

**Indian River County, Florida
Department of Utility Services
Board Memorandum**

Date: February 16, 2021
To: Jason E. Brown, County Administrator
From: Vincent Burke, PE, Director of Utility Services
Subject: North Sebastian Water and Sewer Phase II, Resolutions I and II

Descriptions and Conditions:

The Indian River County Department of Utility Services (IRCDUS) was successful in applying for and obtaining grant funding from all four grant applications to offset the sewer and part of the water portions of the North Sebastian Water and Sewer Phase II project. The four agencies are:

- Fiscal Year (FY) 20-21 Districtwide Cost Share Grant – St. Johns River Water Management District (SJRWMD)
- FY 20-21 Indian River Lagoon Natural Estuary Program (IRLNEP) Cost-Share Grant
- Florida Department of Environmental Protection (FDEP) Water Quality Restoration Grant
- FY 20-21 Appropriations Project Request

On May 19, 2020, the Indian River County (IRC) Board of County Commissioners (BCC) approved the FDEP Water Quality Restoration Grant LPQ0019 in the amount of \$2,500,000, and the FDEP executed the same on July 2, 2020.

On August 18, 2020, the BCC approved the IRLNEP Cost-Share Grant in the amount of \$204,017.69, and the IRLNEP executed the same on August 25, 2020.

On November 3, 2020 the BCC approved Amendment No. 1 to the FDEP Water Quality Restoration Grant LPQ0019 to include the FY 20-21 Appropriations Project Request award of \$750,000.00 for a total amount of \$3,250,000.00. At the same meeting, the BCC also approved the FY 2020/2021 SJRWMD Cost-Share Agreement No. 35822. At the meeting, the BCC directed staff to:

- Advertise the North Sebastian Water and Sewer Phase II Project for competitive bids.
- Prepare Resolutions I and II for the water portion of the project to be brought back to the BCC at a later date.
- Obtain a proposal from Masteller and Moler, Inc., for construction phase assistance.

The table below summarizes the grant funding obtained for the project:

Description	Agency	Amount
FY 2020/2021 Cost Share Grant	SJRWMD	\$ 1,280,818.77 ¹
WQ restoration Grant and Amend. 1	FDEP	\$ 3,250,000.00 ²
Indian River Lagoon Cost Share	IRLNEP	\$ 204,017.69 ³
	Total	\$ 4,734,836.46

1: Sewer only

2, 3: These grants to cover both water and sewer costs

Analysis:

The North Sebastian Water and Sewer Project Phase II is a continuation of the work that began in 2014 when a study was conducted by a local engineering firm, Masteller and Moler, Inc. (M&M). Construction of the commercial portion of the sewer project, known as Phase I, was completed in late 2019. Since that time, pursuant to BCC direction, staff conducted local town-hall type meetings with residents at the Roseland Community Center, met with interested parties, and solicited grant agencies to help offset the capital costs needed to construct the sewer infrastructure for Phase II.

The North County Water and Sewer Project Phase II seeks to install centralized water and sewer to certain properties off Roseland Road between 128th Court and 135th Lane, portions of Ercildoune Heights and to properties along Ruffner Lane.

For the water portion of the project (see Attachment 1), the County will be installing approximately 16,750 lineal feet (LF) of water main. Some existing parcels are already served by County water off Roseland Road, others have utilized complex connection agreements, while some properties have temporary service agreements that require them to participate in any future utility assessment project. In all, there are 161 properties that will be included in the water assessment project. Portions of the water main project not covered by grant funding would be funded by the benefitting properties through a special assessment.

assessments, the BCC shall declare by resolution the nature and location of the proposed improvements, the part or portion of the cost thereof to be paid by special assessments, the manner in . These are typically handled by Resolution 1 (Providing), Resolution 2 (Time and Place), Resolution 3 (Public Hearing/Confirming), and once the project is complete, Resolution 4 (As Built).

A Providing Resolution (Resolution I) is shown in Attachment 3 and presented for adoption by the BCC.

A Setting Resolution (Resolution II) is shown in Attachment 4 and is presented for adoption by the BCC to hold a public hearing about the project, overall costs, and the amount of the assessment for each property owner in the benefitting area.

Pending BCC approval, a public hearing will be scheduled for **Tuesday, April 20, 2021, at 9:05 am** in the Indian River County Commission Chambers. A preliminary assessment roll and assessment plat have been prepared and are on file with the Clerk to the BCC and the Indian River County Department of Utility Services (IRCDUS). See Attachment 5 for the preliminary roll. If the BCC adopts Resolutions I and II, staff will follow procedures for newspaper publications and will notify residents by certified mail to inform them of the preliminary assessment roll and the public hearing.

In the past, the IRCDUS has been acting as the administrator and fee collector for particular assessment projects, but there have been discussions to utilize a more streamlined method for the billing and collection efforts. Section 197.3632, Florida Statutes, sets forth the process for the uniform method for the levy, collection, and enforcement of non-ad valorem assessments. Under this section, the BCC will enter into a written agreement with the property appraiser and tax collector providing for reimbursement of necessary administrative costs incurred.

From a timing standpoint, when the County wishes to collect an assessment for the first time, the BCC needs to adopt a resolution at a public hearing prior to January 1st or, if the property appraiser, tax collector, and County agree, March 1st. There are significant notice requirements for this resolution. We will need to publish notice of the intent to use the uniform method for collecting such assessments weekly in a newspaper of general circulation for four consecutive weeks preceding the hearing.

Then, annually by June 1st, the property appraiser will provide the County with the legal descriptions of the properties within the boundaries described in the resolution, and the names and addresses of the owners of such property.

The County will then adopt a non-ad valorem assessment roll at a public hearing held between January 1st and September 25th. At least 20 days prior to the public hearing, the County shall notice the hearing by first-class United States mail and by publication in a newspaper generally circulated within the County.

For the sewer portion of Phase II, the county will install approximately 15,400-LF of gravity main, 54 manholes and a central lift station. There are 196 benefitting properties. Property owners will receive a benefit from the sewer installation but will not be assessed due to the grant funding. They will, however, be required to connect once the construction is complete and FDEP clearance is obtained. See Attachment 2 for a map of the area.

Costs:

The estimated construction cost is approximately \$4,100,000.00, and the estimated project cost is approximately \$5,900,000.00. The total project cost includes soft costs such as engineering design, construction inspection services, impact fee costs, and septic system abandonment.

The table below identifies the project funding sources:

Agency	Amount
FDEP:	\$3,250,000.00
IRLNEP:	\$ 204,017.69
SJRWMD:	\$1,280,818.77
Optional Sales Tax (OST): Sewer Impact fee offset (201 properties)	\$ 561,996.00 ¹
Benefitting Property Contributions	
Assessment Fees (Design/CEI Costs)	\$ 361,890.00
Water Impact Fee/Miscellaneous Fees (\$1,505.39 for 161 properties)	\$ 242,367.79
Total Project Funding:	\$5,901,090.25²

1. On August 13, 2019, the BCC approved using OST funds, in the event of any shortfalls with the proposed funding sources, to offset a portion of the costs. On November 3 2020, the BCC was given an outline of allocating \$1,041,395.00 of OST funds as a placeholder for any costs not covered by grant agencies.
2. Project funding slightly in excess of projected project costs. Subject to change

For the water portion of the assessment, costs are estimated as follows:

Total Project Cost for Water:	\$ 2,005,536.62
Portions of Grant Funding for Water:	<u>\$ (1,643,646.62)</u>
Remaining Funding Needed:	\$ 361,890.00
 Benefitting Properties:	 161
Assessment Cost per Property:	\$ 2,247.76

Note: There are other connection costs of water impact fee, account setup, meter required (\$1505.39) outside of assessment

With the proposed project, the County would leverage the grant funding and utilize optional sales tax to incentivize property owners to connect to sewer and water. By doing so, the County and funding agencies will be assured that all sewer connections would be made, all septic systems would be abandoned, and all potable water connections would be done according to code. This last part would allow IRDCUS to have proper billing for water in/sewer out, rather than having just a sewer only account, should a property owner elect not to hook up to county water.

The installation of potable water would assist the Florida Department of Health’s (FLDOH) area of concern with existing parcels that are not large enough to have the necessary setback requirements from septic system and well (domestic self-supply). The 2030 Indian River County Comprehensive Plan Potable Water Sub-Element Table 3.B.10 lists Ercildoune Heights as one such subdivision that has undersized lots while using private wells. This conversion to central water would be in accordance with 2030 Indian River County Comprehensive Plan Potable Water Sub-Element Object 2, which states that by 2030 at least 75% of all existing residential units in the County will be connected to a regional potable water system.

The BCC should consider a water-only assessment for a portion of the project costs supplied by the benefitting properties. The BCC should determine if these assessed costs would be paid back to IRCDUS through its traditional assessment process. IRCDUS would set up the traditional financing mechanism per code (up to 10 years), or the BCC could direct staff to work with the IRC Property Appraiser and IRC Tax Collector to set up collection methods through a non-ad valorem process.

Funding:

Grant funds for the project are as follows:

Description	Agency	Amount
FY 2020/2021 Cost Share Grant	SJRWMD	\$ 1,280,818.77 ¹
WQ restoration Grant and Amend. 1	FDEP	\$ 3,250,000.00 ²
Indian River Lagoon Cost Share	IRLNEP	\$ 204,017.69 ³
	Total	\$ 4,734,836.46

1: Only 33% of the sewer only project can be used, not water
 2, 3: These grants to cover both water and sewer costs

Optional Sales tax funds to be used for sewer impact fee offset/ incentive to connect:

Account Name	Account Number	Amount
Optional Sales Tax/Sebastian Phase II Water & Sewer	31526836-066510-17513	\$561,996.00

For the water portion of the assessment, revenues are as follows:

Account Name	Account Number	Amount
North County (PHII) Water Assessment	473-169000-17513	\$361,890.00
Water Impact Fee	472034-343650	\$209,300.00
Miscellaneous Fees	471034-343610	\$ 33,067.79

Funds for the water assessment project are partially derived from the Assessment Fund. Assessment Fund revenues are generated from fees paid by the benefitting property owners.

Capital fund revenues are generated from impact fees. Furthermore, new growth has created the need for the expansion or construction of the facilities, and that new growth will benefit from the expansion or construction of the facilities.

Recommendation:

- 1) Adopt Resolution I providing for the installation of the water main within the North County Water Assessment Area, subject to the terms outlined in the resolution. The Board of County Commissioners shall establish the applicable interest rate at the time the final assessment roll is approved.

- 2) Adopt Resolution II setting the time and place of the Public Hearing on Tuesday, April 20, 2021, at 9:05 am, in the Indian River County (IRC) Commission Chambers.
- 3) Direct staff to work with the IRC Tax Collector and the IRC Property Appraiser for researching the logistics and timing necessary to have a uniform method to levy, collect, and enforce non-ad valorem assessments pursuant to Section 197.3632, Florida Statutes.
- 4) Allocate \$561,996 in Optional Sales Tax funds to offset sewer impact fees. A future budget amendment will be required to roll over cash forward from the beginning of the fiscal year once the project is complete and property owners are able to connect.
- 5) Direct staff to work with property owners to obtain Temporary Construction Easements (TCE) for the installation of onsite water and sewer lines on properties at no cost to owners. Failure to obtain a TCE would require the property owner to pay full costs to hook up to County water and sewer.

Attachment(s):

1. Assessment Area Map Water
2. Assessment Area Map Sewer
3. Providing Resolution (Resolution No. I)
4. Setting Resolution for Public Hearing (Resolution No. II)
5. Assessment Roll-Water
6. DRAFT Temporary Construction Easement