

CITY OF
**GULF
BREEZE**

Sewer Impact Fee Study Update

February 16, 2023



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February 16, 2023

Mr. Thomas Lambert
Director of Public Works
City of Gulf Breeze
1070 Shoreline Drive
Gulf Breeze, FL 32561

Subject: Sewer Impact Fee Study Update

Dear Mr. Lambert:

Raftelis Financial Consultants, Inc. ("Raftelis") completed a review of water and sewer capital connection/impact fees for the City of Gulf Breeze, Florida (the "City") as set forth in the Water and Wastewater Utility Rate Study report dated August 2, 2021 ("2021 Report"). A major consideration in the 2021 impact fee analysis was the cost of additional sewer treatment capacity associated with the Tiger Point Reclamation Facility. Subsequent to the date of the capital connection/impact fee review, the City has received bids for the project which are significantly higher than the costs included in the 2021 Report. As a result, the City has engaged Raftelis to update the sewer capital connection/impact fees to reflect the higher costs.

Based on historical costs, the projected expansion-related capital costs provided by the City, and a review of the sewer capacity available in the system to service new growth, an updated fee per equivalent residential unit ("ERU") was developed. The proposed sewer capital connection/impact fees are shown below:

| Sewer Capital Connection/Impact Fees (per ERU) | | | |
|--|---------------|---------------|-----------------------|
| Description | Existing Fees | Proposed Fees | Increase / (Decrease) |
| City | \$4,314 | \$6,326 | \$2,012 |
| South Santa Rosa Utility System | \$4,314 | \$6,326 | \$2,012 |

As demonstrated above, the current estimated cost of the Tiger Point Reclamation Facility upgrade and expansion of approximately \$55 million is placing significant upward pressure on the sewer capital connection/impact fee and the cost of providing the necessary capacity to future sewer customers.

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We appreciate the opportunity to be of service to the City and would like to thank the City staff for their valuable assistance and cooperation during the course of this study.

Respectfully submitted,

Raftelis Financial Consultants, Inc.



Henry L. Thomas
Vice President



Joe Williams
Senior Manager

HT/nts
Attachments

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Sewer Capital Connection/Impact Fees

General

The City of Gulf Breeze (the “City”) is located in Santa Rosa County and has a total area of approximately 22.14 square miles in Northwest Florida. Based on Census reports, the population of the City is estimated to be 6,500 residents. The City operates two water and sewer systems, the City’s Water and Sewer Fund and the South Santa Rosa Utility System (“SSRUS”), which comprise the City’s utility system (the “System”).

The City’s sewer utility system, as well as other publicly owned utility systems, face increasing capital commitments necessary to expand sewer system facilities to serve new growth. The utility business is capital intensive and requires the commitment of significant resources in advance of the growth in demand. In addition, system improvements and regulatory compliance also require significant capital expenditures in today’s utility business environment. Further, the impact of inflation on System operating expenses and on the cost of new and replacement facilities results in upward pressure on monthly utility user rates. The compelling capital needs associated with the utility business and the desire to control the increase in monthly utility user rates and charges have resulted in the use of funding alternatives such as the City’s sewer capital connection/impact fees to finance, in part at least, the cost of System expansion.

Raftelis Financial Consultants, Inc. (“Raftelis”) completed a 2021 Water and Wastewater Utility Rate Study (“2021 Study”) for the City that included a review and update of the water and sewer capital connection/impact fees. One of the major considerations in the 2021 Study was the cost of additional sewer treatment capacity associated with the Tiger Point Reclamation Facility. During the 2021 Study, the estimated costs of the sewer treatment plant expansion was approximately \$25.6 million for an additional 1.500 million gallons per day (“MGD”) of capacity. Due to the significant inflation being experienced in the economy as well as other factors, the current estimated cost of the Tiger Point Reclamation Facility upgrade and expansion has increased to over \$55.0 million. In order to ensure proper funding of the anticipated capital needs, including the City’s Tiger Point Reclamation Facility expansion, the City authorized Raftelis to update the existing sewer capital connection/impact fees as recommended in the 2021 Study.

Capital Connection/Impact Fee Criteria

A capital connection/impact fee is a charge imposed on new users of real property to help finance the capital cost of constructing public facilities necessary to serve new residents. The purpose of a capital connection/impact fee is to assign, to the extent practical, growth-related capital costs to those new residents or users responsible for such additional costs. The capital connection/impact fee can be considered a new user’s contribution to those facilities or capital costs that are required in order to provide a comparable level of service to that which is being provided to existing customers.

To the extent new population growth and associated development imposes identifiable capital costs to water and sewer utility services, modern capital funding practices include the assignment of such costs to those residents and commercial entities responsible for those costs rather than the existing population base. Generally, this practice has been labeled as “growth paying its own way” to avoid burdening existing users with the cost of expansion.

Florida Statutes authorize the use of capital connection/impact fees. Section 163.31801 of the Florida Statutes was created on June 14, 2006 and is referred to as the “Florida Impact Fee Act”. The Florida Impact Fee Act has since been updated in 2009, 2011, 2019, and 2021. Within this section, the Legislature finds that impact fees are an important source of revenue for local government to use in funding the

infrastructure necessitated by new growth. However, the Florida Impact Fee Act specifically exempts water and sewer impact fees from statutory requirements. [Florida Statutes, Sec. 163.31801(12)] Section 163.31801 of the Florida Statutes further provides that an impact fee adopted by ordinance of a county or municipality or by resolution of a special district must satisfy all of the following conditions:

- The local government must calculate the impact fee based on the most recent and localized data;
- The local government must provide for accounting and reporting of impact fee revenues and expenditures in a separate accounting fund;
- The local government must limit administrative charges for the collection of impact fees to actual costs;
- The local government must require that notice be provided no less than 90 days before the effective date of an ordinance or resolution imposing a new or amended impact fee;
- The local government must not require payment of the impact fee before the date of issuance of the building permit;
- The impact fee must be reasonably connected to, or have a rational nexus with, the need for additional capital facilities and the increased impact generated by the construction;
- The impact fee must be reasonably connected to, or have a rational nexus with, the expenditures of the revenues generated and the benefits accruing to the new construction;
- The local government must specifically earmark revenues generated by the impact fees to acquire, construct, or improve capital facilities to benefit new users; and
- The local government may not use revenues generated by the impact fees to pay existing debt or for previously approved projects unless the expenditures are reasonably connected to, or has a rational nexus with, the increased impact generated by the new construction.

Additionally, the Florida Impact Fee Act requires that audits of financial statements of local governmental entities and district school boards that are performed by a certified public accountant pursuant to F.S. 218.39 and submitted to the Audited General must include an affidavit signed by the chief financial officer of the local governmental entity or district school board stating that the local governmental entity or district school board has complied with this section.

The Florida Impact Fee Act is further reinforced through existing Florida case law and the Municipal Home Rule Powers Act that grants Florida municipalities the governmental, corporate, and proprietary powers to enable them to conduct municipal government, perform municipal functions, and render municipal services, as limited by legislation or as prohibited by state constitution or general law. Florida courts have ruled that the Municipal Home Rule Powers Act grants the requisite power and authority to establish valid capital connection/impact fees. The authority for Florida governments to implement valid system capital connection/impact fees is further granted in the Florida Growth Management Act of 1985^[1].

[1] The Act allows for capital connection/impact fees under land use regulation by stating: *"This section shall be construed to encourage the use of innovative land development regulations, which include provisions such as the transfer of development rights, incentive and inclusionary zoning, planned unit development, impact fees, and performance zoning."*—[Florida Statutes, Sec. 163.3202(3)].

The initial precedent for capital connection/impact fees in Florida was set in the Florida Supreme Court decision, *Contractors and Builders Association of Pinellas Authority v. The City of Dunedin, Florida*. In this case, the Court's ruling found that an equitable cost recovery mechanism, such as impact fees, could be levied for a specific purpose by a Florida municipality. An impact fee should not be considered as a special assessment or an additional tax. A special assessment is predicated upon an estimated increase in property value as a result of an improvement being constructed in the vicinity of the property. Further, the assessment must be directly and reasonably related to the benefit that the property receives. Conversely, impact fees are not related to the value of the improvement to the property, but rather to the property's use of the public facility.

Until the property is put to use and developed, there is no burden upon servicing facilities and the land use may be entirely unrelated to the value or assessment basis of the underlying land. Capital connection/impact fees are distinguishable from taxes primarily in the direct relationship between amount charged and the measurable quantity of public facilities required. In the case of taxation, there is no requirement that the payment be in proportion to the quantity of public services consumed since tax revenue can be expended for any legitimate public purpose.

Based on Section 163.31801 of the Florida Statutes and existing Florida case law, certain conditions are required to develop a valid capital connection/impact fee. Generally, it is our understanding that these conditions involve the following issues:

1. The capital connection/impact fee must meet the "dual rational nexus" test. First, capital connection/impact fees are valid when a reasonable impact or rationale exists between the anticipated need for additional capital facilities and the growth in population. Second, capital connection/impact fees are valid when a reasonable association, or rational nexus, exists between the expenditure of the capital connection/impact fee proceeds and the benefits accruing to the growth from those proceeds. Thus, the "dual rational nexus" test requires that capital connection/impact fees should be based on the cost of projects necessitated by growth, and when collected, these fees should be spent on those same growth-related projects that were identified as the basis for the fees.
2. The system of fees and charges should be set up so that there is not an intentional windfall to existing users.
3. The capital connection/impact fee should only cover the capital cost of construction and related costs thereto (engineering, legal, financing, administrative, etc.) for capital expansions or other additional capital requirements that are required solely due to growth. Therefore, expenses due to rehabilitation or replacement of a facility serving existing customers (e.g., replacement of a capital asset) or an increase in the level of service should be borne by all users of the facility (i.e., existing and future users). Likewise, increased expenses due to operation and maintenance of that facility should be borne by all users of the facility.
4. The City should maintain a capital connection/impact fee resolution that explicitly restricts the use of capital connection/impact fees collected. Therefore, capital connection/impact fee revenue should be set aside in a separate account, and separate accounting must be made for those funds to ensure that they are used only for the lawful purposes described above.
5. The Florida Impact Fee Act governs the development of valid impact fees utilized by local governments. However, the Statute specifically exempts water and sewer impact fees from statutory requirements. [Florida Statutes, Sec. 163.31801(12)]

Based on the case law criteria above, the capital connection/impact fees developed in subsequent sections herein: i) include only the cost of capital facilities necessary to serve growth; ii) reflect only the incremental

change in asset basis associated with renewal and replacement of any existing capital assets currently serving existing users; and iii) do not include any costs of operation and maintenance.

Sewer System Overview

The City's sewer system ("Sewer System") includes sewer treatment, transmission, collection, and disposal facilities. The City currently owns one sewer treatment plant, the Tiger Point Reclamation Facility, that serves both the City and SSRUS and is designed to treat 2,000 million gallons per day on an average daily flow ("ADF") basis. The expansion of this facility is anticipated to occur in the next several years and will be designed to provide an additional 1,500 MGD. The City-owned transmission and collection system consists of approximately 59.4 miles of lines and is comprised of gravity and force mains along with lift stations and other supporting infrastructure.

Level of Service Requirements

In the evaluation of the capital facility needs for providing sewer utility services, it is critical that Level of Service ("LOS") standards are established. Pursuant to Section 163.3164 of the Florida Statutes, the level of service means an indicator of the extent or degree of service provided by, or proposed to be provided by, a facility based on and related to the operational characteristics of the facility. Level of service shall indicate the capacity per unit of demand for each public facility. Essentially, the level of service standards are established in order to ensure that adequate facility capacity will be provided for future development and for purposes of issuing development orders or permits, pursuant to F.S. Section 163.3202(2)(g). As further stated in the statutes, each local government shall establish a LOS standard for each public facility located within the boundary, for which such local government has authority to issue development orders or permits.

For water, sewer and reclaimed water service, the level of service that is commonly used in the industry is the amount of capacity (service) allocable to an equivalent residential unit ("ERU") expressed as the amount of usage (gallons) allocated on an average daily basis. The level of service generally represents the amount of capacity allocable to an ERU, whether or not such capacity is actually used (commonly referred to as the "readiness-to-serve"). An ERU is representative of the average capacity required to service a typical individually metered single-family residential connection. This class of users represents the largest number of customers served by the System and generally the lowest level of usage requirements for a specifically metered account. The City's existing level of service for the Sewer System is 225 gallons per day ("gpd"). This LOS was reduced in the 2021 Study from 300 gpd based on a customer analysis performed by Raftelis. The sewer capital connection/impact fee analysis herein assumes no changes to the existing 225 gpd LOS.

Existing Plant-in-Service

In the determination of the sewer capital connection/impact fees associated with the servicing of future customers, any excess capacity of the existing utility system available to serve such growth was considered. Since this capacity is available to serve the near-term incremental growth of the Sewer System, it would be appropriate to evaluate the capacity availability of such facilities. In order to evaluate the availability of the existing utility plant-in-service to meet future capacity needs, it was necessary to functionalize the plant by specific plant requirement. The functionalization of the existing plant is necessary to: i) identify those assets that should be included in the determination of the capital connection/impact fees; and ii) match existing plant type to the capital improvements to meet future service needs.

The functional cost categories are based on the purpose of the assets and the service that such assets served. The following is a general summary of the functional cost categories for the utility plant-in-service identified in this report.

Functional Plant Categories

| Sewer Service | Other Plant |
|-----------------------------------|---------------|
| Treatment Plant/Effluent Disposal | General Plant |
| Collection/Local Lift Stations | Indirect |
| Transmission/Master Lift Stations | Other |

It is necessary to functionalize the utility plant into cost categories so that a proper fee can be developed. Generally, the costs of on-site facilities that serve a specific development or customer such as sewer collection lines and localized smaller lift stations are usually: i) donated by a developer (a contribution of the plant); ii) recovered from the individual properties through an assessment program based on those properties that receive special benefit from such facilities or from the application of a main line extension fee to recover the specific cost of such facilities; or iii) funded from the customer directly (e.g., by a "front-foot" charge where the on-site lines were initially financed by the utility and then paid by the customer, or an installation charge to recover the cost of a new service line).

The City provided Raftelis with a fixed asset register report identifying the fixed assets in service by function as of September 30, 2022 for the System. The summary of the functionalization of the existing utility plant is included in Table 1 at the end of this report. This functionalization of the existing utility plant-in-service represents the original cost of such assets (gross book value) and was based on the reported in-service values as of September 30, 2022. The following is a summary of the functionalization of the sewer system's existing utility plant-in-service as shown in Table 1:

Sewer System Fixed Assets

| Function | Sewer System [*] | |
|-------------------------------|------------------|---------|
| | Amount | Percent |
| Treatment | \$19,082,281 | 49.2% |
| Transmission/Pumping | 7,130,763 | 18.4% |
| Collection Lines | 9,339,257 | 24.1% |
| Hydrants/Meter Services | 57,849 | 0.1% |
| Equipment/General Plant/Other | 3,212,057 | 8.3% |
| Totals | \$38,822,207 | 100.0% |

[*] Amounts as provided by City staff and found on Table 1 at the end of this report.

The Sewer System assets detailed above are designed to allow the City to provide a design capacity of 2.000 MGD ADF of treatment capacity. The Sewer System's treated sewer flows in Fiscal Year 2021 were approximately 1.943 MGD annual ADF based on historical data provided by the City. Based on this flow level, the City's existing facilities do not have capacity to treat sewer associated with new development. As mentioned previously, the expansion and upgrade to Tiger Point Reclamation Facility will add an additional 1.500 MGD to the Sewer System.

Additional Capital Investment

The City's Capital Improvement Program (CIP) for the Fiscal Years 2023 through 2027, as prepared and estimated by the utility staff outlines the best estimate of future capital improvements for the Sewer System. These capital projects include: i) upgrades of existing assets to accommodate new and existing customers; ii) expansion projects that will increase the existing treatment capacity of the Sewer System; and iii) replacements of existing assets or projects that generally only benefit current users of the System (e.g., existing plant renewal and replacement, reliability projects).

As shown on Table 2 at the end of this report, the Sewer System CIP has recognized approximately \$94.7 million in capital projects to be completed over the five-year period. The largest driver of the significant

investments required on the CIP is the upgrade and expansion of Tiger Point Reclamation Facility, which is estimated to cost \$55 million. The City has obtained grant funding in the amount of \$7,994,000 to offset the total fundings needs. Additionally, the City is anticipating issuance of \$18 million State Revolving Loan Funds (SRF) to provide for full funding of this expansion.

Based on our understanding of the fair share apportionment rule as identified by case law, only treatment and major backbone transmission costs were recognized in the sewer capital connection/impact fee calculation. General collection project costs were not recognized because they: i) generally are not System-wide costs (i.e., collection project costs tend to benefit specific customers); ii) in many instances, are funded by a specific charge applied to a customer (e.g., water meter installation fee); and iii) are often contributed as part of the development process (e.g., it would not be fair for a developer who has contributed the collection assets to pay a capital connection/impact fee, which includes recovery of collection projects).

A summary of all the adjustments recognized in order to arrive at the treatment and major transmission costs recognized for capital connection/impact fee determination purposes are shown as follows:

Derivation of Capital Costs Included in Capital Connection/Impact Fees [*]

| | Sewer System |
|---|---------------------|
| Projects in Sewer System Five-Year CIP | \$94,654,484 |
| Adj. to Remove R&R and Non-System Improvements | (19,971,806) |
| Adj. to Remove Grant Funded Projects | (14,072,000) |
| Total Treatment and Major Transmission Capital Costs Recognized in Capital Connection/Impact Fees | <u>\$60,610,678</u> |

[*] Amounts shown are derived from Table 2 at the end of this report.

Design of Sewer Capital Connection/Impact Fee

As shown on Table 3 at the end of this report, the calculated treatment and transmission component capital connection/impact fee for the Sewer System is \$6,326 per ERU. This represents an increase in the fee of \$2,012 or 46.6% when compared with the current fee of \$4,314 per ERU.

In the development of the proposed sewer capital connection/impact fee, several assumptions were utilized or incorporated in the analysis. The major assumptions utilized in the design of the proposed sewer capital connection/impact fee are:

1. The City currently has one capital connection/impact fee for the City and SSRUS. The proposed sewer capital connection/impact fee was calculated assuming a combination of the inside and outside City systems (i.e., combined capital plans, fixed assets, etc.) which is consistent with the current fee structure.
2. The Sewer System capital improvement program as prepared by staff for the Fiscal Years 2023 through 2027 was reviewed and the capital costs were apportioned: i) by functional category; and ii) to existing and future users in the determination of the Sewer System capital connection/impact fee. Those facilities that were considered to be entirely allocable to growth were included in the fee determination at full cost (i.e., 100% of the total cost). For capital expenditures that were solely for the replacement of existing assets such amounts were not reflected in the calculation of the Sewer System capital connection/impact fee. The CIP capital costs recognized in the Sewer System capital connection/impact fee analysis are shown on Table 2 at the end of this report.

3. For the capital improvements identified as major treatment or transmission system upgrades, which would benefit both existing and future users, the total cost of such improvements has been recognized in the analysis. These costs were allocated to existing and future customers based on the nature and purpose of the project as provided and described to us by the City.
4. No capital facility costs associated with the existing collection facilities, including manholes, laterals, and on-site collection facilities have been included in the calculation of the Sewer System capital connection/impact fees since the developer generally contributes such facilities, or the City has adopted a separate fee (e.g., sewer tap fee) to recover such capital additions. All capital improvements to such respective facilities in the CIP were also not recognized in the Sewer System capital connection/impact fee analysis.
5. As previously mentioned, the Sewer System's treated sewer flows in Fiscal Year 2021 were approximately 1.943 MGD annual ADF. Based on this flow level, the City's existing facilities do not have capacity to treat sewer associated with new growth. As a result, existing sewer treatment fixed assets were not included in the calculation of the sewer capital connection/impact fee as the future plant expansion will be serving new growth. However, existing Sewer System transmission fixed assets were included as they provide a benefit to the entire Sewer System.
6. Because: i) the Sewer System is operated as enterprise funds; ii) all financial resources received by the utility stay within the fund for the benefit of such system; iii) the costs reflected in the fee are at original cost and not adjusted for any fair market value to reflect current cost conditions; and iv) there is no interest expense carrying cost in the impact fee associated with the financing of the capital investment to serve new development, the long-term capital financing costs for infrastructure constructed and available to serve new growth are mitigated by using the capital connection/impact fees for ongoing expansion-related capital project financing or for the direct payment of the annual expansion-related debt service payments.

As shown on Table 3 at the end of this report, the Sewer System capital connection/impact fee was calculated utilizing: i) the estimated treatment and transmission-related capital costs of the Sewer System; and ii) the current fixed asset and capacity data available to Raftelis regarding the City's Sewer System. By designing the Sewer System capital connection/impact fees to recover costs on a prospective basis, an attempt is made to design a charge that will provide funds on a reasonable basis in order to meet the future needs of the Sewer System. It should be noted that in the event the construction costs, capacity requirements, or utility service area materially change from what is reflected on Table 3, the Sewer System capital connection/impact fees might need to be adjusted accordingly.

Capital Connection/Impact Fee Comparison

In order to provide additional information to the City regarding the existing and proposed sewer capital connection/impact fees, a comparison of the existing and calculated fees for the City with similar related capital charges imposed by other Florida jurisdictions was prepared. Table 4 at the end of this report provides a comparison of the City's existing and proposed sewer capital connection/impact fees for single-family residential connections with the fees or comparable charges currently imposed by other municipal / governmental sewer systems located across Florida. It is important to note that utilities may be different from a facility standpoint, and the methods used in the development of the sewer capital connection/impact fees imposed may vary. Moreover, no analysis has been performed to determine whether 100% of the cost of new facilities is recovered from capital connection/impact fees or some percentage less than 100% with the balance recovered through the monthly user charges. Additionally, the types of capital facilities currently in service or planned for the utility may have a material capital connection/impact fee charged by a local government. For example, the costs of sewer effluent disposal utilizing a deep injection well system generally has a higher capital cost per unit of capacity than use of a surface water discharge such as an outfall to a bay or river.

Some reasons why water and sewer capital connection/impact fees differ among utilities:

- Source of supply
- Proximity to source of supply
- Type of treatment
- Effluent disposal method
- Density of service area
- Availability of grant funding to finance CIP
- Age of system
- Utility life cycle (e.g., growth-oriented vs. mature)
- Level of service standards
- Administrative policies

As shown on Table 4, the average sewer capital connection/impact fees per ERU for the 19 governmental entities selected for this comparison is \$2,823 per ERU. Of the surveyed utilities, the proposed sewer capital connection/impact fees are higher on average than similar fees charged by the surveyed utilities.

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Table 1
City of Gulf Breeze
Sewer Impact Fee Study Update

Summary of Existing Wastewater Fixed Assets

| Function | Fixed Assets at Original Cost [1] Wastewater |
|---|--|
| Existing Assets Included in the Impact Fees | |
| Treatment | \$19,082,281 |
| Transmission [2] | 4,002,539 |
| Lift Station | 3,128,224 |
| Total Embedded Costs Included in the Impact Fees | \$26,213,044 |
| Existing Assets Excluded from the Impact Fees | |
| Collection [2] | \$9,339,257 |
| Fire Hydrants | 34,744 |
| Water Meter | 23,105 |
| Vehicles | 638,522 |
| Equipment | 2,230,629 |
| Buildings | 73,364 |
| Other | 269,542 |
| Total Embedded Costs Excluded from the Impact Fees | \$12,609,163 |
| Total Existing Fixed Assets | \$38,822,207 |

Footnotes:

[1] Amounts reflected as of September 30, 2022, including construction work in progress as provided by City staff.

[2] Based on the existing asset records of the City, information on specific distribution and collection lines that should be excluded from impact fee determination was not available. Therefore the following adjustments were made to segregate the total transmission costs from the distribution and collection related costs:

| | Fixed Assets at Original Cost [1] Wastewater |
|---|--|
| Transmission & Distribution/Collection System | \$13,341,796 |
| Percent Allocable to Back-bone Transmission | 30.00% |
| Amount Allocable to Back-bone Transmission | \$4,002,539 |
| Amount Allocable to Distribution/Collection | \$9,339,257 |

**Table 2
City of Gulf Breeze
Sewer Impact Fee Study Update**

Summary of Planned Wastewater Capital Improvements

| Line No. | Description | Funding [1] | FY 2023 to 2027 Capital Costs [1] | Adjustments | Adjusted Total | Cost Allocation [3] | | Existing Assets - Functional Category | | | Future Assets - Functional Category | | |
|------------------------------------|--|--|-----------------------------------|-----------------------|---------------------|---------------------|---------|---------------------------------------|---------------------|------------|-------------------------------------|--------------------|------------------|
| | | | | | | Existing | Future | Treatment | Transmission | Disposal | Treatment | Transmission | Disposal |
| WASTEWATER CAPITAL PROJECTS | | | | | | | | | | | | | |
| 1 | Eastern Collection System Capacity Improvements | Reserved Capital | \$ 750,000 | 0 | \$ 750,000 | 70.00% | 30.00% | \$0 | \$525,000 | \$0 | \$0 | \$225,000 | \$0 |
| 2 | Eastern Collection System Capacity Improvements | Impact Fees | 750,000 | 0 | 750,000 | 70.00% | 30.00% | 0 | 525,000 | 0 | 0 | 225,000 | 0 |
| 3 | ERS 2 RIB | Impact Fees | 370,000 | 0 | 370,000 | 0.00% | 100.00% | 0 | 0 | 0 | 0 | 0 | 370,000 |
| 4 | ERS 4 RIB | Impact Fees | 515,000 | 0 | 515,000 | 0.00% | 100.00% | 0 | 0 | 0 | 0 | 0 | 515,000 |
| 5 | Field Operations Facility Expansion | State Revolving Fund Loan | 615,000 | 0 | 615,000 | 90.00% | 10.00% | 0 | 553,500 | 0 | 0 | 61,500 | 0 |
| 6 | Field Operations Facility Expansion | Reserved Capital | 11,600 | 0 | 11,600 | 90.00% | 10.00% | 0 | 10,440 | 0 | 0 | 1,160 | 0 |
| 7 | Ground Penetrating Radar | User Fees & Taxes | 75,000 | (75,000) [2] | 0 | 90.00% | 10.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Inserta Valve Equipment | User Fees & Taxes | 30,000 | (30,000) [2] | \$0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Lift Station Improvements (Renewal, Replacement & Improvement) | User Fees & Taxes | 3,260,522 | 0 | 3,260,522 | 80.00% | 20.00% | 0 | 2,608,418 | 0 | 0 | 652,104 | 0 |
| 10 | Lift Station Improvements (Renewal, Replacement & Improvement) | Reserved Capital | 1,350,000 | 0 | 1,350,000 | 80.00% | 20.00% | 0 | 1,080,000 | 0 | 0 | 270,000 | 0 |
| 11 | LIFT STATION SCADA | User Fees & Taxes | 55,000 | 0 | 55,000 | 100.00% | 0.00% | 0 | 55,000 | 0 | 0 | 0 | 0 |
| 12 | LIFT STATION SCADA | Reserved Capital | 250,000 | 0 | 250,000 | 100.00% | 0.00% | 0 | 250,000 | 0 | 0 | 0 | 0 |
| 13 | LS Spare Pumps | User Fees & Taxes | 150,000 | (150,000) [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 | Main / I&I Improvements | User Fees & Taxes | 1,710,956 | 0 | 1,710,956 | 100.00% | 0.00% | 0 | 1,710,956 | 0 | 0 | 0 | 0 |
| 15 | Main / I&I Improvements | Reserved Capital | 700,000 | 0 | 700,000 | 100.00% | 0.00% | 0 | 700,000 | 0 | 0 | 0 | 0 |
| 16 | Mini Excavator | User Fees & Taxes | 35,000 | (35,000) [2] | 0 | 90.00% | 10.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 | Portable Pump | User Fees & Taxes | 150,000 | (150,000) [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | Regional Reclaimed Expansion Grant - Phase I & II | Appropriation/Grant | 2,000,000 | (2,000,000) [2] | 0 | 75.00% | 25.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | Regional Reclaimed Expansion Grant - Phase I & II | Impact Fees | 3,175,000 | 0 | 3,175,000 | 75.00% | 25.00% | 0 | 2,381,250 | 0 | 0 | 793,750 | 0 |
| 20 | Sewer Misc. Equipment | User Fees & Taxes | 152,903 | (152,903) [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | Sewer Vehicles | Reserved Capital | 103,240 | (103,240) [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 22 | Sewer Vehicles | User Fees & Taxes | 231,000 | (231,000) [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 | Soundside B STS - RESTORE Pot 3 | Appropriation/Grant | 4,078,000 | (4,078,000) [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | Subsurface Irrigation SRCSB Property | Public/Private Partnerships/Endowments | 350,000 | (350,000) [2] | 0 | 20.00% | 80.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 | PSDS Vehicles | Reserved Capital | 52,500 | (52,500) [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | Vacuum Truck | User Fees & Taxes | 500,000 | (500,000) [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 27 | West Course Reclaimed Main and Restoration for Holes 12,15,16 | Reserved Capital | 275,000 | (275,000) [2] | 0 | 90.00% | 10.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 28 | Gulf Breeze Regional Water System Water Reclamation Facility Upgrade and Expansion | Appropriation/Grant | 7,994,000 | (7,994,000) [2] | 0 | 20.84% | 79.16% | 0 | 0 | 0 | 0 | 0 | 0 |
| 29 | Gulf Breeze Regional Water System Water Reclamation Facility Upgrade and Expansion | User Fees & Taxes | 23,056,000 | 0 | 23,056,000 | 20.84% | 79.16% | 4,804,870 | 0 | 0 | 18,251,130 | 0 | 0 |
| 30 | Gulf Breeze Regional Water System Water Reclamation Facility Upgrade and Expansion | Impact Fees | 6,041,600 | 0 | 6,041,600 | 20.84% | 79.16% | 1,259,069 | 0 | 0 | 4,782,531 | 0 | 0 |
| 31 | Gulf Breeze Regional Water System Water Reclamation Facility Upgrade and Expansion | State Revolving Fund Loan | 18,000,000 | 0 | 18,000,000 | 20.84% | 79.16% | 3,751,200 | 0 | 0 | 14,248,800 | 0 | 0 |
| 32 | WWTF Pickup Vehicles | User Fees & Taxes | 0 | 0 [2] | 0 | 100.00% | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 | City Septic to Sewer Conversion | State Revolving Fund Loan | 10,106,892 | (10,106,892) | 0 | 89.50% | 10.50% | 0 | 0 | 0 | 0 | 0 | 0 |
| 34 | City Septic to Sewer Conversion | Impact Fees | 1,640,446 | (1,640,446) | 0 | 89.50% | 10.50% | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 | City Septic to Sewer Conversion | Working Capital | 4,575,825 | (4,575,825) | 0 | 89.50% | 10.50% | 0 | 0 | 0 | 0 | 0 | 0 |
| 36 | Septic to Sewer In-Kind Projects | User Fees & Taxes | 1,544,000 | (1,544,000) | 0 | 85.00% | 15.00% | 0 | 0 | 0 | 0 | 0 | 0 |
| 37 | Total Wastewater Capital Improvement Plan | | \$94,654,484 | (\$34,043,806) | \$60,610,678 | | | \$9,815,140 | \$10,399,564 | \$0 | \$37,282,460 | \$2,228,514 | \$885,000 |

Footnotes:

- [1] Amounts and funding sources as provided by the City.
- [2] Amounts reflect miscellaneous improvements, vehicles, and equipment and/or projects funded from grants, which are not included in the impact fee calculation.
- [3] Amounts allocated between existing and future customers as provided by City staff.

Table 3
City of Gulf Breeze
Sewer Impact Fee Study Update

Development of Wastewater System Impact Fee

| Description | Amount |
|---|-----------------|
| Total Estimated Cost of Additional Wastewater Treatment and Disposal Facilities: | |
| Additional Costs Capitalized - CIP [1] | \$38,167,460 |
| Less Receipt of Grant Funds [2] | <u>0</u> |
| Cost of Additional Wastewater Treatment Facilities | \$38,167,460 |
| New Plant Capacity (MGD) (AADF) [3] | 1.500 |
| Existing Level of Service - (GPD) (ADF) [4] | 225.0 |
| Estimated ERCs to be Served by Additional Facilities | 6,667 |
| Rate per ERC Associated with Additional Facilities | \$5,724.83 |
| Primary Transmission System: | |
| Existing Facilities [5] | \$7,130,763 |
| Additional Costs Capitalized - CIP [6] | 2,228,514 |
| Less Receipt of Grant Funds [3] | <u>0</u> |
| Total Primary Transmission Facility Costs | \$9,359,278 |
| Estimated ERU's Served by Existing Facilities [7] | 8,889 |
| Estimated Future ERUs served by Collection Facilities [7] | <u>6,667</u> |
| Total Estimated ERUs served by Collection Facilities [7] | 15,556 |
| Net Rate per ERC of Primary Transmission Facilities | <u>\$601.65</u> |
| Total Combined Rate per ERU | \$6,326.48 |
| Rounded Rate per ERU | \$6,326.00 |
| Cost Per Gallon | \$28.116 |
| Existing Rate per ERU | \$4,314.00 |
| Proposed Increase / (Decrease) | \$2,012.00 |

MDF = Maximum Daily Flow
AADF = Annual Average Daily Flow
ERC = Equivalent Residential Connection
GPD = Gallons per Day

Footnotes continued on the following page.

Table 3
City of Gulf Breeze
Sewer Impact Fee Study Update

Development of Wastewater System Impact Fee

Footnotes:

- [1] Amount derived from Table 2 and reflects expansion related additions to the wastewater treatment facilities.
- [2] Total cost of facilities is reduced by grants and other outside funding sources, if any, as provided by the City.
- [3] Amount as provided by City staff which reflects the planned expansion capacity expressed on annual average daily flow basis.
- [4] The level of service for an ERU reflects capacity requirements on an average daily water demand basis for a standard equivalent residential unit.
- [5] Amount based on Table 1 and reflects existing wastewater transmission and lift station assets currently in service.
- [6] Amount derived from Table 2 and reflects the recognized upgrades to the wastewater transmission system.
- [7] Amount assumes transmission capacity is consistent with the existing and estimated future wastewater treatment capacity.

Table 4

**City of Gulf Breeze, Florida
Sewer Impact Fee Study Update**

Comparison of Impact Fees Per ERU For Wastewater Service

| <u>Line No.</u> | <u>Description</u> | <u>Residential 5/8" x 3/4" Meter Wastewater</u> |
|--|---------------------------------------|---|
| City of Gulf Breeze | | |
| 1 | City of Gulf Breeze - Existing | \$4,314 |
| 2 | South Santa Rosa Utility System | \$4,314 |
| 3 | Combined System - Proposed | \$6,326 |
| <u>Other Florida Utilities:</u> | | |
| 4 | Bay County | \$2,103 |
| 5 | City of Callaway | 1,735 |
| 6 | City of DeFuniak Springs | 5,969 |
| 7 | City of Fort Walton Beach | 600 |
| 8 | City of Lynn Haven | 3,147 |
| 9 | City of Mexico Beach | 2,125 |
| 10 | City of Niceville | 2,830 |
| 11 | City of Panama City | 1,250 |
| 12 | City of Panama City Beach | 4,628 |
| 13 | City of Parker | 1,400 |
| 14 | City of Springfield | 1,111 |
| 15 | City of Valparaiso | 2,500 |
| 16 | Destin Water Users | 2,168 |
| 17 | E.C.U.A. (Escambia County) - Mainland | 1,602 |
| 18 | Okaloosa County | 3,200 |
| 19 | Regional Utilities - Walton County | 4,825 |
| 20 | South Walton Utility Company, Inc. | 4,386 |
| 21 | Holley-Navarre Water System | 4,200 |
| 22 | City of Milton | 3,868 |
| 23 | Other Florida Utilities' Average | \$2,823 |