Departmental Item

INDIAN RIVER COUNTY, FLORIDA
DEPARTMENT OF UTILITY SERVICES

Date:	April 20, 2018
To:	Jason E. Brown, County Administrator
From:	Vincent Burke, P.E., Director of Utility Services
Prepared By:	Arjuna Weragoda, P.E., Capital Projects Manager
Subject:	West Wabasso Phase II Septic to Sewer – April 2018 Status and Update

DESCRIPTIONS AND CONDITIONS:

In regard to the West Wabasso Phase II Septic to Sewer project, on January 18, 2018, the Indian River County Board of County Commissioners (BCC) authorized staff to:

1. Move forward with Option 2: Solicitation of grant funding without soliciting Community Development Block Grant (CDBG) Neighborhood Restoration (NR) funding.

2. Submit a grant application to the St. Johns River Water Management District Cost-Share Program in January/February 2018 and to the Local Funding Initiative FY 2018-19 through the Florida Legislature; and

3. Authorize an appropriation of up to $1 million in Optional Sales Tax funding.

ANALYSIS:

The County submitted an application to St. Johns River Water Management District (SJRWMD) FY 18/19 Cost Share Grant program on February 13, 2018. The SJRWMD received 61 applications. Of the 7 that did not qualify for various reasons, the remaining 54 were scored and ranked. Total funding requests of the qualified applications were $33,382,744. The District's available funding for this year's program is only $16 million. Therefore, out of the 54 applications only the top 27 applications were recommended to receive District cost share funds. The West Wabasso Phase II Septic to Sewer project ranked 9 in the top 27 applications eligible for funding. See Attachment 1 for the SJRWMD award selection notice.

Applications for the Local Funding Initiative FY 18-19 through the Florida Legislature was submitted by Representative Erin Grall January, 2018. The 2018 State of Florida legislative session was held from January 9, 2018, to March 11, 2018. Per Assistant County Attorney Kate Cotner's report to the BCC on April 3, 2018, the final budget did not include funding of the West Wabasso Phase II Septic to Sewer project.

The County also submitted a grant application to the Indian River National Estuary Program (IRNEP) (FY 18-19) program under Category 1 (Restoration Project) on February 22, 2018. The program received 24 applications under Category 1. The evaluations were based on a point system with a maximum score of 200 points. A minimum score of 75% or 150 points was needed to be considered for funding. Eleven (11) applications out of the 24 were eligible for funding, but due to the monies allocated only the top 8 ranked projects could be funded. The West Wabasso Phase II Septic to Sewer ranked number 6, and therefore

was recommended for funding at the Indian River Lagoon (IRL) Council Board of Directors meeting April 13, 2018. See Attachment 2 for the email notification of award status. The IRL Board approved staff recommendation to negotiate contractual agreement details at a later date.

FUNDING (DRAFT SUBJECT TO CHANGE):

Costs for the West Wabasso Phase II Septic to Sewer project are derived from the January 2017 bid prices submitted to the County and could be subject to change. The following table summarizes the current status of funding needed.

Construction Cost	Amount (est.)
West Wabasso Phase II Septic to Sewer	$ 2,349,016.00*
Impact Fee for 54 Sewer ERU's at $2,796 per ERU	$ 150,984.00
Total	$ 2,500,000.00

* At application, staff increased the 2017 bid price by 12% to account for increases in contract prices.

On January 17, 2017, BCC directed staff to table the project since the bids for the West Wabasso Phase II Septic to Sewer/East Gifford Drainage project came in $1 million over budget. For comparative and illustration purposes, the distinct funding options are shown in the table below.

Funding Source	Cost/Funding Status. Projects tabled BCC January 17, 2017	Option 2 (w/o CDBG)- BCC January 18, 2018	Grant Funding Approved for Award May 2018
SJRWMD	$ 343,677.05[1]	$ 742,824.72	$ 825,000.00[5]
State Appropriation	$ 0.00	$ 788,159.28	$ 0.00
IRNEP	$ 0.00	$ 0.00	$ 200,000.00
CDBG-NR	$ 720,000.00 $ 30,000.00[2]	$ 0.00	$ 0.00
IRC Optional Sales Tax	$ 170,000.00[2]	$ 1,000,000.00[4]	$ 1,000,000.00[4]
Subtotal	**$ 1,263,677.05**	**$ 2,530,984.00**	**$ 2,025,000.00**
Bid Result	***$ 2,421,512.60[3]***	***N/A***	***N/A***
Estimated Project Cost	-	***$ 2,500,000.00[6]***	***$ 2,500,000.00[6]***
Funding Deficit	***$ (1,157,835.55)***	***None***	***$ (475,000.00)[7]***

[1]FY 15-16 SJRWMD Cost-Share Grant.
[2]For the East Gifford Drainage Project.
[3]Includes $150,984 of sewer impact fees and an estimated $200,000 for drainage in Gifford.
[4]BCC authorized to commit up to $1 million towards the project.
[5]FY 18-19 SJRWMD Cost-Share Grant.
[6]Project cost = estimated Construction cost of $2,349,016.00 + estimated sewer impact fees of $150,984.00.
[7]Combined County investment = $1,475,000 (estimated).

The above cost grant breakdown is hypothetical, subject to change, and should be used for planning purposes only. Although staff included a 12% increase on the construction costs taken from the January 2017 bid submittal from Blue Goose Construction, there is no guarantee that the $2.3 million will be valid if the project is re-bid. The impact fees are based on the Indian River County Department of Utility Services (IRCDUS) established schedule of water and sewer rates, fees and other charges.

TIMELINE

If the project is approved to move forward, the BCC may consider directing staff to get a head start on the project by doing the bid phase work in the current fiscal year. By the time the IRL NEP and SJRWMD grant funding are available in the next fiscal year (begins October 1, 2018), the project could feasibly be bid and ready for award/ construction by the end of the calendar year. Typical bid processes take anywhere from 3 to 6 months depending on the sophistication of the project and bid review time. A realistic timeline could be outlined such that the project is compiled and bid in July or August, to be ready for BCC review by October.

Although a deficit exists that will require a large investment from the County to supplement those grants that have been awarded (funds not available until October 1) and given the fact that the BCC rescinded the SJRWMD FY15/16 grant and the CDBG NR grant from FY2014, it may look unfavorable if the County does not pursue this project. Future potential grants could be at jeopardy if the funding deficit is deemed to be too large to consider. Staff cannot recommend the project from a strictly financial perspective. But from an environmental and community benefit, the project is considered worthwhile.

RECOMMENDATION:

Staff presents two options for the Board of County Commissioners (BCC) to consider:

Option 1: Do not move forward. Direct staff to table to the project.

Note: The BCC directed staff to cancel the St. Johns River Water Management District (SJRWMD) Fiscal Year (FY) 15/16 cost share grant and the CDBG grant. If Option 1 is chosen, it may send a negative message to the grant agencies if a second cancellation occurs. This direction could have a negative impact on the County's future grant solicitation efforts.

Option 2: Move forward with the project by allocating the necessary resources to cover the potential deficit. If Option 2 is chosen, then the BCC should:

A. Authorize staff to continue contract negotiations with the SJRWMD staff on the FY 18-19 Cost-Share Grant Agreement.

B. Authorize staff to continue contract negotiations with the Indian River National Estuary Program (IRNEP) staff on the FY 18-19 Category 1-Restoration Grant Program Agreement.

C. In order to expedite the project, authorize staff to advertise project by August, 2018, prior to funds been released by SJRWMD and IRNEP on October 1, 2018.

Note: Staff will still need to come back to the BCC for approval of grant agreement and award of bid at a future BCC meeting once final prices and funding sources are confirmed.

Due to the high cost of the project, staff recommends Option 1.

ATTACHMENT(s):

1. Letter from SJRWMD
2. Notice of Decision from IRNEP (Five pages)