



INDIAN RIVER COUNTY, FLORIDA DEPARTMENT OF UTILITY SERVICES

Date: November 20, 2018
To: Jason E. Brown, County Administrator
From: Vincent M. Burke, P.E., Director of Utility Services
Subject: Fellsmere Franchise Agreement

BACKGROUND

An undeveloped area just east of the I-95 interchange north of County Road (CR) 512 is ready to develop. The area, formerly part of the "Fellsmere 392" development was, at one time, within the unincorporated portion of the county's urban service area. Infrastructure exists to service this area to support the development needs but since the land now lies within the City of Fellsmere, a franchise agreement is needed.

ANALYSIS

The most efficient manner to serve the undeveloped property is for the County to utilize its existing infrastructure and capacity rather than for the City (or Developer) to install new, duplicative infrastructure. The area was previously in the County's urban service area and since future development of mixed commercial and industrial use was anticipated, the utility infrastructure was sized accordingly. The service area, as outlined in the attached map labeled "Exhibit A", outlines approximately +/- 91.6 acres, just East of I-95 and abutting CR 512. The Fellsmere 392 franchise agreement area includes two existing properties (Dairy Queen and the Race Track gas station) currently served by the Indian River County Department of Utility Services (IRCDUS).

A summary of the Fellsmere Agreement is as follows:

- The Service Area was once in the unincorporated part of the County's Urban Service Area
- The County has existing infrastructure and capacity in transmission and collection lines as well as treatment capacity at the water and wastewater plants
- The City and County agree to split the franchise fees
- The term is for 25 years
- County rates for water, wastewater and reclaimed water service apply
- Any future expansion or contraction of the initial Service Area to be approved by mutual consent by the Fellsmere City Council and Indian River County Commissioners

The proposed agreement, approved by the Fellsmere City Council on November 15, 2018, allows for IRCDUS to serve properties inside the City of Fellsmere, requires IRCDUS rates, and outlines the collection of the City's utility tax of 10% as well as a franchise fee for the gross water and sewer sales. This unique agreement contains a provision to split the franchise fee 50-50 so that, in essence, the County and City each receive 3% of said franchise fee for the properties served within the franchise service area. This new franchise fee split is a modification from the current practice in that the two existing properties (Dairy Queen and Race Track) are currently only charged the Fellsmere utility tax and not a franchise fee since an agreement did not yet exist. In Fiscal Year (FY) 2017/2018, the County collected and paid Fellsmere a total of \$267.04 for these two properties

If this agreement is approved, staff will reach out to the two businesses that will be affected by the new agreement rate structure. Moving forward, their new bill may be slightly higher due to the new franchise fee but will be much lower than if these properties were billed using Fellsmere's utility rates. For a simple comparison, see Attachment 3.

Some billing modifications are necessary to accomplish this unique rate structure, but staff is confident these changes can be done quickly. Note that this is a manual process at the moment, and if the service area were to expand in the future, software modifications may be required to facilitate an automatic, rather than manual process.

FUNDING

There is no direct funding requirement for the Fellsmere Agreement. As required in the Agreement, IRCDUS will collect and transmit to Fellsmere their utility tax and franchise fee split. The County split franchise fee will be collected and transferred to the general fund account.

RECOMMENDATION

Staff recommends that the Board of County Commissioners authorize the Chairman to execute the franchise agreement with the City of Fellsmere.

ATTACHMENTS

1. Franchise Agreement
2. Exhibit A: Service Area Map