

Board of County Commissioners

Agenda Request

Date of Meeting: May 3, 2010

Date Submitted: April 27, 2010

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator
Commissioner Mike Stewart
Heather J. Encinosa, County Attorney

Subject: Request Board Approval of the Agreement for Wastewater Services Between Wakulla County and Talquin Electric Cooperative, Inc. and Ratify the Board Discussions During the April 12, 2010 Workshop Regarding the Talquin Agreement

Statement of Issue:

This agenda item requests Board approval of the Agreement for Wastewater Services between Wakulla County and Talquin Electric Cooperative, Inc., and requests the Board ratify the discussions during the April 12, 2010 Workshop regarding the Talquin Agreement.

This Agreement outlines the terms and conditions for the County to provide bulk wastewater services to Talquin for their Wastewater Service Area delineated by CUP 99-11 and for Talquin to discontinue use of the Oyster Bay Wastewater Treatment Plan for wastewater treatment and disposal purposes.

Background:

Talquin currently owns and operates the Oyster Bay Wastewater Treatment Plant, which provides wastewater treatment and disposal services to portions of the Talquin service area delineated by CUP 99-11. The County and numerous citizens are concerned about the location of the Oyster Bay facility due to its proximity to wetlands and others environmentally sensitive areas and its current level of treatment. For several years, Wakulla County and Talquin have been attempting to negotiate a bulk wastewater service agreement that would allow Talquin to become a bulk wastewater customer of the County and discontinue use of the Oyster Bay Wastewater Treatment Plan for wastewater treatment and disposal purposes.

Commissioner Mike Stewart, County Administrator Ben Pingree, the County Attorney, and Dale Dransfield with Eutaw Utilities represented the County in the ongoing negotiations with Talquin. The attached contract contains the terms negotiated among the parties (Attachment #1). Although, as is typical in contract negotiations, the County's team did not achieve everything it wanted, the attached document is recommended for the Board's consideration and approval.

Agenda Request: Request Board Approval of the Agreement for Wastewater Services Between Wakulla County and Talquin Electric Cooperative, Inc. and Ratify the Board Discussions During the April 12, 2010 Workshop Regarding the Talquin Agreement

May 3, 2010

Page 2

The Board considered this agreement at its March 15, 2010 meeting and elected to bring the agreement back for a workshop to allow additional citizen comment and discussion.

This workshop was held on April 12, 2010, and several concerned citizens spoke at the workshop. Discussion at the workshop centered around the following potential issues for inclusion in the Wastewater Services Agreement:

- (1) The ability for the County to regulate the rates and connection charges to be charged by Talquin to its customers;
- (2) The ability for new Talquin customers to pay connection charges overtime, rather than a lump sum at connection;
- (3) The problem with water pressure supply to certain hydrants in the Talquin Water Service Area as recently discovered during an ISO test;
- (4) The location of the meter between Talquin and the County's system;
- (5) The need for Talquin to provide annual reports and system maps to the County;
- (6) The potential for Talquin to build the forcemain from its system up to the present point of connection and they convey it to the County so the County would be able to use it to serve Live Oak Island in the future.

The Board heard input and discussion on these issues from citizens and Talquin, and there seemed to be a consensus from the Board for staff to further explore these issues with Talquin for possible inclusion in the final Wastewater Services Agreement.

Analysis:

The County Attorney has engaged in detailed discussions with Talquin on these outstanding issues since the April 12 Workshop. Talquin has not agreed to allow the County any discretion to regulate its rates and connection charges. Similarly, Talquin has not agreed to allow the payment of connection fees over time. Accordingly, we have not included any requirements in the Wastewater Services Agreement relating to these issues.

Talquin has been working to address the problem with its water pressures in fire hydrants. One possible solution that Talquin is reportedly pursuing is the reopening a 6" water main that runs along the airstrip in the refuge. Talquin had closed this line due to leaks, but is working on repairing it and placing it back in service with the hopes that it will supply the needed pressure. We have not

Agenda Request: Request Board Approval of the Agreement for Wastewater Services Between Wakulla County and Talquin Electric Cooperative, Inc. and Ratify the Board Discussions During the April 12, 2010 Workshop Regarding the Talquin Agreement

May 3, 2010

Page 3

included any requirements in the Wastewater Services Agreement relating to the water pressure issue.

Talquin has agreed to allow the meter that will track the flows from the Talquin System to the County System to be placed at the point of connection or another mutually agreeable location, but due to concerns about being able to secure financing, Talquin has not agreed to convey the new wastewater forcemain to the County. Talquin has expressed willingness to work with the County in the future if the County needs to use the forcemain to provide service to Live Oak Island. We have changed the language in the agreement on the location of the meter, but we have not included any language requiring the conveyance of the forcemain to the County.

Talquin has also agreed to provide certain reports and maps to the County. Talquin is working up a separate agreement covering the exchange of information between the County and Talquin, but, as of the writing of this agenda item, the County Attorney has not received this agreement from Talquin. According to the County Attorney's conversations with Talquin's attorney, the County Attorney understand that Talquin will agree to provide connection reports and system maps and will require the County to provide information to Talquin regarding public work projects, land use changes, and private development projects that will impact Talquin's utilities. Talquin would also ask for an annual report on plant capacity at the County's WTP.

As revised following the April 12 workshop and additional discussions with Talquin, in general terms, this agreement provides for the following:

- (1) The County and Talquin will connect their systems at the Point of Connection, which will be a pump station on the property recently acquired by the County located on the north side of US 98, about a half mile west of Spring Creek Highway or another mutually agreeable location. Talquin will be responsible for extending its system to the Point of Connection and purchasing a meter, and the County will be responsible for bringing its system to the Point of Connection and installing the pump station to be located at the Point of Connection.
- (2) Talquin will connect to the County's facilities at the Point of Connection within 365 days of the County completing its system extension. It is anticipated that the County will complete its construction within 730 days so, under the current terms, Talquin should be an active bulk wastewater customer in 3 years.
- (3) Once connected, Talquin agrees to send all wastewater flows to the County and discontinue use of the Oyster Bay facility for wastewater treatment and disposal. It is expected that this site will still be used as a pump station for Talquin to pump flows

Agenda Request: Request Board Approval of the Agreement for Wastewater Services Between Wakulla County and Talquin Electric Cooperative, Inc. and Ratify the Board Discussions During the April 12, 2010 Workshop Regarding the Talquin Agreement

May 3, 2010

Page 4

to the Point of Connection.

- (4) Both parties will continue to own and operate their respective systems.
- (5) Talquin will pay monthly usage rates, as outlined in Section 8, for wastewater flows sent to the County. Upon connection, Talquin will also pay \$360,000 to the County as an Initial Connection Fee for Talquin's existing 324 residential customers. For any new customers, Talquin will pay additional connection fees, as outlined in Section 11. The parties have also agreed to a process for determining whether adequate capacity is available to add new customers in Section 12. It is important to note that the County has agreed, upon request, to reserve requested capacity for 90 days without payment. After 90 days, Talquin must pay the Additional Connection Fee to hold capacity.
- (6) Section 13 outlines the terms under which Talquin agrees to extend its wastewater service lines within its service area and the parties additionally agreed to jointly explore grants and other funding sources for the extension of wastewater services to Live Oak Island. Talquin also agrees to connect new customers with available wastewater lines if the County enforces the 365- day connection process outlined in Section 381.00655, Florida Statutes, and County Ordinance 2009-09. It should be noted that Talquin was not amenable to providing the County with system maps for its existing system so the County Attorney, along with ESG, planning staff and the health department are investigating means of both identifying lines and monitoring new connections (for payment of the Additional Connection Fee discussed in #5 above).
- (7) Section 14 outlines the term (Until December 31, 2059) and termination provisions.

Although this Agreement may not address all potential outstanding issues between the County and Talquin – such as regulation of the rates Talquin charges to its customers, extension of wastewater service to Live Oak Island, Talquin's water flow to hydrants, maps of the current Talquin systems – given the negotiating parameters of the parties, it is recommended the Board approve this Agreement to accomplish the important public goal of taking the Oyster Bay Wastewater Plant off line.

Options

1. Approve the Agreement for Wastewater Services between Wakulla County and Talquin Electric Cooperative, Inc.
2. Do Not Approve the Agreement for Wastewater Services between Wakulla County and Talquin Electric Cooperative, Inc.

Agenda Request: Request Board Approval of the Agreement for Wastewater Services Between Wakulla County and Talquin Electric Cooperative, Inc. and Ratify the Board Discussions During the April 12, 2010 Workshop Regarding the Talquin Agreement

May 3, 2010

Page 5

3. Ratify the Board Discussion at the April 12, 2010 Workshop regarding the Talquin Agreement.
4. Do not Ratify the Discussion at the April 12, 2010 Workshop.
5. Board Direction.

Recommendation

Options #1 and #3

Attachment(s):

1. Agreement for Wastewater Services between Wakulla County and Talquin Electric Cooperative, Inc.