

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

Date: June 10, 2019

To: Jason E. Brown, County Administrator

From: Vincent Burke, PE, Director of Utility Services

Prepared By: Arjuna Weragoda, Capital Projects Manager

Subject: Due Diligence and Project Review – West Regional Wastewater Treatment Facility Reclaimed Water Storage, Tetra Tech Amendment No. 1 to Work Order No. 2

Descriptions and Conditions:

On March 26, 2019, the Indian River County Board of County Commissioners (BCC) approved Work Order No. 2 to Tetra Tech, Inc., to perform a due diligence study prior to the purchase of undeveloped land located at the southwest corner of 82nd Avenue and 4th Street. Indian River County Department of Utility Services (IRCDUS) evaluated purchasing the subject property based on its need to diversify the wastewater effluent disposal portfolio. The treated effluent is currently used for irrigation, discharged to the wetlands for further treatment or discharged to Rapid Infiltration Basins (RIBs). The County is in need of additional treated effluent storage or disposal options consisting of either (or a combination of) a wetland treatment system, RIBs, reservoir storage, above-ground storage tanks, spray fields or Aquifer Storage and Recovery (ASR) wells, especially during wet weather periods. This need is especially critical since the County has been experiencing tremendous growth. IRCDUS has processed an average of 137 new meter installs each month for the past 18 months, and this growth represents additional demand on the wastewater treatment facilities (WWTFs) the county operates. Therefore, as the County embarks on the Septic to Sewer initiative, the need to have a diverse reclaimed water system and storage alternative is ever more imperative.

Analysis:

The evaluation primarily focused on the following items:

- Conduct a qualitative hydro-geologic evaluation of the property and vicinity using both published topographic maps and area observations to characterize the site and area drainage patterns;
- Review readily available historical and non-historical information, including topographical maps, aerial photographs, city directories, National Wetland Inventory (NWI) maps, and Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRM);
- Review available environmental documents published by others, by state, federal or Tribal agencies, and/or environmental database records provided by Environmental Data Resources, Inc. (EDR), a regulatory database search contractor;
- Conduct interviews with site representatives, County and/or State environmental professionals, and/or other environmental professionals with site specific knowledge to obtain supplemental information regarding the Site;

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- Contact and/or review records from the County Health Department, Property Appraiser’s Office, and Clerk of Courts Office to determine the market value and liens, if any, for the site in relation to the surrounding properties. Decreased market values, and environmental or windfall liens may be indicative of recognized environmental conditions existing at the site or surrounding properties;
- Perform a property and surrounding area reconnaissance to identify obvious indications of present or past activities that have or could have negatively impacted the site;
- Prepare a report presenting findings, conclusions, and recommendations.

Attachment 1 - Summary Letter Report, made part of the subject staff report, outlines the findings in detail.

Although presence of chemicals of potential concern were found in the Above-Ground Storage Tank (AST) laydown area and the AST containment area located adjacent to 4th Street at the middle of the site, no apparent fatal flaws were encountered that would hinder IRCDUS’ ability to use the site as part of the wastewater effluent disposal portfolio. Assuming petroleum contaminants are associated with the former Underground Storage Tanks (USTs) or historic surface releases at the dispenser, and assuming the excavation will not impact the containment area, a total cost of assessment and remediation of the known areas of concern is estimated at \$205,000. This cost includes all reasonably assumed assessments, sampling, soil excavation, disposal, and reporting costs.

As part of the due diligence study, the consultant prepared conceptual design scenarios of a diked retention area to store effluent. Although the conceptual designs may differ from the final design, these are presented in the summary report as simplified models of potential options to achieve the project goals. If a reservoir is selected for the final design, it would likely include cells within the reservoir. The creation of these cells will reduce the capacity within the footprint, but they will allow for greater control of wave action and provide flexibility for discharge and maintenance of the reservoir.

Although, many different options are available to IRCDUS in the utilization of the subject property, the consultant evaluated the following conceptual options. Please note the evaluation is conceptual and therefore, the size and cost are very preliminary and subject to change once a final design has been identified:

Option	Description	Size, Acres	Project Cost*
1	Diked reservoir 10-foot high for 5 MGD storage- No cells	107	\$ 6,079,224
1A	Diked reservoir with cells for 4 MGD storage	107	\$ 7,143,858
2	Diked reservoir 10-foot high for 6.5 MGD storage- No Cells	159	\$ 8,913,008
2A	Diked reservoir with cells for 5.5 MGD storage	159	\$ 10,550,259

*Includes a 30% contingency

In addition to the above costs, the following is a breakdown of other costs:

Land Purchase Cost (286-Acres):	\$ 4,800,400.00
Due Diligence Evaluation Cost:	\$ 68,440.00
Site Remediation Cost:	\$ 205,000.00
Site AST Closure and Containment Demolition Cost:	\$ 30,000.00

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Given the size of the property, the opportunities could be available for a combined water storage/Total Maximum Daily Load (TMDL) reduction site associated with a public park. Numerous grant opportunities can be pursued for such an option.

Currently a portion of the property is encumbered by a two-year cattle operation lease that will expire on March 15, 2020. Given that the County has no immediate plans for the subject property, and the implementation of any design is well over two years, IRCDUS recommends continuing the cattle operation by re-assigning the current lease agreement to the County. The Assignment of Cattle Lease Agreement is attached as Attachment 2.

The Purchase and Sale agreement that was presented to the BCC on March 26, 2019, for consideration and approval was subject to a 90-day due diligence investigation, which expires on June 24, 2019. Should the BCC authorize to move forward with the purchase today, the closing would happen by July 24, 2019.

Funding:

Funds for the due diligence investigation in the amount of \$68,440.00 were derived from the Other Professional Services account in the operating fund. Operating fund revenues are generated from water and sewer sales. Utility funds for the land purchase will be derived from the TMDL Storage Project account in the capital fund. Capital funds are generated by impact fees. Furthermore, new growth has created the need for the effluent storage project, and that new growth will benefit from the construction of the facility.

On March 26, 2019, the BCC approved funding for the purchase of the subject property to be allocated as follows:

Description	Account Number	Percent	Amount
Optional Sales tax	31524338-066110-19009	30%	\$1,440,120.00
Park Impact Fees	10321072-066110-19009	10%	\$ 480,040.00
TMDL Storage Project	472-169000-19009	60%	\$2,880,240.00
Total		100%	\$4,800,400.00

Note that additional investment will be needed to further design and construct the site. Those costs are not known at this time, and the funding required for any future potential project are not part of this agenda item and would be brought back to the BCC for approval at a future date.

Recommendation:

Staff requests that the Indian River County Board of County Commissioners (BCC) consider the following:

1. Since no apparent fatal flaws were encountered in the due diligence evaluation, staff recommends that the BCC move forward with the purchase and sale agreement.
2. Staff recommends the continuation of the current cattle operation, and therefore requests that the BCC authorize the Chairman to sign the Assignment of the Cattle Lease Agreement.

Attachments:

1. Tetra Tech Summary Letter Report
2. Assignment of the Cattle Lease Agreement