

Memorandum



Date: April 14, 2014

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Extending Sewers to Commercial Areas

On July 2, 2013, the Board of County Commissioners (Board) approved Resolution R-597-13, directing that a plan be developed to extend sewer service to commercial and industrial areas, including the evaluation of the costs and possible financing methods within the developed portion of the Water and Sewer Department's (WASD) retail service area. This is a technically complex task due to the many projects in areas of the County that are, in some cases, quite remote from existing sewer lines. Therefore, the technical report was conducted by WASD's consultant Black & Veatch. The attached report outlines the projects that would substantially reduce unsewered commercial areas within the WASD service area.

The maps included in Appendix A of the attached report show approximately 2,200 parcels consisting of 29 separate projects that would receive service along major corridors. The projects are identified by Commission District with the exception of Districts 5, 11, and 12, where major commercial corridors are currently serviced by sewers.¹ Emphasis was placed on bringing service to locations on or near transportation corridors that serve commercial areas to maximize the economic and job-creating return on this investment. The total cost estimate to bring service to these 2,200 parcels is about \$284 million of which about \$11 million are already included in the Department's capital plan. This leaves about \$273 million of additional funding needed to complete this plan.

About \$40 million of the unfunded portion are associated with additional capacity in the regional transmission system, and about \$233 million represent the unprogrammed costs of installing local collection systems that in developing areas would typically be constructed by developers and then donated to WASD. The cost estimates at this stage of planning include an ample (40%) contingency to accommodate issues that might be discovered during design, but overall cost estimates may be reduced somewhat as design occurs. The design cost estimates are based upon constructing standard gravity line and pump station collection systems consistent with WASD standards. Detailed design analysis may show that alternative approaches, such as low pressure sewers for which each property served has a pump to convey sewage through the system, could be more cost effective, by as much as 50% of conventional system costs (but property owners have an additional cost in providing and operating the pumping system). The cost estimates provided are therefore, very conservative.

¹ Districts that include the service areas of municipal sewer utilities and where most of the existing development occurred after the creation of the regional wastewater system in the 1970's have fewer (or no) projects, whereas districts served by the WASD and where development occurred before the 1970's have more of these projects. Areas to the west that developed after the creation of the County regional system in the early 1970's were typically required to install local sewer collection systems as part of the development authorization.

These improvements would introduce an estimated 1.6 million gallons per day of new flow to the sewer system, based upon current water use at the sites in question. At today's rates, this additional flow would generate approximately \$4 million annually in new revenue to WASD assuming that all of the parcels were connected to the system at their current water usage rates. This additional revenue, which would primarily cover the operational costs of providing service, would be insufficient to finance the cost of extending the system.

The attached report identifies various approaches to financing the cost of these projects (see page 30 of report). In general the extension of local collection and distribution systems has been financed by developers at the time that development projects are constructed. Due to the high cost for these new wastewater connection improvements that would be a financial burden to new customers, the department has identified the following alternative methods of financing these projects. Each of these methods and their implications are explained in the attached report:

- Funding by the County using General Obligation Bonds (GOB)
- Funding by the Department Using Revenue Bonds
- Rate Surcharge
- Special Taxing District
- Tax Increment Financing

More recently the Board has approved special basin charges as an addition to connection charges to finance additional collection system capacity in high value areas such as Brickell, Biscayne North, and Doral. General Obligation Bonds have been used for this purpose to bring sewers to the U.S-1 corridor in Perrine/Cutler Ridge and to construct water mains in residential areas where private wells were contaminated. Currently there is about \$126 million of available GOB funding that was approved by voters for water and sewer system projects. A decision to support these projects with GOB funding would mean that funding from other sources, most likely revenue bonds, would be needed to replace the GOB revenue that could have been applied to other capital projects. This would have impact on rates over the long term, but extending the sewer system would also have economic development benefits for the economy as a whole and for the particular neighborhoods receiving service.

Conclusion

The projects described in this report represent an addition to WASD's very substantial capital program. If the Board determines to proceed with some or all of this work, a financing method needs to be identified and further analysis by Regulatory and Economic Resources (RER) should be conducted to prioritize the projects in terms of economic return on investment. In addition, detailed planning and design work by WASD is warranted to determine cost reduction opportunities that can make these projects more cost-effective. Design and construction would need to be implemented over a multi-year period. If it is the Board's will to proceed with these projects, a funding mechanism will need to be

Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners
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identified to initiate planning and design work and can be included as part of WASD's capital plan for their proposed budget in FY 2014-15.

While these projects are not required by any regulatory mandate, they are consistent with the on-going effort to upgrade our entire regional sewer system in support of both economic recovery and environmental protection. Most importantly, the projects will provide the infrastructure needed to eliminate restrictions on the use of commercial properties in our developed areas due to lack of sewers, thereby improving economic and job development potential for the future, particularly in areas where economic improvement is most needed. Protection of our water supply also will be enhanced by eliminating commercial septic tanks from service.

If you have further questions, please contact WASD Director John Renfrow at 786-552-8086 or me directly at 305-375-1880.

Attachment

- c: Alina T. Hudak, Deputy Mayor/Interim Director of Public Works and Waste Management
- Jack Osterholt, Deputy Mayor/Director of Regulatory and Economic Resources
- Ed Marquez, Deputy Mayor/Director of Finance Department
- John W. Renfrow, P.E., Director, Water and Sewer Department
- Bill Johnson, Director Designee, Water and Sewer Department

MEMORANDUM

Amended
Agenda Item No. 11(A)(10)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: July 2, 2013

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution directing County
Mayor to provide plan to extend
sewer service to commercial and
industrial areas
Resolution No. R-597-13

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Commissioner Jean Monestime and Co-Sponsor Commissioner Audrey M. Edmonson.



R. A. Cuevas, Jr.
County Attorney

RAC/smm



MEMORANDUM

(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: July 2, 2013

FROM: 
R. A. Cuevas, Jr.
County Attorney

SUBJECT: Amended
Agenda Item No. 11(A)(10)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Mayor's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Amended
Agenda Item No. 11(A)(10)
7-2-13

RESOLUTION NO. R-597-13

RESOLUTION DIRECTING COUNTY MAYOR OR
MAYOR'S DESIGNEE TO PROVIDE PLAN TO
EXTEND SEWER SERVICE TO COMMERCIAL AND
INDUSTRIAL AREAS

WHEREAS, Miami-Dade County's water and sewer infrastructure is aging and overburdened; and

WHEREAS, Miami-Dade has programmed billions of dollars in capital construction to replace outdated pipes, pumps, and treatment plants in the coming years; and

WHEREAS, the Miami-Dade Water and Sewer Department recently released a report entitled "Cost Estimate to Connect Residential and Commercial Properties to the County's Water and Sewer System" (the "Report"); and

WHEREAS, the Report showed that there were significant areas within the County's Water and Sewer service territory that lacked connection to water and sewer service; and

WHEREAS, the Report demonstrated that there are entire sections of commercially zoned property within this service area that do not have reasonable access to sewer services; and

WHEREAS, the Report estimated the cost to extend sewer lines to these areas at \$386 million, which was recently revised downward by WASD to \$230 million; and

WHEREAS, the Water and Sewer Capital plan does not include sewer extensions for any of these important commercial corridors; and

WHEREAS, businesses producing wastewater that cannot be legally discharged to a septic tank cannot open in these areas, which severely limits the economic productivity of these areas; and

WHEREAS, it is in the best interest of the County to maximize the economic potential for its business corridors,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that the Board directs the Mayor or the Mayor's designee to develop a plan to extend sewer service to the major commercial corridors identified in the Water and Sewer report including, but not limited to: NW 7th Avenue, NW 22nd Avenue, NW 27th Avenue, NW 79th Street, NE 2nd Avenue, Biscayne Boulevard, SW 40th Street (including from Red Road to the Palmetto Expressway), South Dixie Highway (including the Naranja area) and West Dixie Highway where significant clusters of commercial and industrial zoned property lack access to sewer lines. The plan shall be due within 90 days of the adoption of this Resolution. The sewer extension plan shall be incorporated into the Water and Sewer 5-year capital program after consideration and approval by this Board.

The Prime Sponsor of the foregoing resolution is Commissioner Jean Monestime and the Co-Sponsor is Commissioner Audrey M. Edmonson. It was offered by Commissioner **Jean Monestime**, who moved its adoption. The motion was seconded by Commissioner **Xavier L. Suarez** and upon being put to a vote, the vote was as follows:

	Rebeca Sosa, Chairwoman	aye
	Lynda Bell, Vice Chair	aye
Bruno A. Barreiro	aye	Esteban L. Bovo, Jr. absent
Jose "Pepe" Diaz	aye	Audrey M. Edmonson aye
Sally A. Heyman	aye	Barbara J. Jordan absent
Jean Monestime	aye	Dennis C. Moss aye
Sen. Javier D. Souto	aye	Xavier L. Suarez aye
Juan C. Zapata	aye	

The Chairperson thereupon declared the resolution duly passed and adopted this 2nd day of July, 2013. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.



MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: Christopher Agrippa
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

A handwritten signature in black ink, appearing to read "HNG", is written over a horizontal line.

Henry N. Gillman