Regular Agenda Item

12G1

INDIAN RIVER COUNTY, FLORIDA
DEPARTMENT OF UTILITY SERVICES

Date:	**February 09, 2016**
To:	**Joseph A. Baird, County Administrator**
From:	**Vincent M. Burke, P.E., Director of Utility Services**
Subject:	**83.14 +/- Acres Due Diligence Report and Opinion of Probable Cost**

DESCRIPTIONS AND CONDITIONS:

On December 15, 2015, the Indian River County Board of County Commissioners (BCC) approved an agreement to purchase 83.14 +/- acres of undeveloped land at 925 5th Street SW, just east of Osprey Marsh Algal Turf Scrubber site, contingent upon a due diligence time period that ends Monday, February 29, 2016. The undeveloped site is being considered as a location for a potential surface water reservoir used for nutrient load reductions or as an alternative water supply for the County's potable water needs.

At that same meeting, the Board approved Work Order No.4 to hire consulting engineer, CDM Smith, to assist the Utilities Department in performing a due diligence investigation and to determine an estimated opinion of probable costs for such a potential reservoir and surface water treatment plant.

The final sale of the property is scheduled to occur at 2:00 pm on Tuesday, March 1, 2016. The purpose of this agenda is to update the Board on the findings thus far.

ANALYSIS:

Appraisal

At the December 15, 2015 BCC meeting, staff informed the Board about the sales history associated with the property. The purchase and sale agreement approved by the Board at that meeting was in the offer of a one-time payment of $1,000,000. The County enlisted the services of Armfield & Wagner (A&W) for several reasons. The firm is local, they are reputable and the firm had previously done an appraisal on the subject property for a private developer back in 2011. A&W updated their historical information and presented their report to the County on December 30, 2015. A&W Appraisal #43829, which complies with the Uniform Standards of Professional Appraisal Practice

(USPAP), used the sales comparison approach. In the opinion of A&W, the market value of the fee simple real estate of the 83.14 acres +/- is $1,400,000.

CDM Smith's final report, included with this agenda as Attachment 1, is broken down into the following categories:

1) Background and Purpose
2) County land use, zoning & off site improvement requirements
3) Environmental considerations
4) Geotechnical investigation
5) Permitting evaluation
6) Conceptual design
7) Engineer's opinion of probable cost
8) Recommendation

Background and Purpose

The Indian River County Department of Utility Services (IRCDUS) currently operates two water treatment plants that use raw water from the Upper Floridan Aquifer. IRCDUS uses 15 wells (a 16th well is pending construction to provide redundancy) to supply the plants. Based on various studies from the St Johns River Water Management District (SJRWMD) and from County sponsored investigative reports, other alternative sources have been explored for its drinking water supply. Various studies and evaluations completed to date have resulted in the recommendation that should an alternative supply be needed, the County pursue development of a surface water source.

When the 83 acre site next to the Osprey Marsh came on the market, it opened up the possibility of using the site to store surface water due to its close proximity to existing infrastructure. CDM Smith was hired to evaluate the environmental considerations, permitting requirements, geotechnical conditions, access, land use and other technical requirements to assist the county in determining if the site would be a good candidate for such a project. In addition to the project requirements, CDM Smith put together an opinion of probable cost (OPC), based on a conceptual/ planning level design, to determine if the project could be financially feasible.

The short time duration for the report/ agenda did not allow for any pre-applications meetings with the regulatory agencies. Staff did undergo an Indian River County Technical Review Committee Pre-Application process that is the basis for much of the following local requirements. It is strongly suggested that should the process move forward, to meet with the regulatory agencies to better identify and solidify their requirements for such a project.

County land use, zoning & off site improvement requirements

The 83 acre site is zoned RS-6 (single family residential), RM-6 (multi-family residential) and CL (limited commercial), all with an L-2 land use classification (low density residential). The L-2 land use designation allows for up to 6 residential units per acre, which is why the two previous developers were looking to put up to 178 single family homes on the subject property. Under both the RS-6 and RM-6 zoning districts, "limited public and private utilities" are considered a Special Exception use. As such, no land re-designation is anticipated for the site, but a special exemption would be

requested and handled through two public hearings. The first public hearing would be held with the County's Planning and Zoning Commission (PZC) and the second public hearing would be with the County's BCC.

Use of the property with a special exemption would still need to meet the requirements of the county's Land Development Regulations (LDR). On January 18, 2016, a pre-application meeting was held with County staff to identify all applicable zoning requirements such as landscaping needs, setbacks, rights-of-way (ROW), and other local permitting requirements such as a Utility Construction Permit (UCP).

Included in the LDR is a requirement for the project developer to obtain a mining permit if 5,000 cubic yards (or more) of excavated fill are removed from the site and transported over County roadways. However, if the excavation activity is defined as "temporary," in nature and not part of the overall site use, then a two month excavation and transport window is allowable to the developer/owner without the need to rezone for a mining permit.

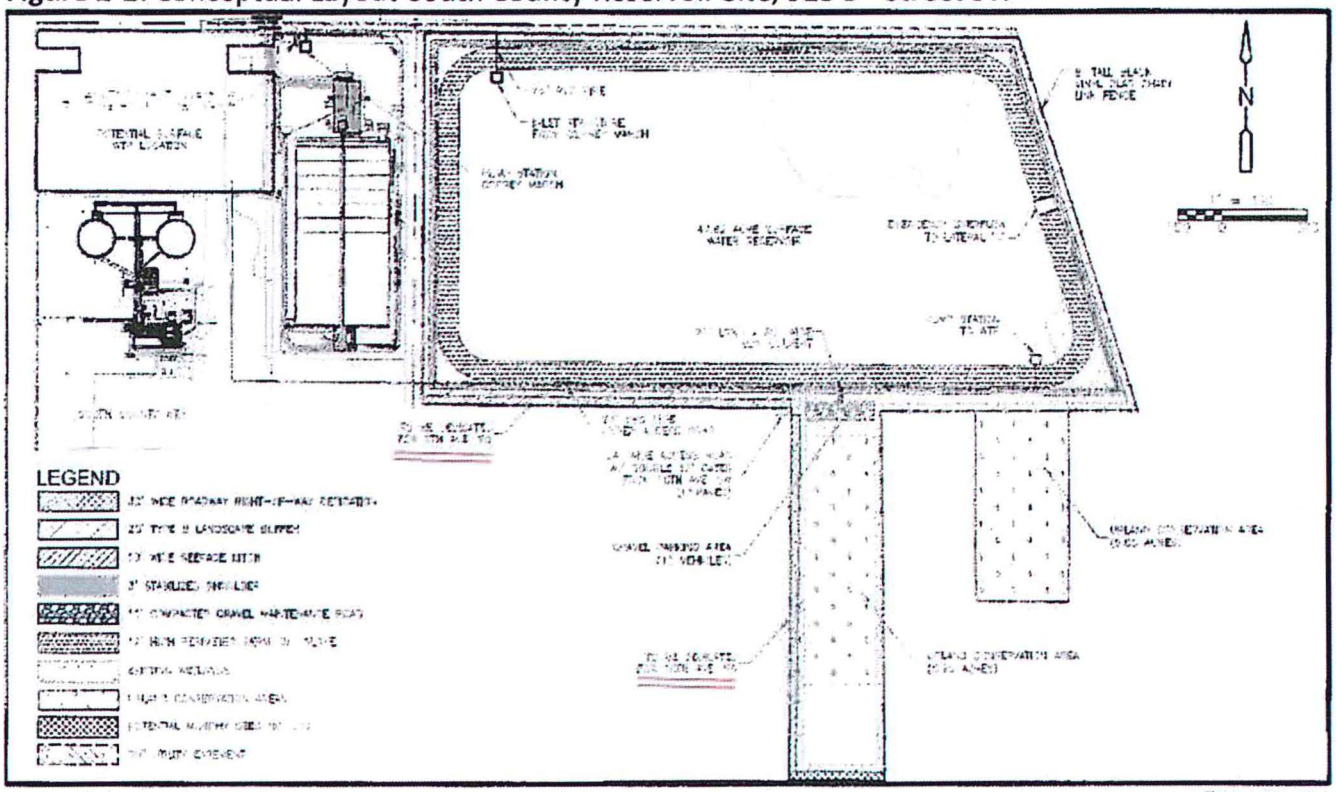
The subject property falls within the County's designated "other corridors" as outlined in Section 911.22 of the LDR, but after review of the applicable regulations, it does not appear that the property would be subjected to those requirements.

LDR Section 952.08(1)(c) required the project to adhere to the County's minimum 60-foot local roadway standard. A 60 foot ROW already exists on the west side of the property, along 12th Avenue SW. In discussions with County staff, this ROW is to be preserved even if the County were to own both sides of the ROW (Osprey Marsh to the West, Subject Property to the East). While the project would not add additional vehicles/trips, the County wishes to preserve the ability to develop this roadway once sufficient level of service requirements dictate the need to do so. Such a future roadway would connect 5th street SW to Oslo Road, aka 9th Street SW.

An Indian River Farms Water Control District (IRFWCD) ROW overlaps the existing County ROW. In discussions with the Superintendent of the IRFWCD, CDM Smith was informed that the Farms may consider abandoning their ROW interest since there is no longer a drainage canal present. However, this action would be subject to the Farm's Board for final approval and only applicable if the County were to own both sides of the northern portion of 12th Avenue SW. This option is not available if the property is not purchased by the County or owned by a private developer.

In discussions with County staff it was suggested that 10th Avenue SW, and not Oslo Road, be used as a potential access point for the site. This would negate improvements into the C/L designated portion of the property that fronts Oslo Road. Thus, the Oslo frontage piece could potentially be sold off to a private entity at some future time. However, as part of the LDR requirements, not only would a 30 foot ROW dedication be needed along 10th Avenue SW, but also along the east/west running 7th Street SW. See attached **Figure 2-1** of the CDM Smith report which details the ROW dedication required.

Figure 2-1: Conceptual Layout-South County Reservoir Site, 925 5th Street SW



CDM Smith

Figure No. 2-1
Conceptual Layout of the South County Reservoir Site, Oslo Road, Indian River County
FEB 2016

Use of the property as a reservoir would not generate significant daily trips to/from the site. Most of the activity would be associated with trips from the South County Water Plant, just west of the site. No buildings, offices or restrooms would be built on the site thus limiting the offsite improvements to the ROW dedication as described previously.

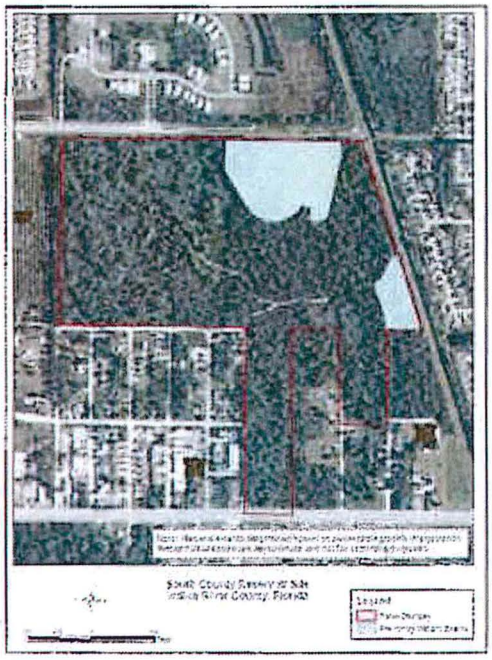
Environmental Considerations

Section 3 of CDM Smith's report details the local, state and Federal requirements for determining the types of wetlands and the mitigating impacts if those wetlands are disturbed as part of a development project. In addition there is a potential presence of endangered or threatened species that may exist on the site. Any and all determinations will need to be conducted with appropriate regulatory staff and site visits/ground truthing. Such work was outside the scope of CDM Smith's work order. Due to tight time constraints associated with the sale of the property, only desktop evaluations based on best available data were used to indicate potential environmental concerns.

The presence and approximate extents of wetlands within the project site were determined based on a desktop evaluation of United States Fish and Wildlife Service (USFWS) National Wetlands Inventory (NWI) data, historic and current aerial photographs, National Resource Conservation Service (NRCS) soils data, and SJRWMD land use and land cover data. Based on this desktop evaluation the project site contains approximately 10 acres of freshwater scrub wetlands (**Figure 3-1**). According to the NWI database, these wetlands are classified as palustrine scrub wetlands with

broad-leaved deciduous vegetation and are seasonally to semi-permanently flooded. These wetlands have been impacted by the historic ditching that has occurred adjacent to the parcel. Wetland boundaries are approximate and should not be used for permitting purposes. During the next phase of the project, field delineation of wetland boundaries should be conducted to determine the state and federal jurisdictional extents of wetlands on site in advance of permitting. Additionally, field evaluation of wetland quality should also be evaluated during the field delineation. Wetland boundaries are subject to state and federal regulatory agency verification and approval during the permitting process.

Figure 3-1: Preliminary Wetland Extents



Wetland mitigation would be necessary to offset any impacts as a result of the project. CDM Smith researched two such potential mitigation efforts to offset the 10.6 acres +/- of wetlands. During the desktop evaluation, the project is estimated to require 10.6 Uniform Mitigation Assessment Method (UMAM) credits to off-set direct and secondary wetland impacts. The final number of credits necessary would depend on the total wetland acreage on site determined by field delineation and wetland quality within the impact area. Mitigation bank credits could be purchased from Mary A Mitigation Bank in Brevard County at a price of $45,000 per credit for joint state and federal UMAM credits. Thus, the estimated total project mitigation cost using a mitigation bank would be $477,000.

As part of the due diligence effort, the parcel adjacent to the site, as shown in **Figure 3-2,** was looked at to potentially increase the footprint of the site while adding frontage along the eastern side of the lateral J canal. FDOT was contacted to see if there would be any interest in a possible swap between their 4.7 acre site and a 3.12 acre county-owned parcel in the near vicinity. During the discussions, CDM Smith did a desktop evaluation of the FDOT site and found that a majority of the FDOT land is classified as freshwater/forested wetlands and would have to be mitigated should that area be used in conjunction with the reservoir project. Therefore, staff does not recommend pursuing discussions with the FDOT at this time.

Figure 3-2: FDOT parcel adjacent to site

CDM Smith reviewed state and federal databases to determine if protected species could be on or adjacent to the site. In conversations with Beth Powell, Conservation Lands Manager, she confirmed that the presence of Scrub Jays on the site were not likely but certainly possible. Gopher tortoise and other species listed below, as determined by CDM Smith, could potentially be on site. A site visit/ ground truthing will be required by the regulatory agencies if the project proceeds to the next phase.

Table 3-1: List of Protected Species Potentially Occurring on/near the site

Scientific Name	Common Name	Status	Habitat Preference
Mammals			
[illegible]	[illegible]	[illegible]	[illegible]
Birds			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Wading birds			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Amphibians & Reptiles			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Geotechnical Investigations

In late December 2015/early January 2016, the County directly hired one of the local geotechnical firms under its continuing services contract. Keller, Schleicher & MacWilliam Engineering and Testing, Inc. (KSM) perform a preliminary subsurface investigation that consisted of five (5) soil borings and five (5) permeability tests. The geotechnical report was furnished to CDM Smith for evaluation in determining if the excavated soils could be used as road underlayment, if the material could be used for the construction of the necessary berm, and ultimately, if the soils underneath the surface would have adequate allowable bearing capacity to support the weight of the berm and reservoir system. The KSM summary report is included in the CDM Smith report under **Appendix B.**

KSM performed five (5) Standard Penetration Tests (SPT) at locations throughout the site where the reservoir would be situated. The types of soils consists of medium to fine-grained, slightly silty sand. From land surface to a depth of 50 feet below land surface (bls), no organic soils (highly compressible) or other unsuitable material was found at the SPT boring locations except for the typical surface vegetation. The soil density was classified as loose to medium dense, and according to KSM, the soils found at the location could support the structures associated with the project.

According to the U.S. Department of Agriculture Soil Survey Map of Indian River County, the primary soils found at the site are Eau Gallie fine sand (3) and Pomello sand, 0 to 5 percent slopes (21), with some Myakka-Myakka fine sands, 0 to 2 percent slopes (5).

The water table was found to vary from 40 to 80 inches below existing land surface, and based on the types of soils classified at the site, KSM estimated that the normal seasonal high water table could be anywhere between 4 to 30 inches. The normal seasonal low water table was estimated to be 50 to 80 inches below land surface.

KSM also performed five (5) Usual Open Hole permeability tests at the boring locations. This type of test was developed to determine how quickly or slowly water travels through a given soil type and density over a specified amount of time. The results of the test, known as permeability (hydraulic conductivity), indicate if a soil drains well or poorly. **Table 4-1** show the results of the KSM permeability tests.

Table 4-1 Hydraulic Conductivity Test Results

Test Location	Hydraulic Conductivity	
	(cfs/sq. ft. – ft. head	(ft./day – ft. of head)
P-1	3.7×10^{-4}	32
P-2	3.0×10^{-4}	26
P-3	1.5×10^{-4}	13
P-4	1.7×10^{-4}	15
P-5	1.9×10^{-4}	16

Source: KSM Preliminary Subsurface Investigation, January 2016.

[1] See Figure 4-1 for permeability test locations

Based on the results of the geotechnical investigations, it appears that the soils on the subject property are moderate to high permeability, thus allowing water to travel through the pores

somewhat rapidly. Such soils types are not considered ideal if water storage in a reservoir system is the goal, and would likely indicate that seepage from the reservoir to the surficial ground water will occur unless hydraulic controls are put in place. The soils are appropriate to support a reservoir system and associated berm structure.

Permitting Investigation

Several local, state and federal permits will be required as part of this project. While some the details are not fully known due to insufficient information, more specific requirements are to be obtained during pre-applications with other regulatory agencies once a more detailed design is underway and site verification of certain environmental factors has been completed.

The following permits are required:

1. An FDEP *Application for a Specific Permit to Construct Potable Water System Components* for the construction of the pump stations, transmission piping, reservoir and surface WTP;
2. An FDEP Environmental Resource Permit (ERP) for the minimal storm water impacts associated with the perimeter roadway. Based on the ultimate location selected, the ERP may be required to address wetland mitigation as well. A joint application to FDEP with review by the Army Corps of Engineers would then be required.
3. A modification to the County's SJRWMD CUP No. 10524 to include surface water as a supplemental supply source;
4. An IRFWCD connection permit for the overflow structure into the Lateral J, as well as for use of Right-of-Way (if needed) during construction; possible temporary permit to discharge dewatering well water to the canal system
5. An Indian River County *Application for Major Site Plan Approval*. This assumes that the project site plan will include more than 5,000 square feet (sf) of new impervious area (entrance, maintenance/perimeter road, pump slabs, etc.). Projects with between 5,000 and 150,000 sf of new impervious area can be approved at the staff level with no involvement from the Planning and Zoning Commission;
6. An Indian River County building department construction permit for the reservoir, pump stations and electrical service;
7. Indian River County ROW permits for use of road ROWs for transmission piping and pump station crossings;
8. Indian River County Utility Construction Permit; and
9. Depending on the site layout and impacts, a permit for impacts to protected species may be required from USFWS or FWC.

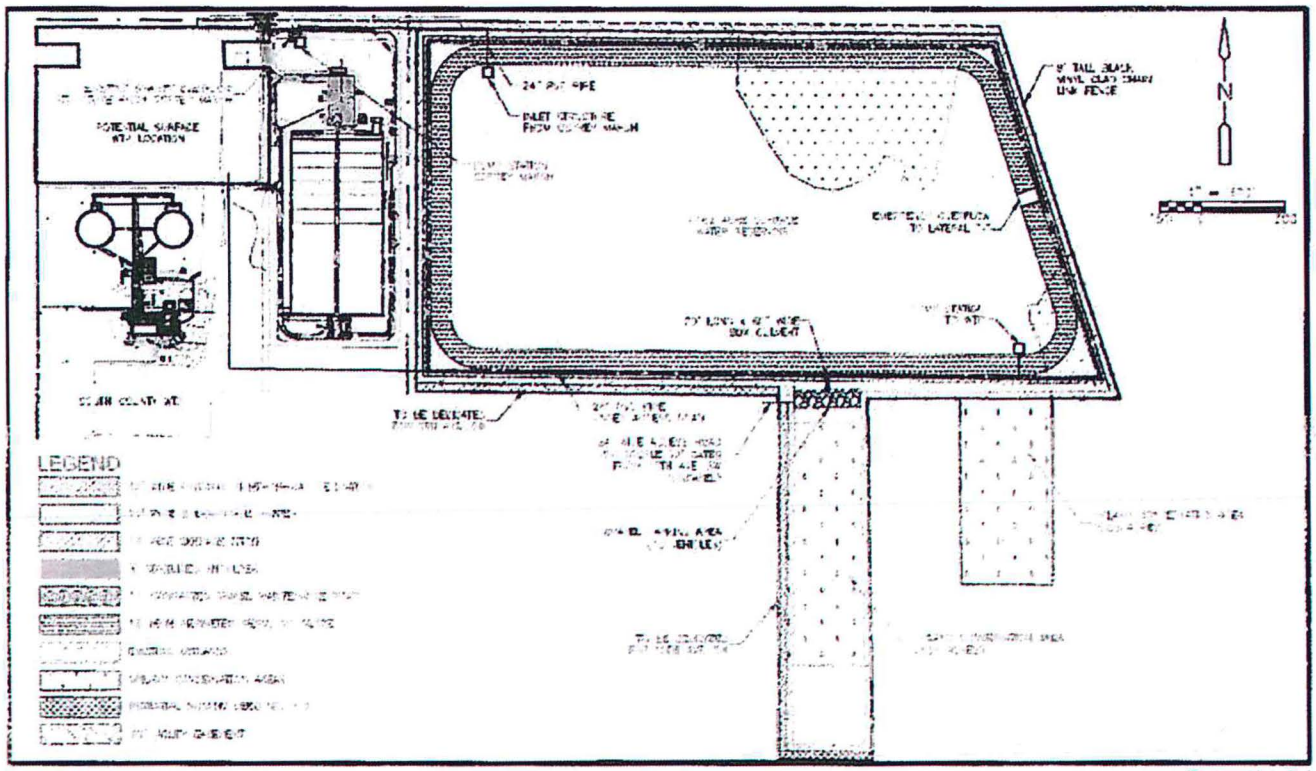
In addition to the permits listed above, the Department of Health (DOH) requires a minimum setback for potable water features of 200 feet from on-site sewage disposal systems (i.e. septic

tanks). The neighborhood south of 7th Street SW, while connected to the County water supply system, remains on septic tanks. Therefore, the storage reservoir proposed for the subject property would have to be located 200 feet or more from the nearest drain field. As currently presented in Figure 2-1, the reservoir is approximately 178 feet from the nearest drain field. A variance from the DOH would be required to construct the reservoir as shown. Otherwise, the southern berm location would have to be shifted to gain the additional 22 feet of separation thereby losing available storage volume within the reservoir.

In addition to the 30 foot ROW dedication along 7th Street and 10th Avenue SW, a 25 foot Type B buffer will be required for the site. The existing pine scrub vegetation can remain to form the buffer but this will need to be in place prior to the start of the support berm needed to hold the reservoir water. In short, a gross footprint area of around 68 acres is thus reduced to an approximate 48 acres of reservoir space.

In addition, County LDR requirements state that 15% of the upland portion of the site be maintained as uplands conservation. Less the 10.6 acres of potential wetland area leaves 73 acres of upland which calculates to 10.95 acres of space required for conservation. Due to the unique nature of the site, the southern "fingers" could be used to satisfy this requirement. **Figure 2-1** depicts the conceptual layout of the reservoir system with the required ROW allocations, buffer setbacks, berm, reservoir footprint and associated conservation areas. To the west of the site is the Osprey Marsh Algal Turf Scrubber System and the South County Water Treatment Plant.

Figure 2-1: Conceptual Layout-South County Reservoir Site, 925 5th Street SW



CDM Smith

Figure No. 2-1
Conceptual Layout of the South County Reservoir Site, Oslo Road, Indian River County
FEB 2016

Conceptual Design

The reservoir was sized to be as large as possible after all other setbacks, roadways, seepage ditches and berms were in place. The ROW dedication and DOH offsets would indicate that an approximate surface area of 48 acres is allowable. The 12 foot high berm would be constructed to account for any severe weather events/wave action or hurricane force winds. The assumed water depth is to be 10 feet given the berm side slopes of 3 Horizontal: 1 Vertical. At full capacity, approximately 232 million gallons of water could be stored.

As part of the exercise, the treated water from the Osprey Marsh site is to be used to fill the reservoir. The county blends up to 1 million gallons a day (MGD) of demineralized concentrate from the South County WTP and mixes it with up to 10 MGD of canal water from the 27th Avenue pump station. The 27th Avenue pump station has two (2) 10 MGD pumps that operate individually to send the canal water through a 24" diameter pipe. The treated water from the Osprey site currently discharges by gravity to the lateral J-1 canal. If that water were to be used for the reservoir, a new 11 MGD pump station would need to be installed to convey water from the Osprey Site to the reservoir. A separate pump station would need to be installed on the southeast corner of the reservoir to send water from the reservoir back to the new Surface Water Treatment Plant. Such a pumping array will need to be calibrated and carefully operated to ensure successful conveyance of water during normal and emergency operations. If a power outage were to occur, a very large portable or standby generator would be needed at each and every pumping location to ensure continuity of operation.

Water quality from the Osprey Marsh site was evaluated to determine the type and kind of surface water treatment necessary to remove dissolved solids and other non-desirable contaminants to meet state and federal drinking water standards. As such, there is a higher than typical chloride concentration in the Osprey Marsh treated water that would need to be removed for potable water consumption. A very sophisticated treatment train consisting of conventional surface water treatment processes (i.e., flocculation and clarification with plate settlers) to reduce suspended solids concentrations and color, followed by microfiltration (MF)/ultrafiltration (UF) to further reduce suspended solids and bacteria and then low-pressure reverse osmosis (LPRO) to reduce the total dissolved solids concentration (salinity) and microbiologicals to within the drinking water standards would be required. This combination of treatment processes provides a high level of treatment. One potential concern is the formation of algal toxins from the algal turf scrubber system discharge. Algal toxins in surface water supplies have been reported in several locations in the US. The combination of MF/UF/RO has been reported in literature to remove many of these toxins

As shown in Figure 2-1, there is approximately 10 aces of useable space just north of the South County RO plant for a new, separate treatment process as just described. Close proximity to the existing piping infrastructure is ideal, allowing for combination of the finished water from either plant to be sent out to the distribution system.

Residual by products from the surface WTP need to be considered for treatment and disposal. One option is to construct a 3,000 foot deep injection well. Another option would be to expand the Osprey Marsh operation, which would require extensive pump modifications, additional water transmission piping and larger maintenance need, for such an operation. In addition, solids dewatering may be necessary as part of the surface water treatment process and this requires

space and isolation from nearby residential properties. The odor from such an operation has been known to be a concern in some communities, and while mitigating controls can be put in place, they can be costly and difficult to maintain.

Opinion of Probable Cost

Please refer to CDM Smith's section 7 of their report for an in depth analysis of how the costs were obtained for this project. While this is still a conceptual plan, rough numbers are needed to identify the investment required for such an ambitious project. Based on some of the assumptions identified in the due diligence and site conditions/ project requirements, **Table 7-1** summarizes the conceptual capital costs

Table 7-1 Summary of Conceptual Construction Costs, CDM Smith

Demand from Reservoir (mgd ADF)	Pumping	Transmission	Reservoir	Treatment	Storage	Concentrate	Total
	($ Millions)						
5.0 (Deep Injection Well)	3.7	0.70	1.3	48.3	0.76	3.8	58.5
Percent of Total	**6%**	**1%**	**2%**	**83%**	**1%**	**7%**	
5.0 (Osprey Marsh Expansion)	3.7	0.70	1.3	48.3	0.76	4.5	59
Percent of Total	**6%**	**1%**	**2%**	**82%**	**1%**	**7%**	

Conceptual estimates of total capital cost, total operations and maintenance (O&M) cost, total equivalent annual cost and unit production cost is summarized in **Table 7-2** for both concentrate disposal alternatives (deep injection well (DIW) or expansion of Osprey Marsh). For the DIW alternative, total capital cost for the reservoir system is estimated to be $95 million, while unit production cost was estimated at $5.94/1,000 gallons. For the Osprey Marsh expansion alternative, total capital cost for the reservoir system is estimated to be $96 million, while unit production cost was estimated at $5.97/1,000 gallons. Annual O&M costs for both alternatives is approximately $5.3 million/year.

Table 7-2 Summary of Conceptual Capital, O&M and Unit Production Costs[1] CDM Smith

Demand from Reservoir (mgd ADF)	Total Capital Cost [1]	Equivalent Annual Capital Cost [1,2]	Total Annual O&M Cost[3]	Total Equivalent Annual Cost [2,4]	Unit Production Cost[5]
	($ Millions)				($/1,000 gal)
5.0 (Deep Injection Well)	88	5.1	5.2	10.3	5.66
5.0 (Osprey Marsh Expansion)	89	5.2	5.2	10.4	5.69

Notes:

[1] Conceptual capital costs include pumping, transmission, reservoir, treatment, storage and concentrate disposal. Conceptual capital costs further include a 50 percent construction allowance (30 percent contingencies and 20 percent non-construction capital costs).

[2] A service life of 25 years and an interest rate of 3.125 percent (Federal water resources planning discount rate for Fiscal Year 2016) was used in the analysis.

[3] Conceptual O&M costs include equipment, staffing, power and chemical costs, where appropriate.

[4] Total equivalent annual costs include annualized capital costs plus O&M costs.

[5] Unit production cost is equal to Total Equivalent Annual cost divided by demand from reservoir (average annual rate of delivery of water).

Options for Consideration

Based on the information provided thus far, it appears that there are four options for the Board to consider.

Option 1: Cancel the Contract
If the Board decides not to purchase the subject property, the contract requires that the seller be given written notice on or before February 29, 2016 (the end of the Feasibility period). If that is the case, the Board should authorize staff to prepare Exhibit B and authorize the Chairman to sign.

Option 2: Purchase the land and reserve for future use
If the Board decides to purchase the 83.13 acres, it will acquire the property $400,000 below present market value. The County could then use time to determine the highest and best use of the land.

Option 3: Purchase land and pursue Storm Water Park/ TMDL Removal
If the Board decides to purchase the property for a storm water park, it should use Optional Sales Tax funding. The land would still need to have a full environmental assessment to determine the wetland types and impacts from a storm water park. Osprey Marsh's treated water could be used to fill the reservoir negating the need to maintain the lateral J-1 canal conveyance system. Planning and coordination with IRFWCD may be necessary to operate the reservoir properly for drought/ wet weather/ emergency events if a new discharge is created at the Lateral J canal. The park could be operated and maintained by the storm water division within public works if sufficient staff time is allotted for the site. Cost share grants from the SJRWMD/DEP/EPA should be pursued to reimburse the County for the land acquisition and/or offset the capital costs needed to construct the facility. Public access could be a positive feature of the storm water park.

Option 4: Purchase and develop reservoir as water source for new Water Treatment Plant
If this option is selected, there would need to be a much greater amount of time and money spent on determining all the logistical, financial and operational requirements to bring this project to fruition. It is a multi-year process that will involve people from the local, state and federal levels to address much of what has been identified in the agenda item & CDM Smith report. Funding a project of this magnitude will require a substantial investment, not only on the construction portion of the project, but also because the operational costs are 3x higher for less water produced for consumption. Rate studies would be necessary to identify the full impact to the utilities' rate payers and the Utility Department should bonding be required. In verbal conversations with SJRWMD, staff are excited about such an endeavor but warn that cost share funding dollars are only given out year to year, are subject to the governing board approval and may not be relied upon for long term commitments or funding levels.

As noted at the December 15, 2015 BCC meeting, the parcel for sale is sold AS IS WHERE IS. The onus will be on the buyer to ensure that there are no issues that would affect the sale of the property. Having completed some of the due diligence associated with the subject property, it does not appear that there are any environmental issues that would adversely affect the County's ability to purchase the land, but there are substantial costs associated with a future potable water reservoir system.

Section 2.2 of the agreement states, *if there are issues that would prevent a sale moving forward including, but not limited to, economic feasibility, financing, zoning, the local government comprehensive plan, redevelopment potential, structural components of any improvements, governmental restrictions and requirements, availability of utilities, concurrency issues, physical condition, subsoil conditions, environmental matters, and such other matters as may be of concern to Buyer.... Buyer shall have until the Feasibility Date in which to determine whether the Property is acceptable to Buyer, in its sole discretion, in all respects. If Buyer finds the Property to be unacceptable and elects not to proceed with the transaction contemplated hereby, Buyer shall, on or before the Feasibility Date, give written notice of termination to Seller in the form attached hereto as Exhibit B ("Termination Notice and Agreement").*

The feasibility date is listed as 5:00 pm on Monday, February 29, 2016.

The closing date is listed as 2:00pm on Tuesday, March 1, 2016.

FUNDING:

Option 1: Cancel the Contract. No funding required

Option 2: Purchase the land and reserve for future use. If it is to be used for Utility purposes, utilize impact fee funds. If it is to be used for other purposes, utilize Optional Sales Tax Funds.

Option 3: Purchase land and pursue Storm Water Park/ TMDL removal. Utilize Optional Sales Tax Funds.

Option 4: Purchase and develop reservoir as water source for new Water Treatment Plant. Funds for the land purchase are derived from capital funding. 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.

ACCOUNT NO.:

Option	Description	Account Number	Amount
1	Cancel Contract	N/A	$0
2	Purchase & Reserve For future	tbd	$1,000,000
3	Storm water Park/TMDL Use: Opt. Sales Tax	31524338-066510	$1,000,000
4	Land	471-161002	$1,000,000

RECOMMENDATION:

Due to the extremely high costs not only for the capital portion required to construct the reservoir and surface water treatment plant but for the expensive operation and maintenance costs

associated with the potable water reservoir system, the purchase of the property is not economically feasible at this time. In addition, potential DOH setback requirements, close proximity to residential neighborhoods, no expansion capabilities and difficult raw water quality treatment needs prohibit this site from being an ideal location for an alternative water supply system. Therefore, staff recommends that the Board select **Option 1: Cancel Contract**.

If Option 1 is selected, the Board should direct the Chairman to sign Exhibit B: Termination Notice and Agreement on their behalf and send the document to the seller on or before Monday February 29, 2016.

ATTACHMENT(s):

1. **CDM Smith Due Diligence and Opinion of Probable Cost Report**
   (On file in Board of County Commission Office)
2. **Exhibit B: Termination Notice and Agreement**

APPROVED FOR AGENDA:

By: Joseph A. Baird

Joseph A. Baird, County Administrator

For: February 16, 2016
Date

Indian River Co.	Approved	Date
Administration		2/11/16
Legal		2-10-16
Budget		2/10/16
Utilities		2/10/16
Utilities-Finance	CMC	2-10-16
Public Works	Cm	2-10-16