

**MINUTES
COMMISSION WORKSHOP
CITY OF HOLLY HILL, FLORIDA**

NOVEMBER 9, 2004

1. CALL TO ORDER

Mayor William D. Arthur called the meeting to order in Room 227 at City Hall, 1065 Ridgewood Avenue at approximately 6:05 p.m. Attending with Mayor Arthur were Commissioners Arthur Byrnes, Gilles Blais, Lou Schmitt, and Roland Via. Also attending were the following staff members: City Manager Joe Forte, City Attorney Scott Simpson, City Planner Bob Keeth, Development Code Administrator/Building Official Tim Harbuck, Economic Development Coordinator/Assistant to the City Manager Greg Wood, Economic Redevelopment Coordinator Marsha Radulovich, Human Resources Director Diane Cole, Finance Director Brenda Gubernator, Public Works Director Milton Hallman, and City Clerk Valerie Manning. Also attending was Frank Fernandez, Quentin L. Hampton Associates, Inc.

2. IMPACT FEE SURCHARGE REDEVELOPMENT DISTRICT

City Manager Joe Forte stated that the purpose of tonight's workshop was to have Rick (Frank) Fernandez from Quentin Hampton Associates to explain the Impact Fee Surcharge in the Redevelopment District. This is in regards to how the water and sewer lines in the lift station improvements relate to the potential development of the Halifax Shopping Center.

Frank Fernandez, Quentin Hampton Associates gave a brief description of the Impact Fee Surcharge for the Redevelopment District. He then stated that the City's Impact Fee structure was designed to handle the treatment plant improvements, major elements of the wastewater transmission system, raw water supply, water treatment elements and major transmission mains. At this time he asked them to refer to the language in the Ordinance. He wanted to address to them that it does not address collection system components on the wastewater side nor distribution system improvements on the water side. It was designed to fund the primary improvements. He says that this is typical of most of the growing municipalities. Local collection system and distribution costs are typically born by developers. In the proposed Swerdlow Group project they have some distribution system on the water side and collection system components on the wastewater side that need to be constructed to accommodate them. He stated that the original design concept of their wastewater collection system was designed in 1964 by Russell and Axon Consulting Engineers. They took the Comprehensive Plan or the plan that was in effect at that time and looked at the densities of development and sized the collection system components. The area that they are interested in is in the vicinity of Pump Station #2, which is in the Southeast quadrant of the City. He talked about the stair-step approach to collection system. Pump Station #2 elevates the wastewater, pumps it up to the next system, which is system one, it flows through system one by gravity to system one's pump station, system one's pump station pumps it over to system four, flows by gravity

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into the Pump Station #4 and then is re-pumped a third time into the treatment plant directly. That was the way they designed it and the cheapest way during that time. They looked at what was expected in the area of the Swerdlow Project by the original designers and what can they anticipate now. They looked at Traffic Analysis Zone (TAZ) population projections coming out of the Volusia County's Transportation Organization. At this time they can refer to page 4 of the booklet. Under the proposal they are expecting around 2,000 people at that site. So there is a specific need to make collection system modifications that they would not need without the change in land use and the type of development that is going in there. He said that they felt that it was appropriate to have the Swerdlow Group pay for the improvements necessary to accommodate their units and that it not be a part of the general impact fee but it be an impact fee surcharge so that the City would be able to accrue the value for plant expansions from the normal impact fees that are charged to any type of development within the community. After analyzing Pump Station #2, it would have to be upgraded. Their recommendation is in their report. They recommend that they build a new pump station next to Pump Station #2 and that they deed the City property for that. They can refer to page 9 of the report in the booklet. Pump Station #4 would need a similar upgrade to Pump Station #1. So they would have a capacity increase at two pump stations, rebuild one pump station. He asked them to refer to Table 4 on page 10 for the Cost Estimate for Pump Station #2 for improvements. They have estimated a total project cost of \$225,000 for the improvements at Pump Station #2.

Commissioner Schmitt asked if he figured this on the low side or the high side?

Mr. Fernandez said he figured it on this year's construction cost. It's a good number if they were going to build it this spring. It's tied back to some recent bids that they have for similar types of equipment.

Mayor Arthur asked if he would recommend that if they built one separate pumping station, would they take the maintenance or would they build it and turn it over to the City?

Mr. Fernandez stated it would be preferable for it to be turned over to the City because this is an important part of their customer base and they wouldn't want a private lift station serving that many people because as soon as it breaks down, they are going to look to the City to come fix it. With tall buildings, that's one station that you would want to make sure that it is running all the time.

Milton Hallman stated they have other facilities or other existing customers that are flowing into that Pump Station #2 presently that would continue to be.

Mr. Fernandez stated the new station would be built adjacent to existing Pump Station #2 on their property.

Commissioner Byrnes asked does his specs include a generator for the disasters they have had this last summer?

Mr. Fernandez stated they do not have a generator in here at this time.

Commissioner Byrnes stated he would suggest that they include that.

Commissioner Via mentioned that they have recently ordered some generators, which certainly one of them would go down to that area, is that correct?

Mr. Fernandez stated they have portable generators but they can justify the addition. It requires a larger site because they would have to protect their generator from the current group of vandals that are working in the area.

Mr. Forte stated lift station four would be the priority of those three that would require the generator.

Mr. Hallman stated it does have a generator there on site and it would be upgraded to take care of the additional flow and additional sizing of the pumps.

Mr. Fernandez mentioned the private lift stations using Walgreens as an example, including Riviera Golf Course, Sonny's, in the trailer park as well. In the concern for maintaining and controlling them, he said typically if they have a facility that is serving more than a single development or a single ownership, it ought to be under City control.

Mr. Hallman stated if they build it, they build it to the City's specifications and then turn it over to the City completely.

Commissioner Byrnes stated that he assumes that each one of those units is going to be paying minimums.

Mr. Hallman stated they will be paying water and sewer charges just like everyone else in the City.

Mr. Fernandez stated a private station is built to a lesser level of service. There's no good reason, as a developer, to own a lift station. The City is far better off owning and operating those kinds of improvements.

Mayor Arthur stated that's why he doesn't mind them buying a generator for this also.

Mr. Hallman stated as an upgrade to their system, what they are going to do, it is their plans now, not only will they have the three generators that they can rotate around here, but they are buying two new pumps plus they have one existing pump that they are going to put bypass piping in those lift stations so that they can take one of those pumps there if the generator is being used somewhere else, they are going to bypass that. That's the type of upgrading that they are putting in place now.

Mr. Fernandez referred to Table 7, page 13 of the report, which is the summary of the cost and it's about \$568,000 worth of improvements to the three pump station service areas. The surcharge calculation is based upon 973 units. That would result in a surcharge of \$583.00 per unit and they are suggesting that the surcharge be charged across the board even if they have some impact fee credits associated with the existing shopping center and the apartments coming out, that deal with the impact fee side of the equation but not the impact fee surcharge so that the City would be in a position to have assurance of recouping the entire cost, the collection system improvements concurrent with development. He mentioned that him and Mr. Hallman talked about the phasing of this and whether if this was built in two phases, there would be sufficient income coming in from the combined impact fees in Phase I so that they could cover the construction costs of the collection system and then use the Phase II money that will go to the their capital funds for expansion. That works on the wastewater side.

Mr. Hallman stated so everyone understands, they have an impact fee right now and what Mr. Fernandez is talking about is a surcharge, but the impact fee, they would still pay just like any other development that comes into the City or any other person as far as a connection fee. The City's Ordinance is set up that way. They would pay all of that plus a surcharge that they are speaking of and here in wastewater it's \$583.00 per unit.

Mr. Fernandez mentioned that the best visualization of this surcharge is it's the equivalent of them having to build the collection system if they had built a small subdivision just outside the City limits. It's the equivalent cost to them of a collection system modification to tie into the City's system.

Commissioner Schmitt wanted to know what other project in the City of Holly Hill had this surcharge or is this the first?

Mr. Fernandez stated this is the first project of a scale that was totally outside the scope of the original designers intent for that site. The existing system, as it's configured, is more than adequate for this forever. It has plenty of capacity to serve that from now on. It was purely the change in the wastewater generation characteristics of the site that dictates the need for the change in the collection system.

Mr. Forte stated it's not unlike although it's on a much smaller scale. The same way that Publix paid for their waterline to come into the Publix building or FLOWERS Bakery paid for a waterline to go out. They pay for that and then other new construction that came in that had to pay an impact for that, paid those properties. He mentioned Jack Kimball who built and added on to the Publix line, paid the surcharge but he was reimbursing Publix for that cost not the City.

Mayor Arthur stated that chances are that on this line there won't be a lot of new people connecting to it.

Mr. Fernandez stated he has been through the whole route of where this flow is going and the likelihood of any significant growth, maybe one or two houses, is slim unless the City does some other kind of major land use modifications. He then discussed the water system and said that they did a similar analysis and they put two numbers in the water system. He stated that they need to do a little bit to improve fire protection. The crucial element of it is the run along Riverside Drive. They put in two alternatives. One, with locating the proposed pipe in the County right-of-way and the other was getting an easement from the project so that the water main was located outside the County's right-of-way. Doing it this way is a less expense of installation. If ever it had to be relocated because of an expansion on Riverside Drive, the County would have to acquire those rights from the City and pay to relocate the water main. It would be preferable to have it in the private easement and he explained this to Mark Doubst.

Commissioner Schmitt stated with upgrading this, this would also protect the homes in the general vicinity on Riverside Drive in that area?

Mr. Fernandez stated everybody gets a benefit from this.

Commissioner Byrnes mentioned a pipe breakage that had happened some time ago.

Mr. Hallman stated not along this one.

Commissioner Byrnes stated he mentions that because some of this pipe is very old being it was placed there in the 1960s and that's one of his concerns.

Mr. Fernandez stated almost all of the infrastructure fits that description. That's when the City got into the water and sewer business and most of the system was built during that period. He refers to page 18 which is a comparison of the two impact fee surcharges with the utility easement and states that it was \$135 per unit and without the utility easement it was \$206 per unit. Of the two, the wastewater is the more substantial.

Mr. Hallman stated he was quite pleased when they did the analysis and it came out that they only had two water mains that they would have to replace or to enlarge to be able to serve this facility under this new development. Replacing one 6" water main on Riverside Drive with a new 10" and then along 2nd Street they were going to replace the 6" with an 8" for just two blocks in there. With that, putting those two links in there, they can adequately serve this area as well as all the rest of the area. Maintain adequate fire flows as well as pressure in the system. He was pleased that they only had to do that small amount of improvements to their water distribution system.

Commissioner Byrnes stated some people may have missed that this is a surcharge. These units are also going to pay the existing impact fee.

Mr. Forte stated every unit, according to the Resolution in 1997, that describes what the impact fees are and everybody has to pay an impact fee for any new construction. At that particular site, they'll get certain impact fee credits for the ELUs that exist off the Blue Tide Apartments and the shopping center and that will automatically come off as credit. This infrastructure improvement is a surcharge. This is an *addition* to those impact fees.

Commissioner Byrnes stated he wanted to make clear that in addition to these surcharges per unit, that they are going to be paying approximately \$2100 per unit in the other surcharges. They will get credit for surcharges that have already been paid because they have some existing structures there.

Mr. Forte stated they figured it's just over \$2 million in impact fees on that project. That money will be used for expansion of plant which is part of the master water plan that Mr. Fernandez and his department is working on right now.

Mr. Hallman referred to Resolution 97-R-45 at this time in regards to the impact fees for both water and wastewater.

Mayor Arthur stated that the bottom line that they are talking about is whether they are willing to waive any impact fees or any surcharges.

Mr. Fernandez stated no.

Mr. Forte stated that's not on the table right now. The only thing that's on the table is that they are presenting to the Commission what the infrastructure improvements are as it relates to this project. At this point, the responsibility of the cost of this falls upon the developer.

Mr. Hallman mentioned that it is not impacting anybody else in the City; they're paying the full share.

Mr. Forte stated they needed to be aware of the water, sewer and lift station situations because the project is on tonight's agenda.

3. QUESTIONS/ANSWERS

Commissioner Blais stated that for 40 years that trailer park across the shopping center, they have heard that there is going to be condos, in the event it does materialize and it becomes condos, they'll have to go through the same procedure as this one here? Will they have to get their own lift station? He asked if they would have to build one.

Mr. Forte stated a study would have to be done to see if it needs that.

Commissioner Blais stated if they don't need a lift station or anything, they would pay back like Publix?

Mr. Forte stated no there is no payback. They wouldn't have to pay a cost if there's no need for it. They would still have to pay an impact fee but if the system can accommodate their needs and there's no need for an improvement, then this is not a requirement.

Mr. Fernandez mentioned the stair-step system to them again. He briefly described how that works. He mentioned the treatment plant and bypassing a stair-step and taking it directly to the treatment plant and then the downstream collection systems are unaffected.

Commissioner Schmitt was curious if over on the beachside if they paid a surcharge as well. This is not a new thing to developers, right?

Mr. Fernandez when they get into a situation where they are retrofitting into an existing community, he thinks this is an appropriate way to go. South Daytona has a project that is very familiar with a similar design with a three step approach.

Mayor Arthur asked if Mr. Fernandez felt rather confident that they wouldn't have to go and do a brand new line all the way up.

Mr. Fernandez stated they have sufficient capacity with what's in there now to be able to serve but not a whole lot more than them.

Commissioner Via stated other than the surcharge and the impact fees that go to the new residents moving to the City of Holly Hill, is there any additional costs that will be born by any water customer or any citizen in Holly Hill? If not, what benefits will the rest of Holly Hill see from this upgrade in this?

Mr. Fernandez mentioned that this is a very compact development. From the economies, it should help the whole system.

Mr. Hallman stated that there is no impact on the rest of the citizens of Holly Hill or any properties in Holly Hill; this is why the surcharge is being set up this way.

Mr. Fernandez stated they should get the positive feedback of economies of scale without the negative feedback of substantial cost to provide the service.

Commissioner Byrnes asked if there are any changes or additions that they can make for a small amount of dollars that would benefit them? He believes that the generator is something that benefits if something happens. Something that can help the residents down there and reduce the maintenance cost, something along that line.

Mr. Fernandez stated that they looked at the population growth projections from the Traffic Analysis Zones (TAZ) that were proposed prior to this and looked at what was proposed in system one and in the system four area in particular and felt that the existing pumping equipment could handle all of that. He mentioned that he did the study for the County as well that looked at all the condos on the North peninsula.

Mayor Arthur stated that everything that was planned was planned for maximum occupancy.

Mr. Fernandez they have a reasonable per capita or per unit demand in here that matches up with what they would expect under peak demand conditions.

Mr. Hallman stated all of the fire flow in that general Southeast section of the City will be increased. The fire flow protection will be better as well as the pressure and the volume will be better with the addition of these two lines.

Mr. Fernandez stated they will use up capacity on Ridgewood Avenue.

Commissioner Via mentioned that he understood that Pump Station #4 is very old and that this is a good time to replace it and upsize it and make it more efficient.

Mr. Fernandez stated the City is going through some lift station upgrades and the City's timing is good for that. He mentioned that it would be nice to have some outside funding help to support those improvements as well as providing the capacity to serve them. Once you start going into the deep sewers you start getting into big money.

Commissioner Schmitt asked if the generator was included in there now.

Mr. Fernandez said that it was not included in there now but it would be an excellent addition and he would like to take the opportunity to modify the calculation and incorporate that in there.

Commissioner Schmitt asked what would be the cost of the generator.

Mr. Fernandez stated it would be about \$35,000.

4. ADJOURNMENT

The workshop officially adjourned at approximately 6:50 p.m.

Attest:

City of Holly Hill

Valerie Manning
City Clerk

William D. Arthur
Mayor