Meeting Date: November 9, 2016	***Official Use Only***
From (Dept): Finance	Reviewed by City Attorney:
Signature: Department Director	Council Action:
Approved for Agenda: City Manager	Date:

SUBJECT: Billing Rio Vista Utility Customers for their portion of the Rio Vista Waste Water Treatment Facility Decommissioning Project

Request For Approval: Ordinance #ORD2016-11 Rio Vista Capital Charge

SUMMARY EXPLANATION & BACKGROUND: The City received a grant from FDEP to decommission the Rio Vista WWTP. This project was completed in FY15-16. The cost of the project totaled $1,294,259.72. The grant funded $914,294 with the balance paid from sewer bond proceeds. The purchase agreement for Rio Vista states the City will bill Rio Vista sewer customers the portion of the project not funded by the grant in an amount not to exceed 31.1% of the total cost of the project. The portion not funded by the grant is 29.36%.

In order to bill the sewer customer the City must adopt the attached ordinance. Per our City Attorney, we can pass along the legal fees and public hearing advertising costs incurred to prepare this ordinance. The fees total $1,603.30. The total to be billed to Rio Vista sewer customers over twenty years is $381,569.02. This equates to $29.45% which is below the maximum allowed under the purchase agreement.

Rio Vista WWTP Decommissioning Project Cost	$1,294,259.72
Legal Fees and Public Hearing Ad for Capital Charge Ordinance #2016-11	1,603.30
Subtotal Project Cost	1,295,863.02
Less grant proceeds	914,294.00
Total owed from Rio Vista Property Owners	$ 381,569.02

Funds will be deposited into the Sewer capital replacement reserve annually at fiscal year end.

FISCAL INFORMATION: All Rio Vista sewer customers will be required to pay a monthly capital charge of $40 until the total of $381,569.02 has been repaid to the City.

PROCUREMENT METHOD:

PURCHASE REQUISITION NUMBER:

RECOMMENDED ACTION: Adopt Ordinance #ORD2016-11

Initiated by: JS

ORDINANCE #ORD2016-11

AN ORDINANCE OF THE CITY OF DUNNELLON, FLORIDA, AMENDING SECTION 70-31 OF THE CODE OF ORDINANCES TO BE CONSISTENT WITH STATE LAW REGARDING NOTIFICATION OF OWNERS WHEN ONSITE SEPTIC SYSTEMS ARE TO BE CONVERTED TO THE CITY'S CENTRAL SEWER SYSTEM; AMENDING CHAPTER 70 OF THE CODE OF ORDINANCES TO AUTHORIZE THE IMPOSITION OF A SEWER FACILITY CAPITAL CHARGE ON RIO VISTA UTILITY FACILITIES CUSTOMERS OR PROPERTY OWNERS PURSUANT TO THE UTILITY PURCHASE AGREEMENT; PROVIDING FOR SEVERABILITY; PROVIDING FOR THE REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR CODIFICATION AND AN EFFECTIVE DATE.

LEGISLATIVE FINDINGS

1. In 2011, the City of Dunnellon acquired the Rio Vista Utility Facilities, a privately owned water and wastewater system located outside the City's boundaries and within the City's 180 Utility Service District. The Sewer Facility had previously operated under a Florida Department of Environmental Protection ("FDEP") permit which expired, and the then-owner could not obtain a subsequent permit due to deficiencies in the Facility. FDEP gave assurances to the then-owner that, if the City of Dunnellon acquired ownership of the Facility, FDEP would dismiss its pending case against the owner.

2. Pursuant to a Utility Purchase Agreement dated August 22, 2011, the City acquired the Rio Vista Sewer and Water Assets in their "as is" condition and assumed all responsibility and liability for all Assets and for the operation and maintenance of the Facilities. Per the Agreement, the City pursued grants for design, construction, and permitting to connect the Rio Vista Sewer Facilities to the City's central sewer system. To reduce connection costs due from Rio Vista sewer customers, the City was awarded grant monies.

3. Paragraph 10 of the Utility Purchase Agreement contemplates that present and future owners of properties connected to the Rio Vista Sewer Facility would be billed a capital charge of approximately $20 to $40 per month, and such capital charge would be added to their monthly sewer bill until the sewer connection costs are paid in full (in approximately fifteen to twenty years). The capital charge reflects the costs which the City incurred to connect the Rio Vista Sewer Facility to the City's central sewer system after applying for grants. The capital service charge is in addition to any other utility charges which the City imposes upon its water and wastewater service customers per the City's Code.

4. Under paragraph 6 of the Agreement, the City is not to charge present or future Rio Vista sewer customers more than 31.1% of the connection costs, even if the City is unable to obtain grants. The City has incurred $381,569.02 in costs and legal fees associated with connecting the Rio Vista Sewer Facility to the City's central sewer system, which costs and fees have not been

reimbursed by grant funds. Such costs and fees comprise 29.45% of the connection costs (less than the required 31.1% of the connection costs), with the remaining costs being paid through grant funds. The City therefore shall bill Rio Vista sewer customers between $20 - $40 monthly for a period of approximately twenty years until the connection costs are paid to the City.

5. § 381.00655, Florida Statutes, sets forth a required dual notification process when onsite septic systems are to be connected to central sewage systems. The statute states that, "No less than 1 year prior to the date the sewerage system will become available, the [City] shall notify the affected owner of the onsite sewage ... system of the anticipated availability of the sewerage system and shall also notify the owner that the owner will be required to connect to the sewerage system within 1 year of the actual availability." The City Council finds it to be in the best interests of the City to incorporate the dual notification process into Chapter 70 of the Code of Ordinances.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Dunnellon, Florida, as follows:

LESIGLATIVE UNDERSCORING: Underlined words constitute additions to the City of Dunnellon City Code, ~~strikethrough~~ constitutes deletions from the original, and asterisks (***) indicate an omission from the existing text which is intended to remain unchanged.

SECTION 1. The City Council adopts the Legislative Findings above.

SECTION 2. Section 70-31 of Chapter 70, Article II, Division 1 of the City of Dunnellon Code of Ordinances is hereby amended as follows:

Sec. 70-31. - Connection required; waivers and exceptions.

(a) Connection required – two notifications. Pursuant to section 381.00655, Florida Statutes, the city shall notify owners of onsite septic systems that the city's sewer system will be available for connectivity. This initial notification shall occur no less than one year prior to the anticipated date when the city's sewer system will be available. The city shall provide a second notification to the owner that the owner will be required to connect to the city's sewer system within 90 days of the actual date of availability. Except as set forth in this section, when a city water and/or sewer main is made available and operative in a public right-of-way or easement abutting property within the city limits or within the city's water or wastewater utility service areas, any existing individual potable water supply and/or sewage disposal system, device or equipment shall, within 90 days from the second notification of availability by the city clerk or designee, be abandoned and the source of potable water and sewage disposal for the residence or building shall be from the city water and/or sewer main.

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SECTION 3. A new Article VII of Chapter 70, "Utilities," is hereby created:

ARTICLE VII. – RIO VISTA SEWER FACILITY CAPITAL CHARGE

Sec. 70-360. – Purpose.

In 2011, the City of Dunnellon acquired the Rio Vista Utility Facilities, a water and wastewater system located outside the City's boundaries and within the City's 180 Utility Service District, so that the Rio Vista Sewer Facility could obtain required permitting from the Florida Department of Environmental Protection. Pursuant to the Utility Purchase Agreement, to reduce connection costs due from Rio Vista sewer customers, the City pursued and obtained grant funds for design, construction, and permitting to connect the Rio Vista Sewer Facility to the City's central sewer system. Under the Agreement, present and future owners of properties connected to the Rio Vista Sewer Facility are to be billed a capital charge of approximately $20 to $40 per month until the sewer connection costs are paid in full in approximately fifteen to twenty years. The capital charge reflects the costs which the City incurred to connect the Rio Vista Sewer Facility to the City's central sewer system after applying for grants.

Sec. 70-361. – Rio Vista Sewer Facility Capital Charge.

(a) Present and future Rio Vista sewer customers or owners of Rio Vista property shall be charged a sewer facility capital charge of between $20 - $40 monthly for a period of up to twenty (20) years. The monthly charge shall be set by resolution of city council.

(b) The sewer facility capital charge shall be in addition to all other fees, costs, and penalties set forth in this chapter.

(c) These sewer facility capital charge shall be deposited into the sewer improvement fund.

SECTION 3. Severability. If any portion of this Ordinance shall be declared unconstitutional or if the applicability of this Ordinance or any portion thereof to any person or circumstances shall be held invalid, the validity of the remainder of this Ordinance and the applicability of this Ordinance, or any portion thereof to other persons or circumstances, shall not be affected thereby.

SECTION 4. Repeal of Inconsistent Ordinances. All Ordinances and parts of any Ordinance in conflict with this Ordinance are hereby repealed.

SECTION 5. Inclusion in the Code. It is the intention of the City Council, and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of the City of Dunnellon; that the Sections of this Ordinance may be renumbered or relettered to accomplish such intentions; and that the word "Ordinance" shall be changed to "Section" or other appropriate word.

SECTION 6. Effective Date. This Ordinance shall be effective immediately upon adoption at the second reading/public hearing.

Upon motion duly made and carried, the foregoing Ordinance was approved upon the first reading on the 14th day of November, 2016.

Upon motion duly made and carried, the foregoing Ordinance was approved and passed upon the second and final reading and public hearing on the 12th day of December, 2016.

Ordinance Posted on the City's website on November 11, 2016. Public hearing advertised on the City's website on November 18, 2016 and advertised in the Riverland News on December 1, 2016.

ATTEST:

CITY OF DUNNELLON

_____
Dawn M. Bowne, M.M.C.
Interim City Manager/City Clerk

_____
Walter Green, Mayor

Approved as to Form and Legal Sufficiency:

_____
Andrew Hand, City Attorney

I HEREBY CERTIFY that copies of the foregoing Ordinance were posted at City Hall, the Chamber of Commerce, and the Dunnellon Library, in the City of Dunnellon, Florida, and on the City's Official Website this 18th day of November 2016.

_____
Dawn M. Bowne M.M.C.
City Clerk

Supplemental Information

Rio Vista WWTP Decommissioning Project

Legal Fees for Capital Charge Ordinance #2016-11	$ 1,575.00
Newspaper Ad-Ordinance Public Hearing	28.30
Rio Vista WWTP Decommissioning Project Cost	1,294,259.72
Grand Total all Costs	$1,295,863.02
Grant Funding Received	$ 914,294.00
Total to Bill Rio Vista Customers	$ 381,569.02
% of total project billed to Rio Vista Customers	29.45

Supplemental Information

Rio Vista Capital Charge Repayment Schedule

Principal Amount	381,569.02	
Monthly Payment		40
# of Customers		43
Annual Payment	20,640.00	
Years to Pay		18.49

	Beginning Balance	Annual Collections	Ending Balance
Year 1	381,569.02	13,760.00	367,809.02
Year 2	367,809.02	20,640.00	347,169.02
Year 3	347,169.02	20,640.00	326,529.02
Year 4	326,529.02	20,640.00	305,889.02
Year 5	305,889.02	20,640.00	285,249.02
Year 6	285,249.02	20,640.00	264,609.02
Year 7	264,609.02	20,640.00	243,969.02
Year 8	243,969.02	20,640.00	223,329.02
Year 9	223,329.02	20,640.00	202,689.02
Year 10	202,689.02	20,640.00	182,049.02
Year 11	182,049.02	20,640.00	161,409.02
Year 12	161,409.02	20,640.00	140,769.02
Year 13	140,769.02	20,640.00	120,129.02
Year 14	120,129.02	20,640.00	99,489.02
Year 15	99,489.02	20,640.00	78,849.02
Year 16	78,849.02	20,640.00	58,209.02
Year 17	58,209.02	20,640.00	37,569.02

Year 18	37,569.02	20,640.00	16,929.02
Year 19	16,929.02	16,929.02	-

Assumes no additional sewer customers over 19 years
Year 1 - Effective date January 1, 2017. Capital Charge Billed over 8 months