



# **East-West Spring Lake Wastewater Project Workshop**

Wednesday, August 21, 2013



# Agenda

1. Assessment Methodology
2. Assessment Level Options
3. The City of Stuart Concept
4. Engineering and Construction Options



# Purpose of the Workshop

- In preparation for the September Budget Public Hearings, provide information to the Board for informed decision making.
- Make sure the Board has been presented options with Pros and Cons.



# **Assessment Methodology**

**Presenters:**

**Heather Encinosa, Nabors, Giblin & Nickerson**

**Marty Burton, County Attorney's Office**



# **Using Special Assessments to Finance Central Utility Expansions - a Florida Local Government Home Rule Revenue Source**



# Special Assessments

- Definition = charges assessed by a governmental unit against a parcel of real property because it receives a special benefit from the public project.

Meyer v. City of Oakland Park, 219 So. 2d 417 (Fla. 1969)

- Two case law requirements:
  - Special Benefit to Property
  - Fair and Reasonable Apportionment



# First Collection Method MSBUs

Special Assessments are collected on the annual ad valorem property tax bills as non-ad-valorem assessments, through a Municipal Services Benefit Unit.

## Legal Authority for MSBUs:

*FS 125.01 – a general grant of power to county government.*

*(q) – specifically authorizes MSBUs for sewage collection and disposal, and special assessments.*

*FS 197.3632 describes the Uniform Method for the levy, collection, and enforcement of non-ad valorem assessments.*



# MSBUs cont'd.

## PROS:

- High collection rate.
- Pledge has greater dignity and credit worthiness.
- Assessment stays with property; if sold and taxes current, no payoff required.
- No separate lien on property.
- Process already in place, no additional administrative cost incurred.
- Any change in assessment brought to BCC for approval, but no additional public hearing unless exceed max. Just annual resolution to approve roll and reimpose assessment.
- Entitled to same benefits and protections as ad valorem taxes (tax certificate process, early payment discounts, quarterly payments, escrow for mortgaged properties).

## CONS:

- Must follow strict FS timetable.
- Tax Collector fee charged, as with collection of ad valorem property taxes (partial refund at year-end).





# **Second Collection Method Separate Monthly or Annual Bills Lien & Foreclosure Method**

- Lien placed on property when the total debt is established.
- Pay-off required upon sale.
- Difficult collections issues - must file a foreclosure lawsuit to collect.
- Can be on monthly utility bills (problem = unimproved property does not receive utility bills).
- Clerk's Office has handled billing in the past, last BCC project in 1999.



# Lien & Foreclosure Method cont'd.

## PROS:

- Billing can start at any time but requires public hearing to set/change rates, and a resolution or ordinance to set the special assessment.

## CONS:

- Collection rates are historically not good.
- Weak source of pledged revenue. No security or enforceability. If uncollected, all CCU ratepayers would have to pay in order to meet debt service requirements.
- Liens need to be placed and recorded on properties when rate is established and billed, and releases would need to be prepared upon payoffs or property sales.
- County Attorney would have to pursue collection, up to and including foreclosing on properties.
- Additional staff needed for billing, maintaining accounts, placing/removing liens.
- Existing software would need to be upgraded.
- Clerk's Office not in favor of this type of assessment for all of the above reasons and based upon historical experience.
- If put on utility bill, current lawsuit against City of Tallahassee and Leon County challenging collection of assessments on utility bill.



# Third Collection Method Combination

- Voluntary liens, can pay over time, option to place on tax bills up front or when become delinquent.
- Separate contract with each property.
- Weak pledge.

## Ex: Englewood Water District Vacuum Sewer Project

- Special district in Charlotte and Sarasota Counties, created by special act in 1959 to provide water sewer, now also provides sewer service to many water customers.
- As of 2012, has 20,903 water customers and 17,548 sewer customers.
- Mandatory connection enforced on developed properties, no assessments on vacant lots until property developed.
- Using Reserves to cover costs until repaid by customers.
- For “Sign Up & Save” owners who made partial pre-payment of Capital Capacity Charges of \$2,849.94, EWD financing the remaining Collection System Fee of \$5,817 for 15 years at 5% interest; appears on tax bills as customers agree to time payments
- For other owners, EWD financing total cost of \$8,666.94.



# Summary Comments

- Collection rates for non-MSBU methods are usually less than 60%. (Example: Clerk sent bills, unpaid balances still exist from 1976.)
- No way to do a good solvent assessment without an MSBU on the tax bill.
- A specific funding source is needed for construction bids, SRF funding, and grant applications.



# Assessment Level Options

**Presenter:**

**Raymond Sandrock, Charlotte County**



# MSBU Assessment Options

- Option One: Keep Assessments at the July Public hearing levels necessary to complete all phases of the project.
- Option Two: Set rates for year one to fund only the engineering option and adopt the maximum rates.



# MSBU Assessment Options

- Option Three – set year one assessment at \$0 and adopt maximum rates. Fund selected engineering option from either:
  - CCU Reserves
  - General Fund Reserves



# **The City of Stuart Concept**

**Presenters:**

**Todd Rebol, P.E., Banks Engineering**

**Murray Hamilton, PRMG**





# City of Stuart Program

- **General Information**
  - City Wide System Completion
  - Prioritized on Historic Septic Failure Rates
  - Non-Mandatory Connection
  - Available 10 Year, No Interest Loan
    - Paid via Utility Bill



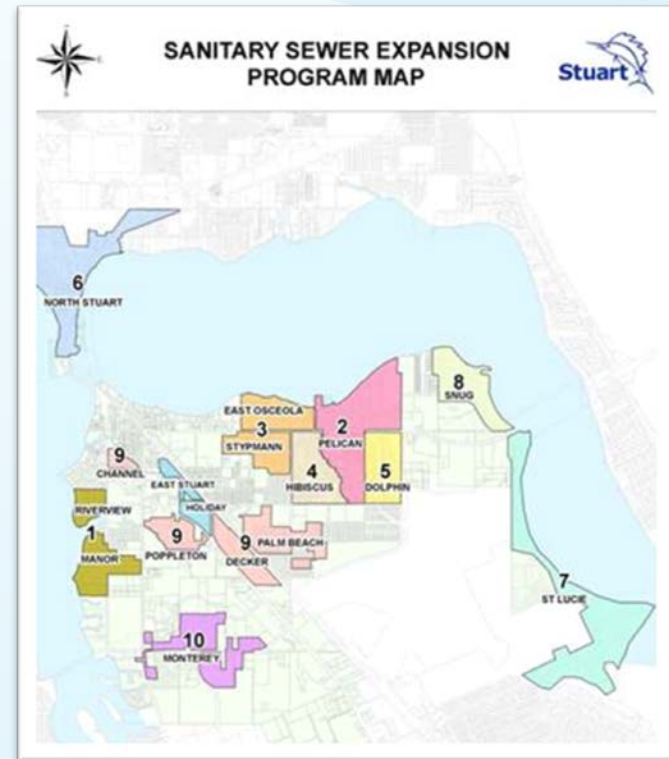
# City of Stuart Program

- **Program Drivers**
  - **Reduction of Potential Contamination**
    - Groundwater and Surface Water
    - Improve Public Health
    - Improve Environment
  - **Reduction of Ineffective Septic Systems**
    - Poor Soils
    - High Groundwater Areas



# City of Stuart Program

- **Program Areas**
  - **Several Areas**
  - Small
  - Non-Contiguous
  - Adjacent to Surface Water
  - All areas = 2,500 ERC's
  - Areas 1 and 2 = 700 ERC's





# City of Stuart Program

- **Proposed System – Low Pressure**
  - **Why Selected for Their Project?**
    - Good for Different Size Service Areas
    - Low Initial Main Infrastructure Cost
      - Less Cost to Recover with Non-Mandatory Connection
      - Defer a lot of Cost until Connection is Made
        - On-site Tank and Pump
    - Minimal Construction Disturbance
      - Residential Amenities
      - Directional Drill



# City of Stuart Program

- **Payment options vary:**

- \$8,000 over 10 years or \$800/year
- If connecting in the 1<sup>st</sup> 12-months service is available, \$6,000 due over 10 years or \$600/year
- Up to \$3,000 of Incentives Available from City
- \$5,000 if paid upfront

- **Other Considerations:**

- City is at risk for recovery of investment
- City provided upfront subsidy (\$2.5 million for Areas 1 and 2)
- Discount for early payment



# City of Stuart Program

- **Overall Comparison to Charlotte County Program**
  - Non-Mandatory Connection vs. Mandatory Connection
  - Small Individual Areas vs. Large Contiguous Area
  - Up to \$3,000 of City Subsidized Incentives
  - Capital Cost Comparison (\$8,000 vs. \$7,626)
  - No Interest, 10 Year City Loan vs. 20 year Low Interest MSBU



# **Engineering and Construction Options**

## **Presenters:**

**Todd Rebol, P.E., Banks Engineering**

**Jonathan Cole, P.E., Giffels Webster**

**Bruce Bullert, P.E., Charlotte County Utilities**



# Engineering Options

## Option One

- **Current Engineering Process**
  - CCU Design Lead (Gravity & Vacuum Systems)
  - Consultants Providing Technical Support
    - Banks Engineering
    - Giffels-Webster Engineers
    - Southwest Engineering & Design
    - Tetra Tech





# Engineering Options

## Option Two

- **Optional Engineering Process**
  - CCU Design Lead – Gravity System
  - Hire Consultant Design Team – Vacuum System
    - Provide Design, Permitting & Construction Management
    - Can Adopt CCU's Work To-Date
    - RFP Selection Process Required



# Construction Options

- **Three Types of Construction Delivery Methods Evaluated**
  - Design-Bid-Build
  - Design Build
  - Construction Manager (CM) at Risk



# Construction Options

## Option One

- **Design-Bid-Build**
  - Current Proposed Process
  - Traditional Process
  - **Pros:**
    - Lowest Responsible and Responsive Bid
    - Owner Maintains Control of Decision Process
  - **Cons:**
    - Subject to Change Orders
      - Design Team and Construction Team under Separate Contracts
    - More Price Based than Qualifications Based Selection



# Construction Options

## Option Two

- **Design-Build**
  - Design and Construction Groups on Same Team
  - Pros:
    - Qualifications Based Selection Process
    - Less Specifics Required for Design Plans
      - Deliverable is the Completed Project, Not Construction Plans
      - Faster Process to Construction
    - Constructability and Cost Concurrent with Design Process
    - Guaranteed Maximum Price (GMP)



# Construction Options

## Option Two cont'd

- **Design-Build**

- Cons:

- Not Typically the Lowest Cost Option
      - Management Fee
      - Risk Fee
    - More Field Decisions to Address Problems Encountered
    - Owner has Less Control Over Construction Process/Issues
    - Not Traditionally used for this Type of Project



# Construction Options

## Option Three

- **Construction Manager (CM) at Risk**
  - Design Team and Construction Group Separate Teams but Work Concurrently
  - **Pros:**
    - Qualifications Based Selection Process
    - Constructability and Cost Concurrent with Design Process
    - Guaranteed Maximum Price (GMP)



# Construction Options

## Option Three cont'd

- **Construction Manager (CM) at Risk**
  - **Cons:**
    - Not Typically the Lowest Cost Option
      - Management Fee
      - Risk Fee
    - Not Traditionally used for this Type of Project
    - Need Detailed Design Plans like Design-Bid-Build Process
    - Decision Process more Removed from Owner