

Indian River County, Florida  
Department of Utility Services  
Board Memorandum

**Date:** July 29, 2019  
**To:** Jason E. Brown, County Administrator  
**From:** Vincent Burke, PE, Director of Utility Services  
**Prepared By:** Arjuna Weragoda, PE, Capital Projects Manager  
**Subject:** North Sebastian Septic to Sewer Phase 2 Status and Direction

**Descriptions and Conditions:**

Indian River County Department of Utility Services (IRCDUS) submitted applications for the following grants for the North Sebastian Septic to Sewer-Phase 2 project:

- Fiscal Year (FY) 19-20 Districtwide Cost Share
- FY 19-20 Appropriations Project Request

The Phase 2 project consists of providing centralized sewer to a total of 201 parcels. A majority of the project is located west of US Highway 1, bounded to the north/west by the St. Sebastian River and Roseland Road to the south. The Florida East Coast (FEC) railroad bisects the project area as indicated in Figure 1. The total project cost, which included water, sewer, impact fees for water and sewer, and sewer connection costs, was estimated at \$7,678,324.00. The grant requests were as follows:

- FY 19-20 Districtwide Cost Share Request = \$ 1,346,516.77, or 33% of the sewer only construction estimate
- FY 19-20 Legislative Appropriations Project Request = \$ 1,629,637.00, or 40% of the sewer only construction estimate



**Analysis:**

The County requested funding for two projects (North Sebastian Septic to Sewer Phase 2 and Moorhen

Marsh) from the St. Johns River Water Management District (SJRWMD). Although the North Sebastian Septic to Sewer-Phase 2 project was successful in scoring high enough for grant award with the FY 19-20 Districtwide Cost Share application, SJRWMD could only fund one project, or up to \$1.5 million. Since the Moorhen Marsh project scored higher than the North Sebastian Septic to Sewer Phase 2 project, and the remaining monies were budgeted in the Capital Improvement Element, the Moorhen Marsh project was awarded the grant.

The County was notified in July 2019 that the FY 19-20 Legislative Appropriations request awarded \$500,000 towards the North Sebastian Septic to Sewer Phase 2 project as a reimbursable grant to be administered by the Florida Department of Environmental Protection (FDEP), subject to final grant agreement execution. The actual funded amount is significantly less than the initial \$1.63 million request. Therefore, with permission from FDEP, IRCDUS confirmed that a smaller area could still be considered (Phase 2A).

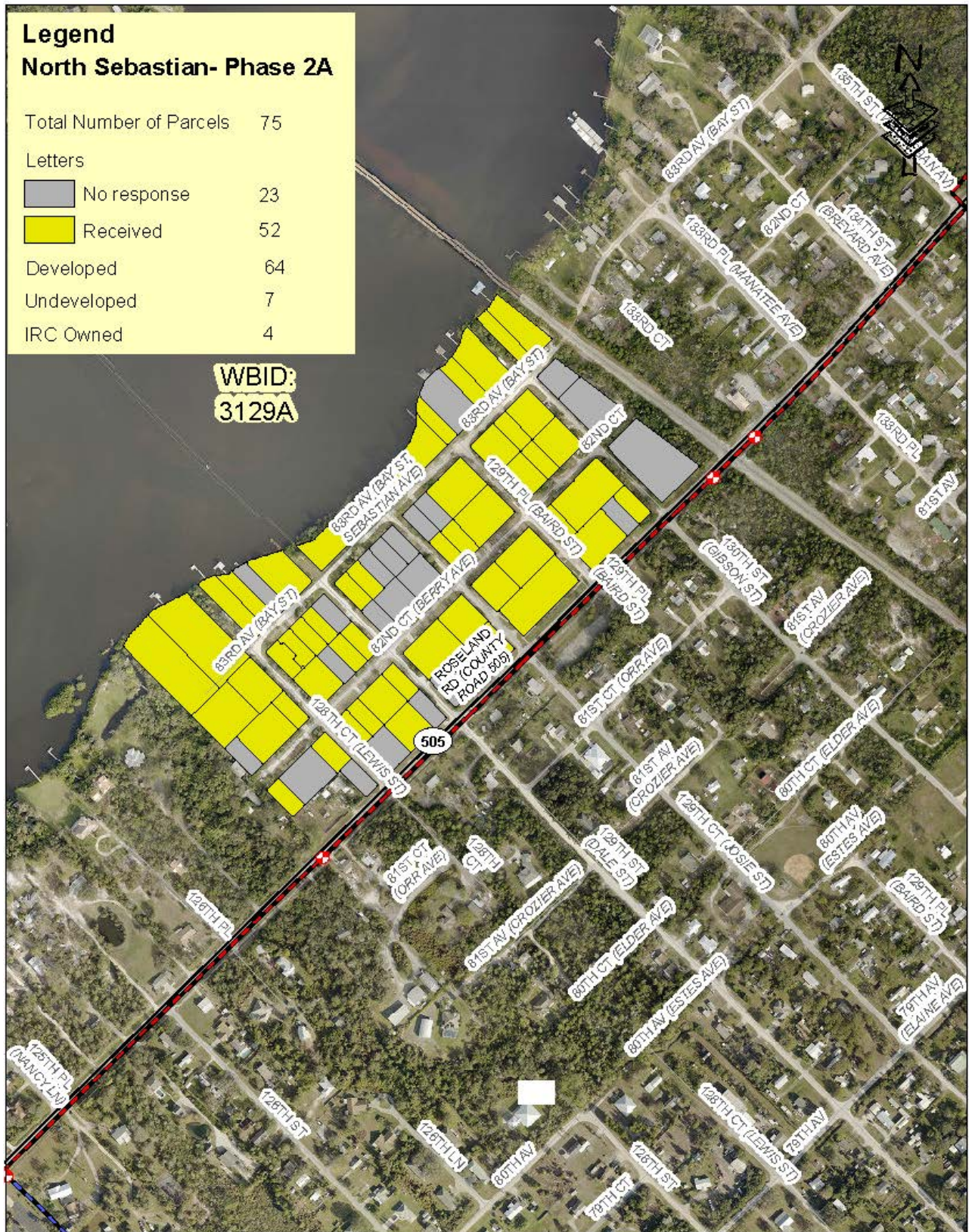
The revised project area as depicted in Figure 2 (denoted as Phase 2A) will provide centralized sewer to 75 parcels. Please note that currently 64 parcels are indicated as developed on the property appraiser's site. Therefore, only those numbers were used in the computation of private lateral/septic abandonment cost and sewer impact fee incentive cost. The revised area is located west of the FEC railroad tracks, north of Roseland Road, and east of 126<sup>th</sup> Street. Much of this area, just like the original boundary, lacks County water. Therefore, if the County moves forward with a septic to sewer project, then centralized sewer and water will need to be installed as part of the project. Please note that the grant awarded is only for septic to sewer.

IRCDUS staff, with the assistance from the consultant (Masteller and Moler), prepared an opinion of probable cost for the revised 75 parcels for both sewer and water portions of the project area. A breakdown of that cost is as follows:

Sewer Only (Estimated Cost)	Estimated Cost*
Estimated Construction Cost =	\$ 1,716,793.89
Design Cost =	\$ 15,000.00
Bidding & Construction Engineering Inspection (CEI) Cost =	\$ 55,000.00
Impact Fee Cost for 64 connections @ \$2,796/ERU =	\$ 178,944.00
Connection Cost (private lateral & abandonment of septic) =	\$ 288,000.00
TOTAL =	\$ 2,253,737.89

Water Only (Estimated Cost)	Estimated Cost
Estimated Construction Cost =	\$ 254,141.25
Design Cost =	\$ 5,000.00
Bidding & CEI Cost =	\$ 10,000.00
Impact Fee Cost for 60 connections =	\$ 78,000.00
TOTAL =	\$ 347,141.25
<b>TOTAL WATER &amp; SEWER PROJECT COST =</b>	<b>\$ 2,600,879.14</b>

*\*Estimates only subject to change based on market condition and material price fluctuation. IRCDUS has no control over the cost of labor, materials, equipment, or services furnished by others, or over methods of determining price, or over competitive bidding or market conditions.*



**FIGURE 2: REVISED NORTH SEBASTIAN SEPTIC TO SEWER BOUNDARY**

The primary goal today is to engage in a discussion on how best to move forward with this revised area and the limited funds made available for this endeavor. Items 1 to 3 re-iterate what the Board of County Commissioners (BCC) approved in November, 2018 as part of the Septic to Sewer policy and items 4 to 6 are to assist in your decision today and/or later meetings.

1. Septic to Sewer (S2S) Policy No. 4: Establish a S2S financing interest rate to be the greater of the maximum of either 2% or half of the current BCC approved rate. Current rate is 5.5%, so the S2S rate would be 2.75%.
2. S2S Policy No. 5: Extend the amortization period from ten years up to a 20-year term and direct staff to work with the Indian River County Tax Collector and Indian River County Property Appraiser to add the annual assessment fee to the property tax bill in order to assure a more consistent reimbursement cash flow for the project. This could be accomplished pursuant to Florida Statute 197.3632, the intent to use the Uniform Method for the levy and collection of non-ad valorem special assessments to defray the S2S cost. Depending on the project completion time, in order for the assessments to be collected by the Uniform Method on the November tax notice, a resolution to such affect must be adopted at a public hearing held prior to January 1st of the intended tax notice year. Furthermore, the public hearing must be noticed four consecutive weeks prior to the hearing.
3. S2S policy No. 6: Offer a S2S impact fee credit of 100% for those property owners who commit to connecting to the sewer system before sewer is available to the property. For those property owners that connect within one year from service availability, provide a credit of 75% of the impact fee. For those property owners that connect within two years from service availability, provide a credit of 50% of the impact fee. There would be no credit (0%) for property owners who connect after the second year of availability, with mandatory hookup required by year three.
4. The legislative reimbursable grant award is far less than requested. Do nothing and table the project for a later date. Terminate the Fiscal Year (FY) 19-20 Legislative Appropriations grant. This may shed a negative light on the County's future grant opportunities.
5. Solicit other funding options and therefore request staff work with Florida Department of Environmental Protection (FDEP) staff to postpone/extend the dates of the FY 19-20 Legislative Appropriations grant in order to solicit the FY 20-21 Cost Share grant, which is not guaranteed.
6. Traditional assessment procedures can take up to 8 to 12-months, perhaps even longer (i.e. Collier Creek). This may affect the FDEP administered grant of 24-months, which begins July 1, 2019.

**Funding:**

Based on the above estimated project cost and county-wide Septic to Sewer (S2S) policy approved by the Board of County Commissioners (BCC) on November 13, 2018, staff proposes the below funding options.

Funding Source	SEWER		WATER		TOTAL PROJECT COST	
	% of Project Cost	For Sewer	% of Project Cost	For Water	Total Amt	% of Total Project Cost
Legislative/FDEP	22.19%	\$ 500,000.00			\$ 500,000.00	19.22%
Utilities*	0.00%		4.32%	\$ 15,000.00	\$ 15,000.00	0.58%
Optional Sales Tax, Indian River County	25.00%	\$ 563,434.47			\$ 563,434.47	21.66%
Benefitting Parcels	52.81%	\$ 1,190,303.42	95.68%	\$ 332,141.25	\$ 1,522,444.67	58.54%
<b>Total</b>	<b>100.00%</b>	<b>\$ 2,253,737.89</b>	<b>100.00%</b>	<b>\$ 347,141.25</b>	<b>\$ 2,600,879.14</b>	<b>100.00%</b>

\* Note to date Utilities has contributed \$257,705 for surveying, design and permitting. Not included in the above cost.

Based on the estimated project cost and the above funding allocation, property owner responsibility is as follows:

Sewer per parcel cost =	\$ 18,598.49
Water per parcel cost =	\$ 5,535.69 (Includes 1 water impact fee)
Total Cost =	\$ 24,134.18

Please note that these are only estimates, subject to change if bids are solicited for Phase 2A.

If the benefitting property owner cost can be amortized on a 20-year term at a 2.75% annual interest rate and add the annual assessment fee to the property tax bill then according to the current estimates the following is the result.

Assessment per Parcel	Cost per year on tax bill
Sewer & Water (Estimated Cost = \$24,134.18)	\$1,584.93
Sewer Only (Estimated Cost = \$18,598.49)	\$1,221.40

The above with water consumption assumed at 5,000 gallons per month and wastewater produced equates to a total monthly cost of:

Assessment per Parcel	Cost per month (Capital + Consumption based on 1 ERU at 5,000 gallons per month)
Sewer & Water (Estimated Cost = \$24,134.18)	\$182.10
Sewer Only (Estimated Cost = \$18,598.49)	\$131.69

**Recommendation:**

There are numerous benefits to be gained by the construction of a sanitary sewer collection and conveyance system in the revised area. A primary benefit, if implemented, will be the elimination of numerous pre-1983 septic systems in the area that have less than 6-inch separation between the drainfield and the groundwater table, which may result in nutrient loadings to groundwater table and potential nutrient transfer to the Indian River Lagoon.

Given that a majority of the existing septic systems are pre-1983, the protection and restoration of the Indian River Lagoon is currently a contentious topic, and the health, economic viability, sustenance and well-being of the residents in the subject area are vital, staff recommends moving forward with the revised project. Staff requests the Board of County Commissioners (BCC) authorize staff to:

1. Present details of the revised project to include anticipated costs to benefitting property owners at a community meeting. Therefore, request staff work with the Roseland Community leaders to get the word out prior to the community meeting.
2. Update the BCC of the outcome of the community meeting prior to the execution of the FY 19-20 Legislative Appropriations grant.