

**RESOLUTION NUMBER 2007-124**

**WHEREAS**, pursuant to section 125.01(5), Florida Statutes, the Board of County Commissioners (BOARD) created and established, as a public body corporate and politic, a district known as the "Hernando County Water and Sewer District (DISTRICT)"; and

**WHEREAS**, the BOARD is the ex officio governing board of the DISTRICT and oversees the provision of water and wastewater service to the customers of the DISTRICT and is empowered to establish fees and charges for its water and wastewater systems; and

**WHEREAS**, the BOARD has established the DISTRICT as a separate enterprise fund and desires that revenue be sufficient to offset its operation, maintenance and capital expenses; and

**WHEREAS**, the Utilities Department (DEPARTMENT) is responsible to the BOARD for the operation and maintenance of the DISTRICT'S water and wastewater systems and the administration of the DISTRICT'S enterprise fund; and

**WHEREAS**, the BOARD has never approved Reuse Connection/Reuse User Fees but desires to continue equitable fees and charges for its customers.

**NOW, THEREFORE, BE IT RESOLVED BY THE HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS AS FOLLOWS:**

The Hernando County Board of County Commissioners, on the advice and recommendation of its rate consultants, and after hearing comments from the public, has established the following schedule of reuse connection fees for its water and wastewater systems:

**SECTION 1 REUSE CONNECTION FEES:**

**Reuse Connection Fee Components** -The Reuse connection fee per ERU for residential, non-residential, commercial and industrial units shall consist of two components:

1. **Reuse Pumping and Storage Costs;**
2. **Reuse Transmission Lines;**

**Reuse Connection Fee:** As established by resolution of the Board, the reuse connection fee per ERU is \$473

1. The reuse pumping and storage costs portion is \$234 per ERU.
2. The reuse transmission lines portion is \$239 per ERU.

**SECTION 2. BULK REUSE USER FEE** - The following schedule usage charge shall apply to bulk commercial reuse water services rendered by the District. Said monthly rate is as follows:

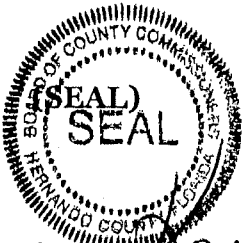
**Usage Rate (Gallons):**

All Gallons            \$ 0.26/1,000 gallons

**SECTION 3. EFFECTIVE DATE** - This Resolution shall take effect May 1, 2007.

**RESOLVED BY THE GOVERNING BOARD OF THE HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS, this 17th day of April, 2007.**

**BOARD OF COUNTY COMMISSIONERS  
HERNANDO COUNTY, FLORIDA**



Attest:

*Karen Nicolai*  
\_\_\_\_\_  
**KAREN NICOLAI**  
Clerk

By:

*Jeff Stabins*  
\_\_\_\_\_  
**JEFF STABINS**  
Chairperson

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY  
BY *[Signature]* *kw* 3/13/07  
County Attorney's Office

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MEMORANDUM

HERNANDO COUNTY  
ATTORNEY'S OFFICE

**TO:** The Honorable Chairman and Members of the  
Hernando County Board of County Commissioners

**THRU:** Gary Kuhl, County Administrator *GJK*

**THRU:** Jesse Goodwin, Interim Utilities Director *JAG*

**FROM:** Chuck Lewis, Assistant Utility Director/Controller *CLS*

**DATE:** March 9, 2007

**SUBJECT:** Wastewater Reuse User Fee and Reuse Connection Fee Study

**OVERVIEW:** Hernando County Utility Department has budgeted in its 5 year Capital Improvement Program (CIP) approximately \$4,774,000 for reuse pumping/storage costs and approximately \$5,114,000 for reuse transmission lines. These reuse capital dollars were not incorporated into the last authorized wastewater connection fee of \$3,544 per ERU; instead staff has developed a stand-alone reuse connection fee of \$473 per ERU. In addition, staff originally designed a residential and commercial reuse use rate of \$0.41 per thousand gallons based upon the incremental operation and maintenance cost associated with new capital additions necessary to treat wastewater effluent to a level such that it can be used to irrigate public lands. However, additional analysis indicates the reuse charges should be based instead upon as set forth below.

The study recommends the following:

1.

The basis for the recommended reuse connection fee is predicated on anticipated capital needs for the next several years. The proposed fee is based on the total recovery of capital-related costs by the department to provide the necessary capacity associated with serving growth. As such, the proposed charge is considered to be equitable and to reflect the cost burden of the respective utility – wastewater reuse treatment and distribution.

2.

The basis for the recommended bulk reuse user fee is predicated on anticipated annual operations and maintenance cost. As such, the proposed charge is considered to be equitable and to reflect the cost burden of the respective utility – wastewater reuse treatment and distribution.

Staff recommends that both the reuse connection fee and the reuse user fee become effective on or after May 1, 2007.

"MINUTES OF"

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AGENDA ITEM

I 2.

To adopt the proposed wastewater reuse connection fee/reuse user fee, a Connection Fee/Reuse User Resolution must be considered by the Board at a properly advertised public hearing.

**BUDGET IMPACT:** If the proposed Reuse Connection Fee is adopted at public hearing, the Utilities Department has the potential to generate up to \$500,000 additional revenue per year when the reuse facility is available and is placed into service. These funds will be used for capital projects and help slow the need to issue additional bonds and incur additional debt service. The Bulk Reuse User Rate of \$0.26 per thousand gallons will cover the incremental operation and maintenance costs associated with reuse treatment. The basis for the recommended reuse connection fee is predicated on anticipated capital needs for the next several years. The proposed fee is based on the total recovery of capital-related costs by the department to provide the necessary capacity associated with serving growth. As such, the proposed charges are considered to be equitable and to reflect the cost burden of the respective utility – wastewater reuse treatment and distribution.

**LEGAL IMPACT:** The Board is authorized by Florida Statute 125 to periodically review and adjust rates for special districts of the County. *juw*

**RECOMMENDATION:** Staff recommends that the Board approve the proposed Reuse (\$473) Connection Fee and the Bulk Reuse User Fee of \$0.26 per thousand with the adoption of the proposed rate resolution. Staff future recommends that the Board approve & authorize the Chairman to sign the resolution on behalf of the Board.

CKL

Legal Review: *juw*

Board of County Commissioners Meeting  
Comm. Russell called the question.

April 17, 2007

Chairman Stabins expressed his respect for Comm. Russell. He agreed that changes needed to be made in how the County dealt with the SHF&RD, but he did not feel the proposed Ordinance was the proper manner to address them.

The roll call vote on the Motion to adopt Ordinance No. 2007-05 was taken as follows: Comm. Rocco - Nay; Comm. Rowden - Nay; Comm. Russell - Aye; Comm. Kingsley - Aye; and Chairman Stabins - Nay, and the Motion failed 2-3.

Comm. Rowden requested Board consensus that a referendum be scheduled for the voters of Spring Hill to make the decision on whether they desired to retain the SHF&RD as it currently existed. She suggested that Mr. Kuhl meet with Supervisor of Elections Annie Williams and bring information back to the Board as soon as Mr. Kuhl could obtain such information.

Mr. Kuhl agreed and suggested the May 1, 2007, meeting.

Comm. Rowden agreed.

Chairman Stabins reminded the Board that the FRSCP was in progress and there was more than sufficient time to consider scheduling a referendum. He asked that the Board not rush into dealing with this issue again.

Comm. Rowden remarked that the Board had an obligation to the residents of Spring Hill to make a decision on whether the issue would be scheduled for a referendum.

The Board concurred.

#### **RECESS/RECONVENE**

The Board recessed at 2:25 p.m. for lunch and reconvened at 3:10 p.m.

#### **Utilities Department - Fees - Adoption of Resolution No. 2007-124 Setting Reuse Water Connection Fee and Bulk Reuse Water User Fee**

Proof of publication of Notice of Public Hearing was noted to consider the adoption of a Resolution setting reuse connection fees and reuse user rates for the Hernando County Water and Sewer District.

Assistant Utilities Director/Controller Chuck Lewis reviewed a memorandum which indicated that the Utilities Department had budgeted in its Five-year Capital Improvement Program approximately \$4,774,000 for reuse pumping/storage costs and approximately \$5,114,000 for reuse transmission lines. The reuse capital dollars were not incorporated into the last authorized wastewater connection fee of \$3,544 per Equivalent Residential Unit (ERU); rather, the staff had developed a stand-alone reuse connection fee of \$473 per ERU. The staff had originally designed a residential and commercial reuse

user rate of \$0.41 per thousand gallons based upon the incremental operation and maintenance cost associated with new capital additions necessary to treat wastewater effluent to a level such that it could be used to irrigate public lands. However, additional analysis indicated the following: (1) The basis for the recommended reuse connection fee was predicated on anticipated capital needs for the next several years. The proposed fee was based on the total recovery of capital-related costs by the Utilities Department to provide the necessary capacity associated with serving growth. As such, the proposed charge was considered to be equitable and to reflect the cost burden of the respective wastewater reuse treatment and distribution system; and (2) The basis for the recommended bulk reuse user fee was predicated on anticipated annual operations and maintenance costs. As such, the proposed charge was considered to be equitable and to reflect the cost burden of the respective wastewater reuse treatment and distribution system.

If the rates were approved, the Utilities Department had the potential to generate up to \$500,000 in additional revenue per year when the reuse facility was available and placed into service. These funds would be used for capital projects and to help avoid the need to issue additional bonds and to incur additional debt service. A bulk reuse user rate of \$0.26 per thousand gallons would cover the incremental operation and maintenance costs associated with reuse treatment. The basis for the recommended reuse connection fee was predicated on anticipated capital needs for the next several years.

The staff recommended that the Board approve the proposed reuse connection fee (\$473) and the bulk reuse user fee of \$0.26 per thousand gallons, effective on or after May 1, 2007, through the adoption of the proposed rate Resolution, and authorize the Chairman's signature thereon.

Comm. Kingsley felt that new developments should be built to provide reuse water service to the residents. He did not agree with a connection fee being charged, considering that the County desired reuse water to be used by the public in the future.

Senior Assistant County Attorney Kent Weissinger stated that the staff felt that in order to fund capital improvements, the connection fee should be consistent with the existing water and sewer connection fees charged.

Comm. Kingsley was opposed to using the proposed reuse connection fee to generate revenue for other purposes. He preferred that the residents only be charged for the reuse water utilized.

County Administrator Gary Kuhl believed the fact that the cost for reuse water was less expensive than potable water was incentive for a homeowner to connect to the reuse water system.

Mr. Lewis clarified for Comm. Rowden that the Utilities Department would negotiate an agreement for a new development to provide the transmission lines, and the residential customers would pay the connection fees at the time their home was built.

Mr. Weissinger stated that a developer may be eligible for credits depending upon their contribution toward the installation of lines or upgrades to a wastewater treatment plant, which meant that the developer or residential customer may not pay the full \$473 connection fee, and he provided an example. He stated that it was a variable but allowed the County the opportunity to pursue having the developer fund as much of the infrastructure as possible.

Comm. Rowden understood that the Board could require that the developer comply prior to moving forward with development.

Mr. Weissinger agreed.

Comm. Rowden believed the need for infrastructure was caused by growth; therefore, the impact was caused by the developer not the County.

County Attorney Garth Collier stated that pursuant to case law, the Board could only exact a proportional fair share from any development even if it appeared that the effect from construction was a direct result of the development. He stated that once a developer had contributed 100% of their proportional fair share, any additional contributions were voluntary.

Comm. Kingsley questioned if requiring the transmission lines and connections to be installed during development could be added to the Land Development Regulations.

Mr. Collier replied affirmatively; however, the staff did not feel that there was legal justification at this time to make this a requirement for development. He stated that the proposed fees were the most efficient mechanism for collecting a proportionate fair share and should not be changed unless the consequences were known.

Mr. Len Tria was in favor of the proposal. He understood that grants were available through the Southwest Florida Water Management District to fund the installation of lines and to conduct engineering studies. He understood that pursuant to Florida Statutes, the bulk reuse user rate should be economically feasible, and he felt that the rate of \$0.26 per thousand gallons was fair.

Mrs. Janey Baldwin agreed with Mr. Tria. She understood that the developer of Hickory Hill planned to install the lines and upgrade the wastewater treatment plant prior to development which was costly and had never been done before. She felt this would set the standard for future developers.

**Motion**

Comm. Kingsley moved to approve the staff recommendation and to adopt Resolution No. 2007-124; seconded by Comm. Rocco and carried unanimously.

**Grants - Community Development Block Grant, Housing Rehabilitation - Approval of Submittal of Application for FY 2007 Funds/Use of State Housing Initiatives Partnership Program Funds Authorized as Match for Grant Funds**

Proof of publication of Notice of Public Hearing was noted to consider the County's application to the Department of Community Affairs (DCA) for a grant under the FY 2007 Housing Rehabilitation Category of the Small Cities Community Development Block Grant (CDBG) Program.

Health and Human Services Director Jean Rags recalled that the first public hearing to consider application for the CDBG was held on April 11, 2007, in adherence with DCA guidelines for the Small Cities CDBG. The purpose of the first hearing was to increase interchange of information between the local government and the community residents, and to allow affected or potentially affected residents to directly assist in shaping and guiding the program's impact upon their neighborhood as well as the community at large.

Mrs. Rags recounted that information was provided to the Board regarding the eligible CDBG grant categories of Housing Rehabilitation, Neighborhood Revitalization, Commercial Revitalization, and Economic Development. During the public hearing, questions were answered regarding the different category applications, which resulted in the Board's recommendation for the staff to submit a CDBG application for Housing Rehabilitation.

In accordance with DCA guidelines, a second public hearing was being held to discuss and accept public comments on the proposed CDBG, Housing Rehabilitation application and for the Board to approve the use of the County's State Housing Initiatives Partnership (SHIP) Program allocations in the amount of \$300,000 as a match. The consultant for the CDBG project had been contracted to provide application services and to prepare the CDBG application at no charge.

The staff recommended that the Board approve the proposed CDBG application for Housing Rehabilitation, including the authorization of SHIP funds in the amount of \$300,000 as a match, and to authorize the Chairman to sign all related documents.

Mrs. Rags informed Comm. Stabins that subsequent to the first public hearing, she had discussed this issue at length with Mr. Richard Howell.

In response to a question posed by Comm. Kingsley, Mrs. Rags affirmed that the County worked in conjunction with the Housing Authority to provide matching grant funds and to advertise the opportunity to apply for funding and reach out to the communities that would most benefit from the grant.

Mr. Paul Douglas was in favor of this proposal.