

# Board of County Commissioners

## Agenda Request

Date of Meeting: February 19, 2008

Date Submitted: February 1, 2008

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator  
Dale Dransfield, Eutaw Consultant (Sewer)

Subject: Review of Payment Options for Capacity Charges Relating to the Upgrade of the Wakulla Wastewater Treatment Plant and Wakulla Gardens Sewer Infrastructure, and Recommendations for Repayment of the State Revolving Fund Loan for Sewer Infrastructure and Improvements

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### **Statement of Issue:**

This agenda item seeks to provide the Board of County Commissioners with viable payment options for the residents of Wakulla County in regards to the capacity charges, tap fees and connection charges associated with connection to the County sewer system.

A discussion of projected revenues for repayment of the State Revolving Fund Loan for needed sewer improvements will also be provided.

### **Background:**

Eutaw Utilities, Inc. prepared a Wastewater Facilities Plan which was adopted by the Wakulla County Board of County Commissioners at a public hearing; reviewed and approved by engineers at the Water Facilities Funding Bureau of the Florida Department of Environmental Regulation; reviewed and approved by the Florida State Clearing House; and passed a 30 day review of citizens, without comment. Within the facilities plan was a capital finance plan identifying pledged revenue for the repayment of the State Revolving Fund Loan. Historical data and approved methods were used in order to determine the ability of the County to repay the loan. Since that time, there has been a decrease in new home construction within the County. The Board of County Commissioners has requested that Eutaw Utilities, Inc. provide an updated report concerning the County's ability to repay the loan in light of current economic circumstances.

### **Analysis:**

After review of the recommendations in the Wakulla County Wastewater Facilities Plan, the Board of County Commissioners immediately began to implement a number of policies to ensure the sewer utility would be able to meet its debt obligation.

1. The Board has worked to improve sewer billing practices. The individual water providers located within the County have begun to bill their water customers directly for sewer services. With establishment of this policy, as residents move into and out of the County, the water provider automatically updates the sewer customer.
2. The Board has adopted resolution 07-13 which increased the connection charges from \$3,000 to \$3,850 per the Equivalent Residential Connection.

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3. The Board has agreed to implement and enforce Florida Statute 381.0065 which states residents must connect to the wastewater system when it becomes available.
4. The Board revised and implemented an interlocal agreement with the City of Sopchoppy to include a capacity charge upon connection to the County sewer system.
5. The Board is currently negotiating with Talquin Co-op to develop a similar interlocal agreement for sewer capacity charges for customers on the Oyster Bay system.
6. The Board is currently negotiating with the Wildwood Golf Course for reuse of treated water, and payment for same.
7. Readiness to serve fee: Eutaw consultants is working on a proposal for future Board consideration that if approved, would make every undeveloped lot in the affected subdivisions pay a readiness to serve fee of \$180 per year. This fee would be added to the property owner's annual tax bill. If an owner should choose, they can apply for a change in subdivision plat to combine lots into one developable lot. This action would result in the lot owner forever losing any right to subdivide the combined lot.
8. At the Commission on February 19, 2008, Eutaw Utilities will also present new recommendations (Attachment #1) to the Board which will give residents of Wakulla County who cannot afford to pay the one time connection fee all at once an opportunity to pay the fee over a period of time. Eutaw has been working on these options for some months. At the time of this Agenda, those recommendations are still being modified.

Historical data shows Wakulla County has grown at a rate of 4.8% per year. From 2000 – 2006, the number of single family homes connected to the County sewer system has increased four-fold. During the first 3 months of the 2008 fiscal year, single family building permits have more than double compared to the same time period in 2007.

**Options:**

1. Accept this report and approve the recommendations and Option 1, 2, or 3(Attachment #1) presented for connection fee payment options with direction to prepare an Ordinance to adopt policy.
2. Do not approve the recommendations presented for connection fee payment options and do not give to prepare an Ordinance to adopt policy.
3. Board Direction.

**Recommendation:**

Option #1

**Attachment:**

1. Recommendations on Capacity Payment Options

## Reference Wakulla County Ordinance

31.064. No service free.

No sewage disposal service shall be furnished or rendered free of charge to any person, firm or corporation whatsoever and the county and each and every agency, department or entity which uses the service shall pay therefore at the rates fixed by this division.

(Ord. No. 88-25, § 16, 7-18-88; Ord. No. 95-21, § 16, 9-5-95)

*\*Municode, Wakulla code of ordinances*

Implement the current Ordinance 88-25 and 2003-08 regarding mandatory connections to the central wastewater system as mandated by FAC, 381.00655. Allow a period of one year to connect to an available wastewater service. Assess a readiness to serve fee of \$15 per month until the customer connects to the system or one year from notice of availability, whichever is first. At that point, Options 1 or 2 or 3 may be employed for payment to the County to connect to the central sewer system. Wakulla BOCC must set policy to determine which option(s) might be available to customers when sewer connection is required.

## Option 1

**Place a utility infrastructure surcharge on the monthly bill** for new domestic residential connection to the sewer system. The surcharge would remain in effect for a given number of billing cycles during which the customer paid the monthly sewer bill in full. Failure to remit full payment of the bill, including the surcharge, would result in discontinuance of water service until the outstanding balance was paid in full. During periods of vacancy, the surcharge would continue to be billed to the property owner. Assuming a principle amount of \$3,850, an interest rate of 3.5% and a term of 120 months, the monthly payments would total \$38.07.

### Monthly Infrastructure Surcharge

Amount	<b>3,850</b>
Beginning of Loan	

Annual Interest Rate	3.50%
Length of Loan, Years	10
Payments Per Year	12

### Payment Information

Total Payments	120
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Calculated Payment	<b>\$38.07</b>
Entered Payment	

### Summary Information

Total Paid	(\$4,568.53)
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Interest Paid	(\$718.53)
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## Option 2

**Place an annual assessment on the property tax bill** of each domestic residential lot where a new sewer connection is made. This assessment will be administered by the County Tax Collector. Failure to pay the assessment will lead to a lien on the property. Using a 10 year assessment and a 3.5% interest rate charged to the customer, the annual assessment would be \$462.93. If you considered a 15 year assessment, the annual amount added to the tax statement would be \$334.28. It would not be advisable to consider a length longer than 15 years, since the assessment would not begin until hook up to the system is completed and the loan to DEP needs to be repaid in 20 years, so the revenue needs to be available to the County in that time frame.

### Using a 10 year assessment

Amount	3,850
Beginning of Loan	

Annual Interest Rate	3.50%
Length of Loan, Years	10
Payments Per Year	1

### Payment Information

Total Payments	10
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Calculated Payment	\$462.93
Entered Payment	

### Summary Information

Total Paid	(\$4,629.29)
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Interest Paid	(\$779.29)
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### Using a 15 year assessment

Amount	3,850
Beginning of Loan	

Annual Interest Rate	3.50%
Length of Loan, Years	15
Payments Per Year	1

### Payment Information

Total Payments	15
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Calculated Payment	\$334.28
Entered Payment	

### Summary Information

Total Paid	(\$5,014.15)
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Interest Paid	(\$1,164.15)
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## Option 3

### **Readiness to Serve Fee to all lot owners and Low Interest Loan to qualified customers.**

Consider what your neighbor to the North has done to handle an almost identical situation. Killlearn Lakes residents are served by Talquin Electric Cooperative for potable water and by the City of Tallahassee for their sewer. Once city sewer became available, connection to the system was mandatory. The options given to those residents were to pay the entire system charges and connection fees at the time they hooked up to the system or obtain a low-interest loan from the City. Below are some of the details of that program copied from the City of Tallahassee website. Note that all lots are charged a “Readiness to Serve” fee on their annual tax statement. This is a widely used means to help pay for infrastructure. The Low Interest Loans would be secured by placing a lien on the property. At any time prior to full payment of the note, should the property be sold, the remainder of the note would be paid to the County at time of closing. The note payments would depend on the interest rate, the length of the loan and the number of payments per year. The amount determined in the examples in Option 1 and Option 2 can be used as a guide to approximate what the annual cost to the customer would be.

### **Excerpts from the City of Tallahassee website:**

First you should:

- **investigate all financing options, including a loan from your financial institution.**
  - **obtain two or three bids from licensed plumbing and electrical contractors before making your selection.**
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- Consider a low-interest loan, October 1, 2007 - 5.56%, offered by the City of Tallahassee.
  - Finance the cost for up to 10 years and make automatic monthly payments on your City utility bill. (The loan is secured by a lien on the property in the amount of the loan outstanding.)
  - Loans can include the sewer tap fee, system charge, package grinder pump, sewer line construction, electrical enhancements and septic tank abandonment. The City will issue checks directly to the contractor(s).

## HOW TO CONNECT TO THE CITY'S SEWER SYSTEM (AND APPLY FOR A CITY LOAN)

### 1. Assemble the following:

- Bid(s) or copy of executed contract from selected contractor. Important: Property owner(s) listed on the deed must *sign* bid or contract.
- Photo identification.
- Copy of monthly water bill from Talquin Electric Cooperative.
- Copy of Talquin Authorization Form. Forms are also available at Utility Customer Service at the Frenchtown Renaissance Center.
- Copy of the property deed, including legal description (may be downloaded from Leon County Clerk of Court website)

### 2. Apply for a loan at the Frenchtown Renaissance Center, located at 435 N. Macomb St., at the corner of Macomb and Virginia Streets.

Submit bid(s) or executed contract.

- Sign permission form authorizing Talquin to release account information and monthly water meter readings to the City of Tallahassee.
- Present deed, legal description and photo identification. (Everyone listed on the deed must be present to sign loan documents).
- Pay the \$40 deposit and \$18.50 account set-up charge. (Or have it charged on your first month's utility bill).

### 3. Notify contractor when you receive notice of the loan approval .

- Authorize contractor to obtain a Leon County permit and begin work.

### 4. Upon work completion, ensure that the contractor contacts the Leon County Building Inspection for a site inspection.

- When the City receives notification of a satisfactory site inspection, the City will call you to schedule a loan-closing appointment.

### 5. Return to the Frenchtown Renaissance Center to close loan.

- Present photo identification.
- Sign promissory note.
- Complete final documents.
- After a mandatory three (3) day waiting period, the City will process fees and issue a check to the contractor(s).
- Loan repayment will begin in the first billing period following the date that the promissory note is signed and executed.

## **CITY OF TALLAHASSEE UTILITIES SEWER BILLING**

### **When will I receive a sewer bill?**

All customers connected to sewer will receive a bill around the third week of the month for metered consumption. Metered water consumption by Talquin Electric Cooperative will be used to determine monthly billable consumption. Minimum charges and system availability charges (A Minimum Charge/Readiness-to-Serve) will be billed to all homes in Killlearn Lakes Plantation Subdivision Units 1 and 2 on the annual property tax bill beginning in 2007.

### **Will I still receive a water bill from Talquin Electric Cooperative?**

Yes. Talquin will continue to provide water service and bill you each month.

### **How is the sewer bill calculated?**

Your monthly consumption will be determined by your metered water usage. The City of Tallahassee and Talquin will work together to use the water meter reading taken by Talquin each month to determine your sewer consumption.

### **How is my maximum sewer bill calculated?**

In recognition that all metered water does not enter the sewer system, the City of Tallahassee has a longstanding practice of capping billable sewer consumption based on the second highest metered water usage during the billing months of December through March.

Typically, most customers use water outside during the hot summer months - watering lawns and gardens, washing cars, and so on. This is not the case in the winter. So to avoid charging sewer charges for water that does not enter the sewer system we establish a cap, rather than billing based on heavy summer use, the City uses the winter months when your water use should be a good deal less.

To provide a greater level of accuracy and reflect normal sewer usage we use the second highest winter month in the event you had holiday company or began watering outside in March.