

Board of County Commissioners

Workshop

Date of Meeting: March 16, 2009

Date Submitted: March 6, 2009

To: Honorable Chairman and Members of the Board

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

Subject: Workshop to Discuss the Proposed Comprehensive Sewer Ordinance

Statement of Issue:

This agenda item requests holding a workshop to discuss the proposed, draft Comprehensive Sewer Ordinance(Attachment#1) and make final changes to create the final version of the Comprehensive Sewer Ordinance and direct staff to schedule a public hearing for the Ordinance.

Background:

Over the years, there have been a number of ordinances and resolutions to govern the County Sewer Utility adopted in Wakulla County. Some of the direction given in these various documents has been found to be in conflict and some has been found to be outdated. Additionally, there have been a number of circumstances which have required new language to be added in order to address current policy. As such, staff had received direction from the Board to combine all these various documents into one comprehensive ordinance that will govern the County's waste water system. This would help clarify the ambiguities and resolve conflicting policy.

On September 22, 2008, the Board held a workshop (Attachment #2) to discuss the proposed Comprehensive Sewer Ordinance. The draft ordinance presented in the workshop included a number of new policies. Some of which are as follows:

- paying for the infrastructure improvements identified in the County's Wastewater Facilities Plan,
- a new proposal to allow new sewer customers to pay for their sewer connection fees over time,
- a variance for owners of performance based septic systems.
- A readiness to service fee structure.

Analysis:

After giving a thorough presentation relating to the on-going issues surrounding the improvement and expansion of the wastewater utility, staff sought direction from the Board at the September 22, 2008 workshop to continue to pursue a number of ongoing tasks as it relates to the County sewer utility. On October 8, 2008, the Board ratified (Attachment #3) the actions taken at the September 22, 2008 workshop and gave Staff the following direction:

1. Work with the Florida Rural Water Association to conduct a rate study to determine if the sewer capacity charges and monthly rates and proposed readiness-to-serve charges are

adequate to meet the potential debt coverage as well as operations and maintenance requirements of the utility.

2. Work with the County Attorney to perfect the proposed Comprehensive Sewer Ordinance and prepare it for publication prior to a public hearing and schedule the public hearing.
3. Continue ongoing negotiations with Talquin Electric Cooperative, Panacea Area Water System and Wildwood Golf Course and bring final proposed agreements to the Board for approval.
4. Continue working with DCA to obtain a variance for septic systems in Wakulla Gardens subdivision.
5. Systematically update the BOCC on the above 4 items.

The FRWA rate study has been completed and is attached for your review. The fee option that has been included in the proposed ordinance is found on table 2 of the study and utilizes a phased increase of monthly utility rates. (Shown below)

Table 2
Phased Rate Increase Implementation 2009 thru 2011
Estimated Existing and Proposed Wastewater Rates

Average Residential Monthly Bill 6,000 gallons (with 3-year implementation & Estimated Annual 2.7% CPI Increase)

Category of Rates	Existing Rates Includes 2,000 Gallons	Proposed Rates (Rate increases are phased in during 2009 thru 2011) ²			
		2009	2010 ³	2011 ³	2012 ⁴
Residential			2.7% CPI	2.7% CPI	
Average Usage in 1,000 Gallons	6,000	6,000	6,000	6,000	
Base Facility Charge ¹	\$15.00	\$19.00	\$23.11	\$27.73	
First 6,000 gals	4 X \$2.00	6 x \$2.53	6 x \$3.20	6 x \$4.16	
Total	\$23.00	\$34.18	\$42.31	\$52.69	
Commercial I					
Average Usage in 1,000 Gallons	10,000	10,000	10,000	10,000	
Base Facility Charge ¹	\$21.00	\$28.50	\$34.67	\$41.60	
First 10,000 gals	10 x \$2.50	10 x \$2.53	10 x \$3.20	10 x \$4.16	
Total	\$46.00	\$53.80	\$66.67	\$83.20	
Commercial II					
Average Usage in 1,000 Gallons	35,000	35,000	35,000	35,000	
Minimum Bill ¹	\$21.00	\$57.00	\$69.33	\$83.19	
First @ 35,000 gals	35 x \$2.50	35 x \$2.53	35 x \$3.20	35 x \$4.16	
Total	\$108.50	\$145.55	\$181.33	\$228.79	
Readiness To Serve	0	\$19.00	\$19.00	\$19.00	

Notes: (1) No gallonage is included in the Base Facility Rate – residential customers are charged the cost per thousand gallons for each thousand gallon used and commercial customers are charged the same
 (2) This scenario has the rate increase phased in during 2009 thru 2011.
 (3) Annual adjustment per consumer price index.
 (4) New rate review in year 2012.

Existing and Estimated Wastewater Revenues

Customer Class	2008	2009	2010	2011	2012 ⁴
Residential	\$469,752	\$698,092	\$864,139	\$1,076,141	
Commercial I	\$83,328	\$144,614	\$179,195	\$223,628	
Commercial II	\$78,732	\$141,474	\$176,253	\$222,384	
RTS	0	\$419,748	\$419,748	\$419,748	
Total	\$631,812	\$1,403,929	\$1,639,336	\$1,941,901	

This draft ordinance also proposes a method for existing residences who will be required to connect to the County Sewer System when it becomes available to them. Homeowners will be allowed to enter into loan agreements with the County to pay capacity charges and tap fees over time. A proposed loan application and loan agreement are attached for your review (Attachments #4 & 5).

The draft ordinance also changes the months used to determine the average usage for a residential customer from January, February and March to December, January and February. Readiness-to-serve fees have been added to this ordinance as recommended by Florida Rural Water in the attached rate study (Attachment #6). Readiness-to-serve fee will be very beneficial toward providing the County sufficient fiscal pledged revenue to satisfy the repayment schedule for the SRF construction loan, regardless of potential further degradation of market conditions that may arise. Many other changes and additions have enhanced the proposed ordinance which needs to be evaluated by the Board before being adopted. Definitions have been added to provide clarity, provisions for late fees, provisions for abuses to the system, policy for dealing with developers, clarification of responsibilities of the customer and those of the County, and so forth.

State Revolving Fund Program

The County will be required to submit a Loan Application to the DEP by May 15, 2009 in order to receive funding through the State Revolving Fund Program. Failure to submit the application by that deadline will result in the County being removed from the fundable list. The Loan Application requires that the County pledge revenues sufficient to repay the loan over 20 years. For purposes of preparing the loan application, Eutaw and staff had proposed that 15% of the monthly sewer billing revenues be pledged, in addition to the capacity charges, customer loan repayments and readiness-to-serve charges. It is requested that these revenues all be pledged in the loan application being prepared for the SRF loan for the sewer upgrades. This loan will be repaid in part with the Legislative Appropriations that have been escrowed for that purpose (\$850,000.00 plus accrued interest). Payments will be made semi-annually resulting in 40 payments over a 20 year period. Other than the escrowed LP grants and the NFWFMD grant of \$500,000.00, the county will be responsible to make up the difference from the pledged revenues mentioned above.

Summary

By so approving this direction, staff would suggest that the Board would make significant progress toward:

- adding fiscal integrity to the cost feasibility of the proposed sewer improvements in light of a downward trending economy,
- providing additional cost effective measures to citizens to pay for their connecting to the sewer over time and
- providing helpful direction to staff, ESG and Eutaw Utilities as we endeavor to further improve the existing wastewater treatment system as quickly as possible. Staff recommends approval of the above noted elements presented in the analysis section at this time.

Attachments

1. Draft Comprehensive Ordinance.
2. September 22, 2008 Workshop Item.
3. October 20, 2008 Ratification Item.
4. Loan Application
5. Loan Agreement