chief Executive Officer



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Key Findings

Florida's Most Valuable Resource is Costly to Maintain

- Besides being central to Florida's identity, water is our most basic and valued resource, vital to the state's health, quality of life, and economy.
- The state has devoted billions of dollars to this system in recent years and significant needs still exist. Florida's rapid growth will further strain water infrastructure.
- In its latest assessment of Florida's water resources, the Legislature's Office of Economic and Demographic Research (EDR) estimated that between 2023 and 2040, the state will need \$201.5 billion for stormwater management and wastewater services, including \$90.5 billion worth of capital improvements. Of the total cost for capital improvements, only \$41.0 billion has a committed funding source.
- EDR also projects Florida will need to spend \$11.6 billion (\$6.1 billion state investment) to comply with laws governing Basin Management Action Plans and a 20-year state government investment of \$382.8 million in projects to help water supply keep pace with water demand.
- Future assessments will include drinking water and water management district needs, adding to the estimate of future costs.
- The American Society of Civil Engineers' Report Card for America's Infrastructure gives Florida's wastewater, stormwater, and drinking water infrastructure grades of C, C-, and C, respectively.
- The large number of Florida Legislator's water-related local member projects that are requested every year, the vast majority of which go unfunded, also speak to the unfunded water needs of the state.

The Governor and Legislature have Made Water Funding a Priority

- Restoration and protection of Florida's valuable water resources have been a top priority for Governor DeSantis and the Legislature, and very large investments have been made. In addition to the \$1.7 billion in federal pandemic-relief aid the Legislature has allocated to water, billions more in state dollars have been spent in recent years.
- In FY2023-24, the state funded at least 13 financial assistance programs that can be used to improve water infrastructure (Table 1). In total, these programs were appropriated \$1.4 billion. These grant programs provide only a partial accounting of the water-related spending in the budget.
- Despite the creation of new local water funding assistance programs—along with the many existing ones—scores of earmarked local water projects are submitted and funded as member projects each year. In the current budget, 268 member-requested water projects — worth \$433.0 million—were appropriated. In the last five years, an astounding 910 local member water projects, costing \$1.1 billion, have been funded

Florida Current Water Project Planning/Funding System is Lacking

- Currently, funding for water projects is inconsistent and disjointed, scattered across a myriad of grant programs, one-time investments, and recurring programs in the state budget.
- Fluctuations in water funding levels, and the growing number of local water projects earmarked by the Legislature, make it harder to comprehensively plan for investing in the state's water infrastructure and assess and select the best projects to secure the highest return on investment (ROI).

Florida Must Be Strategic in Meeting the State's Water Needs with Limited Dollars

- A comprehensive, coordinated, multi-year statewide plan for selecting and funding water projects would help ensure that the projects with the best ROI are funded and are consistent with Florida's overall water vision and priorities. Development of a water project work program could draw from DOT's Five-Year Work Program and the new Statewide Flooding and Sea Level Rise Resilience Plan.

Summary of Recommendations

The full Florida TaxWatch recommendations are on pages 12-14.

- Florida should adopt a 3 to 5-year Work Program for state water projects, similar to the process used by the Florida Department of Transportation Five-Year Work Program. The Water Project Work Program should also adopt a scoring system based on specified criteria, such as is used by the Statewide Flooding and Sea Level Rise Resiliency Plan.
- The Water Project Work Program should include all water-related fixed capital outlay projects that receive state funding.
- A dedicated source of funding for water projects, or a minimum funding amount, should be considered.
- Local governments and Florida's five water management districts would submit project priority lists for potential inclusion in the Work Program after evaluation by DEP.
- The process should provide opportunities for public input.
- The Statewide Flooding and Sea Level Rise Resilience Plan should be kept as is and continue to focus on its priorities—protecting the state's most critical and vulnerable assets. Approved projects that address the risks to water resources or water supplies could be approved through the Plan but should be included in the Water Project Work Program.
- Criteria should be developed for each type of water project (wastewater, stormwater, water supply, springs, lake restoration, etc.). Criteria for existing grant programs should be reviewed for potential improvements. The revised and expanded Water Quality Improvement Grant Program requires prioritizing projects based on specific criteria.
- Most water projects are local responsibilities. Financial capacity (or lack thereof) should be a consideration/criterion in the selection process. Local contributions should be required. This could be waived/reduced for fiscally constrained counties, disadvantaged communities, or rural areas of opportunity.
- Any legislator-requested project would be subject to the same review and criteria as similar projects.
- The Water Project Work Program should include and help facilitate public-private partnerships (P3s).
- The Florida Water Plan, the water resource implementation rule (Ch. 62-40, F.A.C.), and the statutory policies and directives (Chapters 373 and 403, Florida Statutes), should be reviewed for needed changes and updates, with a focus on better guiding water project evaluation and selection for greater coordination, integration, and sustainable outcomes.

Introduction

Water is a precious resource in the Sunshine State. As highlighted in the Florida TaxWatch research report “We Can’t Wait on Water,”¹ the state is dependent on high-quality, accessible surface and ground water, not only for sustainable growth but, more importantly, to maintain our quality of life. First and foremost, clean water is central to maintaining public health by providing safe drinking water, reducing exposure to toxins, and reducing contaminants in seafood. Recreational opportunities and scenic beauty play a big part in Floridians’ quality of life. Water also attracts visitors to the state; if it deteriorates, it can negatively impact Florida’s tourism industry, a key component of our economy and a major source of tax revenue. The United States Environmental Protection Agency estimated that, nationwide, the tourism industry loses nearly \$1 billion a year in revenues due to polluted waterways.² Other economic benefits include the economic activity created by commercial and recreational fishing, and increased property values.

“*Florida’s waters are the state’s most basic and valued resource, providing an array of benefits crucial to existence, quality of life, and the economy. These benefits include water storage, flood protection, water purification, habitat for plant and animal species, recreational and educational opportunities, and scenic beauty.*”³

– *Florida Office of Economic and Demographic Research*

Although a state bound by oceans may be tempted to take water for granted, Florida’s Governor and Legislature have made water a priority and invested billions in the restoration, protection, and quality of the state’s water resources. Despite this, there is still much to be done and in a growing state like Florida, the strain on our water resources and infrastructure will only increase.

Each year, the Legislature’s Office of Economic and Demographic Research (EDR), releases assessments of Florida’s water resources, including water quality and supply, stormwater and wastewater infrastructure, and Everglades restoration. In the 2023 Edition, EDR projected that statewide water use will increase by 14 percent between 2020 and 2040, exceeding the inferred water supply.⁴ To satisfy this increased demand without losing natural systems (i.e., springs, rivers, and lakes), the state will need to pursue projects that expand the water supply.

¹Florida TaxWatch, We Can’t Wait on Water: The Restoration and Protection of Florida’s Water Resources is an Essential Taxpayer Investment, January 2020.

²United States Environmental Protection Agency, retrieved from <https://www.epa.gov/nutrientpollution/effects-economy>, accessed on September 11, 2023.

³Office of Economic and Demographic Research, “Annual Assessment: Florida’s Expenditures and Revenues Related to Water Supply and Water Quality,” 2023 Edition, Chapter 2.

⁴Office of Economic and Demographic Research, “Annual Assessment of Florida’s Water Resources: Supply and Demand,” 2023 Edition, Chapter 3.

Also of concern, many waterbody segments in Florida are considered “impaired” and require Total Maximum Daily Loads (TMDLs) to monitor nutrients, bacteria, or parameters that cause pollution. As of December 2022, 459 TMDLs have been established, and an additional 1,428 TMDLs are expected in the absence of alternative restoration plans.⁵

Between 2023 and 2040, EDR projects Florida will need to spend \$11.6 billion (\$6.1 billion state investment) to comply with laws governing Basin Management Action Plans and a 20-year state government investment of \$382.8 million in projects to help water supply keep pace with water demand.^{6,7} Additionally, a survey of counties, municipalities, and special districts suggests the state will need \$201.5 billion for stormwater management and wastewater services, including \$90.5 billion worth of capital improvements over 20 years. Of the total cost for capital improvements, only \$41.0 billion has a committed funding source.⁸

At this time, these assessments only address part of the state’s water related infrastructure needs (wastewater and stormwater improvements), so the total future costs are much higher. EDR’s next assessment will include, if available, the results of a drinking water survey. The 2025 assessment will address the infrastructure needs of the state’s five water management districts.

Every four years, the American Society of Civil Engineers (ASCE) produces the Report Card for America’s Infrastructure. It assesses the condition and performance of each state’s infrastructure. ASCE assigns letter grades (A-F) for each infrastructure sector based on condition, capacity, and needed investments for improvement. In ASCE’s latest Report Card, Florida’s wastewater, stormwater, and drinking water infrastructure receive grades of C, C-, and C, respectively. ASCE’s estimate of needed funding is higher than EDR’s—it puts total funding needs for all three infrastructure sectors at more than \$1 trillion over ten years. Only 60 percent of that funding is estimated to be available, leaving a shortfall of more than \$400 billion.⁹

⁵Office of Economic and Demographic Research, “Annual Assessment of Florida’s Water Resources: Quality,” 2023 Edition. According to the Environmental Protection Agency, an alternative restoration plan is “a near-term plan, or description of actions, with a schedule and milestones, that is more immediately beneficial or practicable to achieving [water quality standards].” See, Environmental Protection Agency, “Impaired Waters Restoration Process: Planning,” retrieved from <https://www.epa.gov/tmdl/impaired-waters-restoration-process-planning>, accessed on September 11, 2023.

⁶Office of Economic and Demographic Research, “Annual Assessment of Florida’s Water Resources: Florida’s Expenditures and Revenues Related to Water Supply and Demand,” 2023 Edition.

⁷Office of Economic and Demographic Research, “Annual Assessment of Florida’s Water Resources: Quality,” 2023 Edition. A Basin Management Action Plan, or BMAP, is “a water quality restoration plan that identifies strategies and projects to reduce sources of pollution to a waterway. These plans are designed to achieve a science-based pollution reduction goal, known as a Total Maximum Daily Load.” See, Florida Department of Environmental Protection, “General Information Basin Management Action Plans.”

⁸Note, the EDR estimates assume the federal government and relevant cities, counties, regions, and water districts will also share the burden of costs.

⁹ASCE Florida Section, “2021 Infrastructure Report Card: A Comprehensive Assessment of Florida’s Infrastructure,” 2021.

To enhance and protect Florida’s water resources, state and local governments, water management districts, and other stakeholders carry out water projects across the state. This includes improvements to wastewater; stormwater and drinking water infrastructure; septic-to-sewer conversions; protection and restoration of the Everglades, springs, and other water bodies; reducing agricultural impacts; increasing water supply; and mitigating the impact of flooding and sea level rise.

Currently, funding for water projects is disjointed, scattered across a myriad of grant programs, one-time investments, and recurring programs in the state budget. There are numerous grant or loan programs that allow local communities to apply for assistance. Legislators can also request water projects through the House and Senate’s Appropriations Project process. These member projects circumvent the various statutorily created grant programs, established criteria, and ranked priority lists. Funding for water projects is not held accountable to a deliberate plan or long-term goals. This is contrary to the Governor’s and Blue-Green Algae Task Force’s recommendation that water project selection be strategic, comprehensive, and informed by the best scientific data available.¹⁰

Florida TaxWatch undertakes this independent research project to review the state’s current investment in water, and its selection of water projects, and to prompt policymakers to develop a better plan to select projects that develop the state’s water resources and infrastructure.

Water Project Funding in Current State Budget

To develop water infrastructure, the state funds a variety of programs in line-items scattered throughout the state budget. Most water spending is found within several separate Department of Environmental Protection (DEP) budget units, and additional water spending can be found in the Department of Agriculture and Consumer Services (DACS) and the Fish and Wildlife Conservation Commission (FWC).

Over the past several years, restoration and protection of Florida’s valuable water resources have been a top priority for Governor DeSantis and the Legislature, and very large investments in water resources have been made. In addition to the \$1.7 billion in federal pandemic-relief aid the Legislature has allocated to water, billions more in state dollars have been spent. This has been enhanced in the last two state budgets due to the historic General Revenue growth and the significant budget surpluses the state has enjoyed.

However, funding for water has been inconsistent. The state has created, renamed, paused, and discontinued financial assistance programs for water projects. The fluctuations in funding, and the growing number of local water projects earmarked by the Legislature, make it harder to comprehensively plan for investing in the state’s water infrastructure and determine and select the best projects for funding.

¹⁰Executive Office of the Governor, Executive Order 19-12: Achieving More Now for Florida’s Environment, January 2019 and the Blue-Green Algae Task Force Consensus Document #1, October 2019.

Loan and Grant Programs

In the last couple of years, the Legislature has created two new, major funding programs: a dedicated revenue source for the Water Quality Improvement Grant Program – formerly the Wastewater Grant Program (funded at \$200 million this year) – and the Statewide Flooding and Sea Level Rise Resilience Plan/Resilient Florida Grant Program (\$300 million). Although the current resilience plan¹¹ is focused on projects that protect the state’s critical assets from flooding (see more about the Plan below), it does include some traditional water projects and projects that would have an impact on water resources. These two programs were added to the many DEP grant programs that were already in existence.

In FY2023-24, the state funded at least 13 financial assistance programs that can be used to improve water infrastructure (Table 1). In total, these programs were appropriated \$1.4 billion. Eligible water projects included—but are not limited to—upgrading, expanding, or constructing facilities to provide advanced wastewater treatment; converting or updating onsite sewage treatment and disposal systems; cleaning up the debris of red tide; and planning, designing, and constructing water pollution control facilities.

These grant programs provide only a partial accounting of the water-related spending in the budget.



Aerial view of red tide along Florida’s Gulf Coast - Summer 2018



Flooding of a residential area caused by Hurricane Ian

¹¹Florida Department of Environmental Protection, 2023-2024 Statewide Flooding and Sea Level Rise Resiliency Plan.

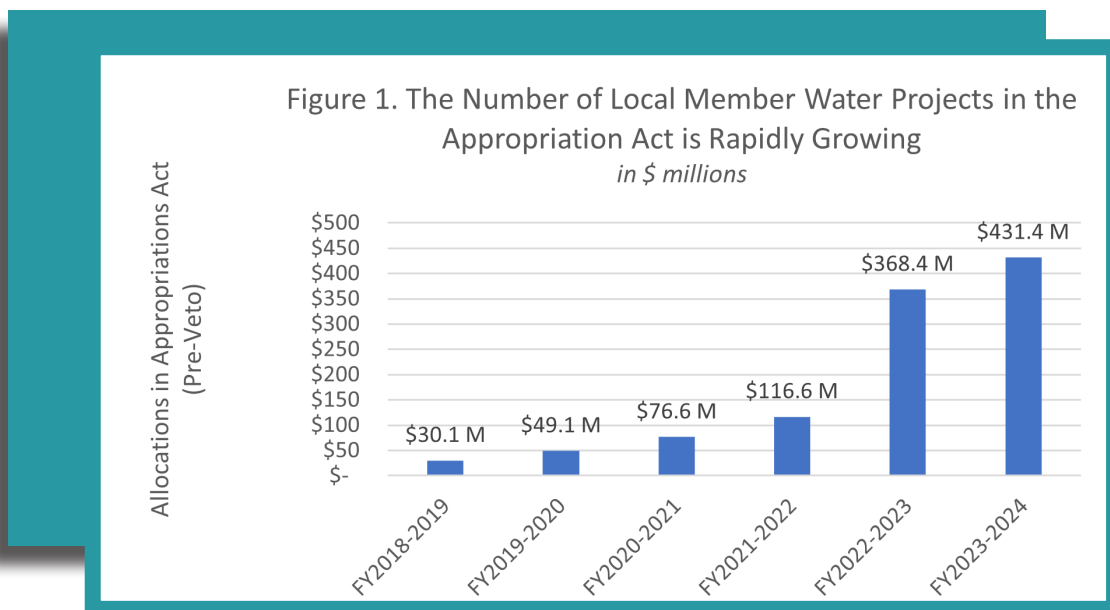
Table 1. In FY2023-24, the State Funded 13 Water-Related Grant and Loan Programs, Totaling \$1.4 Billion.

Active Program	Eligible Water Projects	State Appropriation
Water Quality Improvement Grant Program	Upgrade onsite sewage treatment and disposal systems (OSTDS); upgrade, expand, or construct facilities to provide advanced wastewater treatment; convert OSTDS to central sewer lines; address stormwater and agricultural sources of nutrients that pollute waterbodies; and to repair, upgrade, expand, or construct domestic wastewater treatment facilities that can improve surface water or groundwater quality. Preceded by Septic Upgrades Incentive Program and Wastewater Grant Program.	\$200,000,000
Non-Point Source Grant Program	Demonstration and evaluation of best management practices; nonpoint pollution reduction in priority watersheds; green stormwater infrastructure; ground water protection from nonpoint sources; public education programs; and septic to sewer projects.	\$5,000,000
Springs Restoration	Land acquisition to protect springs and for capital projects that protect the quality and quantity of water that flows from springs.	\$50,000,000
Innovative Technology Grants	Pilots conducted by private or government-owned utilities to test emerging and innovative technologies designed to reduce contaminants from wastewater, such as pharmaceuticals. Solutions to combat or clean up harmful algal blooms and nutrient enrichment of freshwater bodies.	\$12,500,000
Red Tide Emergency Grant Program	Clean-ups of biological debris as a result of red tide.	\$5,000,000
Drinking Water Facility Construction	Low-interest loans are available to eligible entities for planning, designing, and constructing public water facilities. Supplemental funding has been added for lead and emerging contaminant treatment.	\$345,496,503
Clean Water State Revolving Fund (CWSRF)	Low-interest loans available to eligible entities for planning, designing, and constructing water pollution control facilities, including wastewater, stormwater, and certain energy projects, among others.	\$311,826,849
Small Community Wastewater Construction Grants	A supplement to the CWSRF, the grant reduces the amount small communities and wastewater authorities pay on CWSRF loans.	\$11,500,000
Small and Disadvantaged Communities Water Infrastructure Improvements	Administered through the Small Community Wastewater Construction Grants Program, the grant is made available to those with CWSRF loans that are financially disadvantaged small communities with a population of 10,000 or less.	\$34,650,000
Resilient Florida Grant Program	Assistance for counties, municipalities, water management districts, flood control districts and regional resilience entities to analyze and plan for vulnerabilities from flooding and sea level rise.	\$40,000,000
Statewide Flooding and Sea Level Rise Resilience Plan	The Resilient Florida Grant Program also funds ranked projects submitted by cities and counties to address risks posed by flooding and sea level rise.	\$280,000,000
Alternative Water Supply Program	Conservation, reuse, and other water supply and water resource development projects	\$60,000,000
Wetland Restoration and Protection Grant Program	In addition to habitat restoration, priority is given to grants for water quality, water storage, water conservation, or flood attenuation.	5,000,000
Total		\$1,360,973,352

Member Projects

Despite the creation of these new local water funding assistance programs—along with the many existing ones—scores of earmarked local water projects are submitted and funded as member projects each year, circumventing formal, competitive selection processes, and a comprehensive, coordinated, statewide strategy. Although some are spread throughout the DEP budget, most are grouped in a single line-item simply called “Water Projects.” In the current FY 2023-24 budget, that line-item contains 268 projects worth \$433.0 million—nearly five times the then-record dollar amount appropriated two years ago. In the last five years, an astounding 910 local member water projects, costing \$1.1 billion, have been appropriated (Figure 1).¹² The “Water Project” appropriation contains different types of projects, and a significant number are wastewater projects, including septic to sewer conversions, which are a focus of the new Water Quality Improvement Grant Program. The line-item also includes resiliency projects which would be outside of the statewide plan.

Many of these “member projects” are worthwhile and fulfill critical needs; however, some may not be, or at least not among the top statewide priorities. Since they circumvent the competitive review processes established by legislatively created grant and loan programs, they likely take dollars away from other higher priority projects. Member projects also bypass the criteria and priority ranking of grant and loan programs that are in place to encourage the best outcomes and responsible use of taxpayer dollars. Florida TaxWatch includes member water projects that do not go through existing DEP grant programs in its annual Budget Turkey Watch Report. The amount of water projects vetoed by Governor DeSantis (44 projects worth \$34.7 million in 2023), as well as past governors, also suggests that not all these projects are the best use of limited funding available for water.



¹²Many have been vetoed by the governor. This total does not include other member projects scattered throughout the DEP budget, outside of the “Water Project” line-item.

It could be contended that the legislative appropriations (member) project process is competitive and that requests are reviewed by legislators and staff. This may be true, but they do not compete with the projects that go through the statutory grant programs. There is no formal review by DEP nor a public priority ranking list that is created using established criteria. This system is much more prone to political considerations as opposed to legitimate and science-based assessments. Furthermore, funding these member projects is contrary to the Governor's and the Blue-Green Algae Task Force's recommendation that funding for projects should be determined using the best scientific data to ensure that limited available funds for a massive need are spent where they will get the best return on investment.

Again, many of these projects requested by members are important, even critical, to their local communities. The number of requested projects show that there is a significant unmet need—many projects were not funded in 2023. The abundance of member projects is an indicator of an underlying issue: the demand for water projects is unsatisfied by available financial assistance programs. All this further highlights the need to make every effort to select the best projects. Adoption of a uniform and statutorily established multi-year Water Project Work Program — similar to the Florida DOT Five-Year Work Program — can help achieve that goal.

The Florida Water Plan

Section 373.036, Florida Statutes, requires DEP to produce the Florida Water Plan (the Plan)¹³ to include:

- The programs and activities of the department related to water supply, water quality, flood protection and floodplain management, and natural systems.
- The water quality standards of the department.
- The district water management plans.
- Goals, objectives, and guidance for the development and review of programs, rules, and plans relating to water resources.¹⁴

The Plan is to be developed in cooperation with the water management districts, regional water supply authorities, and others. It is updated as needed. **The Plan does not address specific water projects, but the water management district plans include a 5-Year Capital Improvement Plan for district projects.**

¹³<https://floridadep.gov/water-policy/water-policy/content/florida-water-plan>

¹⁴The goals, objectives and guidance are contained in rule (Chapter 62-40, Florida Administrative Code), based on legislative directive.

The Florida Transportation Plan and the DOT Five-Year Work Program: An Effective, Coordinated Process for Planning and Selecting the Highest Priority Fixed Capital Outlay Projects

The Florida Transportation Plan and the DOT Five-Year Work Program

Florida has a very good planning process for making investments in improving and maintaining Florida's transportation system. Central to the process is the Florida Transportation Plan (FTP) and the Department of Transportation's (DOT) Five-Year Work Program (Work Program). DOT has long been recognized as a national leader in innovative transportation systems planning.

The FTP is the state's "single overarching plan guiding Florida's transportation future." The plan has a minimum 20-year planning horizon¹⁵ and is updated every five years. It is a collaborative effort that is created by, and provides direction to, all partners involved in planning and managing Florida's transportation system. It established the goals, objectives, and strategies—which are to be considered as an integrated set—that will be used to guide the state's transportation planning.

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This effort is led by a 36-member Steering Committee, appointed by the DOT Secretary, which represents local, regional, state, and federal agencies; all modes of transportation; business and economic development organizations; environmental and community partners; and other organizations. The development process provides multiple on-line and virtual opportunities for public involvement and input, culminating in a 30-day public comment period on the draft plan.

Florida's long range transportation plan provides the policy guidance for the development of the DOT Five-Year Work Program that determines how state and federal transportation funding will be spent. The Work Program is a comprehensive, statewide spending plan that uses the latest forecasts of project costs and available transportation revenue. The Work Program must be balanced to ensure that DOT has the money to fund projects as planned.

¹⁵The current Florida Transportation Plan is for 25 years (2020-2045). The 2010 plan had a 50-year horizon.

The Work Program is developed from the district level up. Like the FTP, the Work Program involves extensive coordination with local governments, including Metropolitan Planning Organizations (MPOs) and other city and county officials. Public hearings are held in each of the seven transportation districts, and a statewide public hearing is held by the Florida Transportation Commission.

The process begins every July and is comprised of the following steps:

- Each of DOT's seven transportation districts develops a District-Level Tentative Work Program in coordination with MPOs and county governments.
- The districts hold at least one public hearing on the tentative program.
- The districts submit their Work Programs to the DOT Central Office.
- No later than 15 days before the start of the legislative session, the Central Office submits the preliminary statewide work program to the Governor, the Legislature, the Department of Economic Opportunity, and the Florida Transportation Commission (FTC).¹⁶
- FTC holds statewide public hearing on the Tentative Work Program.
- No more than 14 days after the start of the legislative session, the DOT Central Office submits the Work Program to the Governor and Legislature.
- The Legislature and Governor approve the new state budget which funds the first year of the Five-Year Work Program.

The DOT work program has a dedicated revenue source, the State Transportation Trust Fund (STTF), which is funded by motor fuel taxes, motor vehicle license, registration and title fees, and the rental car surcharge. The Work Program also includes federal revenues. The Revenue Estimating Conference meets two or three times a year to adopt a new forecast of revenue flowing into the STTF and the Work Program. This dedicated source of funding, with official revenue forecasts, is central to the stability of the Work Program.

Any diversion of transportation revenue purposes and other circumstances such as those listed below, which are beyond the control of the Department, may significantly influence the ability to deliver the work program:

- Changes in federal or state revenue estimates;
- Increased inflation rates;
- Changes in bond market conditions;
- Changing federal regulations;
- Difficulty in acquiring right of way;
- Ecological and environmental factors;
- Extraordinary increases in right of way costs;
- Unanticipated contract litigation;
- Other economic forces impacting state transportation revenues; and
- Changes in MPO/Local priorities.

¹⁶The FTC serves as a citizen oversight board for DOT and expressway and regional transportation authorities. Its duties include recommending major transportation policy to the Governor and Legislature, reviewing the performance and financial status of DOT, monitoring highway safety, and monitoring and reporting on the efficiency, productivity and management of transportation authorities. It recommends three candidates to the Governor who selects the next Transportation Secretary. The FTC also reviews the Work Program and the FTP. It is administratively housed in DOT but is independent of the department.

The Statewide Flooding and Sea Level Rise Resilience Plan

In 2021, the Florida Legislature passed SB 1954 to address sea level rise resiliency. The law required DEP to develop a three-year plan to address the state's sea level rise resiliency needs. An updated plan is due to the Governor and Legislature annually on December 1. The funding proposed in the plan may not exceed \$100 million in one year and is subject to review and appropriation by the Legislature.

Projects are submitted for inclusion in the plan by counties, cities, regional resiliency entities, water management districts and flood control districts. DEP must rank the proposed projects based on a statutory set of criteria. Projects are awarded points based on various criteria including: the degree to which it addresses risks identified in vulnerability studies, the number of vulnerable critical assets¹⁷ in the project area, the current impact of flooding and erosion in the area, project readiness, the inclusion of habit enhancement and nature-based solutions, cost effectiveness, matching funds, the use of innovative technologies and regional collaborations, and the financial ability of the local community. Each project must have a minimum 50 percent cost-share unless it assists or is within a financially disadvantaged small community.¹⁸

The bill also created the Resilient Florida Grant Program to provide grants to counties or municipalities for community resilience planning, such as vulnerability assessments. It also required the development of a Comprehensive Statewide Flood Vulnerability and Sea Level Rise Data Set (by July 1, 2023) and Assessment (by July 1, 2024) updated every five years, with information to determine the risks of flooding and sea level rise to inland and coastal communities and an inventory of critical assets.

The first plan¹⁹ (submitted December 1, 2021) is a preliminary plan containing projects identified in local government vulnerability assessments to address risks to communities and projects submitted by water management districts to address the risks to water resources or water supplies. The next plan²⁰ is an update to the preliminary plan. The plans submitted by December 1, 2024, and thereafter, shall address risks identified in the Comprehensive Statewide Flood Vulnerability and Sea Level Rise Assessment.²¹

¹⁷Critical assets include transportation assets and evacuations routes, critical infrastructure including schools, community centers, correctional facilities, emergency operations center, health facilities, public safety facilities, affordable housing, and natural, cultural, and historical assets. Section 380.093(2)(a), Florida Statutes.

¹⁸Disadvantaged small communities are defined in the law as cities with populations of 10,000 or less and counties with populations of 50,000 or less that have a per capita income less than that of the state.

¹⁹Florida Department of Environmental Protection, 2022-23 Statewide Flooding and Sea Level Rise Resilience Plan. <https://floridadep.gov/rcp/resilient-florida-program/documents/2022-23-statewide-flooding-and-sea-level-rise-resilience>

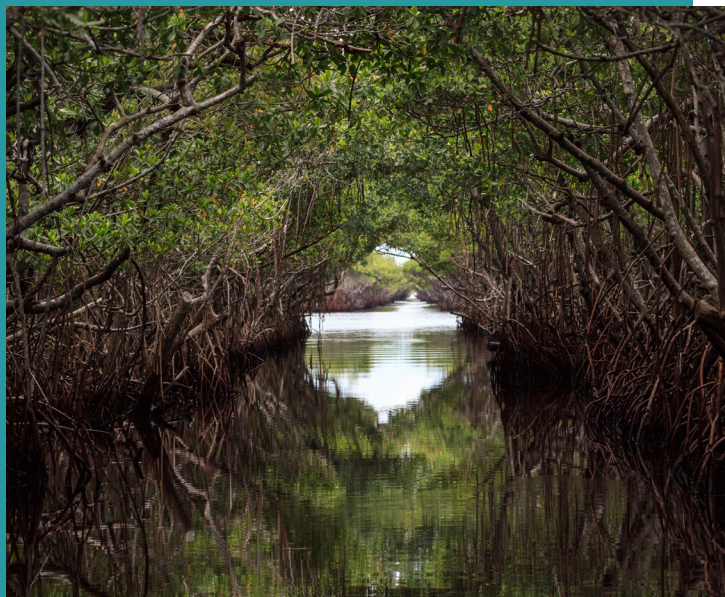
²⁰Florida Department of Environmental Protection, 2023-24 Statewide Flooding and Sea Level Rise Resilience Plan. <https://floridadep.gov/rcp/resilient-florida-program/documents/2023-2024-statewide-flooding-and-sea-level-rise-resilience>

²¹Florida Department of Environmental Protection, Comprehensive Statewide Flood Vulnerability and Sea Level Rise Data Set Final Report, May 2023. <https://floridadep.gov/rcp/resilient-florida-program/content/resilient-florida-program-statewide-assessment>

A Multi-Year Water Project Funding Plan for Florida

A comprehensive, coordinated, multi-year statewide plan for funding water projects could ensure that the best projects are selected and that they are consistent with Florida's overall water vision and priorities. Development of a water project work program could draw from DOT's Five-Year Work Program and the new Statewide Flooding and Sea Level Rise Resilience Plan.

The DOT Work Program could be the model, but it has some characteristics that do not easily translate to a water program. First, it is 100 percent funded by dedicated revenue sources and those revenues are officially estimated by the state. In addition, the work program largely only funds state transportation facilities, a limited number of local projects are funded by grant programs. There is a clear delineation between what constitutes a state road and a local road.



Riverway through mangrove trees in the swamp of the everglades in Everglades City, Florida

Water funding is more inconsistent and harder to forecast due to a lack of a dedicated funding source. Some DEP programs have dedicated funding, but much of the appropriations for water comes from General Revenue and the Land Acquisition Trust Fund, which means water must compete with other state priorities. In addition, there is no clear definition of what a state or local water responsibility is. Besides Everglades restoration (a federal/state partnership) most water funding is assistance to local governments. There is even an entire division of DEP to administer water project grants, loans, and other financial assistance. The Division of Water Restoration Assistance was appropriated \$1.6 billion in the current budget.

Instead of focusing on state responsibilities, the Water Project Work Program should include all water-related fixed capital outlay projects that receive state funding. One approach could be to use the prior year's budget to establish a total revenue amount to be allocated in the work program. It would include recurring state and federal funding, and a three-year average of non-recurring spending on water projects. The amount of funding would be subject to appropriation by the Legislature. If the Legislature wants to appropriate more for water in a new budget, projects in the second year of the work program could be moved up. Conversely, if the Legislature needed to reduce spending, lower ranked projects in the first year could be bumped to the future years.

Thorough criteria should be established for each type of project (wastewater, stormwater, drinking water, water restoration, etc.). The Statewide Flooding and Sea Level Rise Resilience Plan includes extensive criteria to create a scoring system to help ensure that projects selected are the best ones to promote the goals of the program.

It must be remembered that most water projects are local responsibilities. Florida TaxWatch highlights this in its annual Budget Turkey Watch Report and review of member projects. Financial capacity (or lack thereof) should be a consideration/criterion in the selection process. Local contributions should be required. This could be waived/reduced for fiscally constrained counties, disadvantaged small communities, or rural areas of opportunity.

The statewide water assessments by EDR, discussed earlier in this report, have begun estimating water project needs. Compiled through a survey of local governments, the completed assessments have estimated future costs for wastewater, stormwater, water supply, and water quality. The next two assessments will examine drinking water and water management district infrastructure needs. These assessments can provide a good starting point for the development of a water project work program.

Conclusion and Recommendations

When a state is fortunate enough to have an internationally revered ecosystem at its heart, it is incumbent upon that state to manage that ecosystem at a level befitting such a global treasure. Florida's massive water system still in trouble, but progress is being made.

Florida has been making very large investments in the protection and restoration of the state's water resources. On his second day in office, Governor DeSantis issued an Executive Order making water a top priority. The Legislature has since made water-related appropriations well in excess of the Governor's ambitious funding goals. In 2020, the Wastewater Grant Program (now the Water Quality Improvement Grant Program) was revived and given a dedicated source of funding—it has received \$941 million. The Office of Resilience and Coastal Protection was also created, along with the Resilient Florida Grant Program and the Statewide Flooding and Sea Level Rise Resilience Plan to provide financial assistance to local governments for planning and resiliency projects.

The state has numerous other grant programs to provide funding for water projects. Despite this, every year in the new state budget, the Legislature earmarks scores of local water projects that are submitted as member projects, circumventing formal, competitive selection processes and a comprehensive, coordinated, statewide strategy. As is recommended in the Florida TaxWatch Budget Turkey Report and other reports, these projects should go through one of the existing grant programs that are used by DEP to fund these types of projects. If the Legislature wants to continue to allow members to request water projects outside of existing programs, Florida TaxWatch has also continually recommended a formal grants process be established, with review and prioritization by experts using a statutory set of criteria, for local water projects.

Even with all this spending on water, the state estimates that available revenue will fall short of the need. The large amount of unfunded member projects requests also suggests the presence of a substantial unmet need. While the significant increase in state appropriations over the last few years has helped, the federal pandemic funding and massive state budget surplus are a thing of the past.

The current system for funding water projects, both through grant programs and member projects, does not promote a coordinated, strategic, comprehensive water plan. In addition, member projects do not promote addressing statewide funding priorities, competition in project selection based on established criteria, or thorough review and deliberation.

To improve the process for selecting water projects, Florida TaxWatch recommends:

- ▶ Florida should adopt a 3 to 5-year Work Program for state water projects, similar to the process used by the Florida Department of Transportation Five-Year Work Program. The Water Project Work Program should also adopt a scoring system based on specified criteria, such as the one used by the Statewide Flooding and Sea Level Rise Resiliency Plan. Adoption of a DEP water project work program would help ensure that project selection is holistic and consistent with a statewide water vision and the Florida Water Plan, as well as coordinated with planned water management district and local government projects. This can help provide the greatest return on investment and ensure limited taxpayer dollars are used in the most effective manner.
- ▶ The Water Project Work Program should include all water-related fixed capital outlay projects that receive state funding. The vast majority of this funding is in DEP, but some funding is contained in the Department of Agriculture and Consumer Services and the Fish and Wildlife Commission.
- ▶ A dedicated source of funding for water projects, or a minimum funding amount, should be considered. Some DEP programs have dedicated funding, but much of the appropriations for water comes from General Revenue and the Land Acquisition Trust Fund. The dedicated funding is central to making the DOT Work Program realistic. Putting some certainty in the state's water funding level would allow the Revenue Estimating Conference to create an official forecast of all revenue flowing into the water project work program, as it does with the dollars going into the State Transportation Trust Fund. One approach could be to use the prior year's budget to establish a total revenue amount to be allocated in the work program. The amount of funding would be subject to appropriation by the Legislature.
- ▶ Local governments and Florida's five water management districts would submit project priority lists for potential inclusion in the Work Program after evaluation by DEP.
- ▶ The process should provide opportunities for public input.
- ▶ The Statewide Flooding and Sea Level Rise Resilience Plan should be kept as is and continue to focus on its priorities—protecting the state's most critical and vulnerable assets. Approved projects that address the risks to water resources or water supplies could be approved through the Plan but should be included in the Water Project Work Program. Water projects that are more about water quality and infrastructure should be approved through the Work Program process.
- ▶ Existing grant programs could remain intact, at least initially. The approved projects would become part of the work program. Any federal requirements would have to be maintained.

- ▶ Criteria should be developed for each type of water project (wastewater, stormwater, water supply, springs, lake restoration, etc.). Criteria for existing grant programs should be reviewed for potential improvements. The revised and expanded Water Quality Improvement Grant Program requires prioritizing projects based on specific criteria.
- ▶ Most water projects are local responsibilities. Financial capacity (or lack thereof) should be a consideration/criterion in the selection process. Local contributions should be required. This could be waived/reduced for fiscally constrained counties, disadvantaged small communities, or rural areas of opportunity.
- ▶ Any legislator-requested project would be subject to the same review and criteria as similar projects. If the Legislature wants to maintain Appropriations Project requests for water projects, a small maximum amount of funding could be established to be included in the Work Program.
- ▶ The Work Program should include and help facilitate public-private partnerships (P3s). Past Florida TaxWatch research has highlighted the value P3 projects can provide and offered recommendations to help facilitate increased private sector investment in Florida's critical public infrastructure.²² DOT includes P3s in its work program, and water projects are among the qualified projects in the P3 statute.²³
- ▶ The Florida Water Plan, the water resource implementation rule (Ch. 62-40, F.A.C.), and the statutory policies and directives (Chapters 373 and 403, Florida Statutes), should be reviewed for needed changes and updates, with a focus on better guiding water project evaluation and selection.

The state should develop a more comprehensive, coordinated, and thorough process for selecting water projects, with a focus on achieving outcomes that best support the statewide goals and priorities. Funding challenges remain, and the state may never experience the huge budget surpluses of the last few years. Money available to fund water projects is going to become harder to come by, so Florida must take steps to ensure limited funds for water projects are spent in a way that has the best impact on the system as a whole. Florida's valuable and vital water resources, and the state's taxpayers, deserve nothing less.

²²Florida TaxWatch, Using Public-Private Partnerships and Public-Public Partnerships to Meet the Growing Demands for Public Infrastructure, January 2023.

²³Section 255.065, Florida Statutes.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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