



Agenda Item Summary

File ID: 19-0268

DEPT-2

Meeting Date: 1/29/2019

PLACEMENT: Departmental

TITLE:

LEGISLATIVE INTENT FOR MARTIN COUNTY'S SEPTIC TO SEWER PROGRAM

EXECUTIVE SUMMARY:

Martin County (County) has been developing a septic to sewer program for the past few years. Staff has devised a funding plan to accelerate the program into a ten-year completion goal. This will require the Board of County Commissioners (Board) to include in the County's Legislative Priorities a request to match the County's designated annual commitment as a 'programmatic request' rather than pursuing funding that is project specific.

DEPARTMENT: Administration

PREPARED BY: **Name:** Taryn G. Kryzda
Title: County Administrator

REQUESTED BY: Taryn G. Kryzda

PRESET:

PROCEDURES: None

BACKGROUND/RELATED STRATEGIC GOAL:

In 2015, the Board adopted a conversion program (program) for septic systems to connect to the County's sewer system (septic-to-sewer) identifying twenty-four projects throughout the County that should be targeted based upon specific criteria. Initially, the program was semi-dependent upon receiving grant monies to alleviate some of the expense to the property owner. Recently, the Board directed staff to evaluate the program and determine how the program could continue without a dependency on grant funding, still minimize the cost to the property owner, and accelerate to a ten-year program.

Staff has reviewed revenue options and the most effective mechanism to allocate a designated constant funding stream for this program. Upon further analysis, staff is recommending that the Board consider utilizing \$1.5M of franchise fee monies, \$500K of utilities revenues, and \$2.0M allocated from the County's general revenues. Each of these sources are defined as follows:

Franchise Fee

When the language for the franchise fee was approved, it included a component for water quality projects. Eliminating septic systems that are close to a water body that interfaces with our St. Lucie

river or Intracoastal Waterways ultimately provides a benefit to water quality as possible nutrients that are currently making their way to our rivers can be averted. In addition to the language for the implementation of the franchise fee allowing such a use, most, if not all, of the projects to be done, will also fall under the neighborhood revitalization program which also utilizes franchise fees, so there is a correlation.

Utilities Revenues

The operation of utilities is performed using revenues that are collected for providing water and wastewater services. The wastewater portion is roughly \$14.0M collected annually for the existing sewer and \$17.0M for water services. If \$500K was to be dedicated toward the septic to sewer program, it would represent roughly 1.6% of the total revenues collected for these services. The correlation is that new customers would be coming on line with the sewer system, thus providing additional long-term revenue for those new services, and water fees would also see an increase with those new customers since water is utilized to get the sewage to the sewer lines. Using a component of the utility fees is an accepted practice and does not have a negative impact on Utility's debt service obligations or future rate studies.

County's General Revenues

For the past few years, the County has benefited from a recovering economy. General Fund revenues such as half-cent sales tax and ad valorem taxes have consistently exceeded their budget. If the County were to allocate that additional revenue collection to the program, there is about \$1.0M that could be identified and budgeted as a recurring revenue source toward the program. In FY18, the County, through reduced expenditures in salaries, operations and/or capital projects, has identified a balance of \$1.0M that can be allocated toward septic to sewer currently. Staff feels confident that as future budgets are developed, there is the potential to continue that \$2.0M dedicated revenue stream to the program. This would be deemed an appropriate use for these general revenues, the only possible down-side would be should the economy take a significant fall, then there may be the need to scale those monies back to a lesser amount.

If the Board agrees to the above funding strategy and designate \$4.0M to the County's septic to sewer program, then Staff would also ask the Board to adopt a legislative intent that would ask the Legislature for a match. That match 'ask' would be dollar for dollar, but any variation, either 50%/50% or 25%/75%, etc. would be above and beyond what the County has received to date. Staff is also requesting that the legislative intent not be project specific but be based upon the program concept in total and submitted as a programmatic request. If the Legislature prefers project specifics, staff has that information available. Staff is also requesting that this legislative intent be included in the Board's current legislative priorities, so the request can be submitted during the current legislative session, as time is of the essence.

Staff will be returning to the Board early March to present a revised septic to sewer program and holistic approach based upon the Board's prior direction to shorten the timeline and accelerate the conversion process.

ISSUES:

Having a dedicated revenue for the septic to sewer program will elevate the County's position relative to eligibility and monetary awards from the State. The County has projects that are 'shovel-ready' which places the County into a more favorable position relative to any State funding allocations.

LEGAL SUFFICIENCY REVIEW:

This is a policy matter and therefore does not require a legal sufficiency review.

RECOMMENDED ACTION:

RECOMMENDATION

Move that the Board approve the allocation in FY19, of \$4.0M toward the County's septic to sewer program as defined from within the Franchise Fee, Utility Revenues, and County General Revenue.

Move that the Board approve the legislative request to include matching state funding for Martin County's septic to sewer program.

ALTERNATIVE RECOMMENDATIONS

Provide further direction.

FISCAL IMPACT:

RECOMMENDATION

If there are additional monies that can be allocated to the program, then the intent would be to include those into the holistic program approach and offset the total cost for providing sewer services. The overall impact will be presented to the Board in March.

ALTERNATIVE RECOMMENDATIONS

None

DOCUMENT(S) REQUIRING ACTION:

- | | | |
|--|---------------------------------------|---|
| <input type="checkbox"/> Budget Transfer / Amendment | <input type="checkbox"/> Chair Letter | <input type="checkbox"/> Contract / Agreement |
| <input type="checkbox"/> Grant / Application | <input type="checkbox"/> Notice | <input type="checkbox"/> Ordinance |
| <input type="checkbox"/> Other: | <input type="checkbox"/> Resolution | |

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